SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **2009-02-23** | Period of Report: **2008-12-31**
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FILER

NV ENERGY, INC.

CIK:**741508**| IRS No.: **880198358** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-08788** | Film No.: **09628723**
SIC: **4931** Electric & other services combined

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LAS VEGAS NV 89146

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LAS VEGAS NV 89146
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SIERRA PACIFIC POWER CO

CIK:**90144**| IRS No.: **880044418** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-00508** | Film No.: **09628724**
SIC: **4931** Electric & other services combined

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NEVADA POWER CO

CIK:**71180**| IRS No.: **880045330** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **000-52378** | Film No.: **09628725**
SIC: **4911** Electric services

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008

Commission File Number	Registrant, Address of Principal Executive Offices and Telephone Number	I.R.S. Employer Identification Number	State of Incorporation
1-08788	NV ENERGY, INC. 6226 West Sahara Avenue Las Vegas, Nevada 89146 (702) 402-5000	88-0198358	Nevada
2-28348	NEVADA POWER COMPANY d/b/a NV ENERGY 6226 West Sahara Avenue Las Vegas, Nevada 89146 (702) 402-5000	88-0420104	Nevada
0-00508	SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY P.O. Box 10100 (6100 Neil Road) Reno, Nevada 89520-0024 (89511) (775) 834-4011	88-0044418	Nevada

(Title of each class)	(Name of exchange on which registered)
Securities registered pursuant to Section 12(b) of the Act:	
Securities of NV Energy, Inc.:	
Common Stock, $1.00 par value	**New York Stock Exchange**
7.803% Senior Notes Due 2012	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
Securities of Nevada Power Company:
Common Stock, $1.00 stated value
Securities of Sierra Pacific Power Company:
Common Stock, $3.75 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act:
NV Energy, Inc. Yes☑ No☐ Nevada Power Company Yes☐ No☑ Sierra Pacific Power Company Yes☐ No☑

Indicate by check mark if each of the registrants is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes☐ No☑

Indicate by check mark whether each of the registrants (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes☑ No☐

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether any registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act).

NV Energy, Inc.: Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Nevada Power Company: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐

Sierra Pacific Power Company: Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes☐ No☑ (Response applicable to all registrants)

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State the aggregate market value of NV Energy, Inc.'s common stock held by non-affiliates. As of June 30, 2008: $ 2,975,041,902
Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.
Common Stock, $1.00 par value, of NV Energy, Inc. outstanding at February 20, 2009: 234,322,462 Shares
NV Energy, Inc. is the sole holder of the 1,000 shares of outstanding Common Stock, $1.00 stated value, of Nevada Power Company.
NV Energy, Inc. is the sole holder of the 1,000 shares of outstanding Common Stock, $3.75 par value, of Sierra Pacific Power Company.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of NV Energy, Inc.'s definitive proxy statement to be filed in connection with the annual meeting of shareholders, to be held April 30, 2009, are incorporated by reference into Part III hereof.

This combined Annual Report on Form 10-K is separately filed by NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company. Information contained in this document relating to Nevada Power Company is filed by NV Energy, Inc. and separately by Nevada Power Company on its own behalf. Nevada Power Company makes no representation as to information relating to NV Energy, Inc. or its subsidiaries, except as it may relate to Nevada Power Company.

Information contained in this document relating to Sierra Pacific Power Company is filed by NV Energy, Inc. and separately by Sierra Pacific Power Company on its own behalf. Sierra Pacific Power Company makes no representation as to information relating to NV Energy, Inc. or its subsidiaries, except as it may relate to Sierra Pacific Power Company.

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NV ENERGY, INC.
NEVADA POWER COMPANY
SIERRA PACIFIC POWER COMPANY
2008 ANNUAL REPORT ON FORM 10-K

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ACRONYMS AND TERMS

(The following common acronyms and terms are found in multiple locations within the document)

Acronyms/Terms	Meaning
AFUDC	Allowance for Funds Used During Construction or Allowance for Borrowed Funds Used During Construction
AOC	Administrative Order on Consent
BCP	Bureau of Consumer Protection
BOD	Board of Directors
BTER	Base Tariff Energy Rate
BTGR	Base Tariff General Rate
CDWR	California Department of Water Resources
CIAC	Contributions in Aid of Construction
Clark Generating Station	William Clark Generating Station
CPUC	California Public Utilities Commission
CSA	Coal Supply Agreement
CWIP	Construction Work-In-Progress
DBRS	Dominion Bond Rating Service
DEAA	Deferred Energy Accounting Adjustment
DOS	Distribution Only Service
DSM	Demand Side Management
Dth	Decatherms
e-three	Sierra Energy Company d/b/a e-three
EEC	Ely Energy Center
EN-ti line	250 mile 500 kV transmission line
EPA	Environmental Protection Agency
EPS	Earnings Per Share
EROC	Enterprise Risk Oversight Committee
ESP	Energy Supply Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FIN 46 (R)	Interpretation No. 46, “Consolidation of Variable Interest Entities”
FIN 47	Interpretation No. 47, “Accounting for Conditional Asset Retirement Obligations”
FIN 48	Interpretation No. 48, “Accounting for Uncertainty in Income Taxes”
Fitch	Fitch Ratings, Ltd.
FSP	FASB Staff Position
FSP 132(R)-1	FASB Staff Position No 132(R)-1, "Employers Disclosures about Pensions and Other Postretirement Benefits"
FSP 157-3	FASB Staff Position No. 157-3, "Determining the Fair Value of Financial Asset When the Market for that Asset is Not Active"
GAAP	Accounting Principles Generally Accepted in the United States
GRC	General Rate Case
IBEW	International Brotherhood of Electrical Workers
Higgins Generating Station	Walter M. Higgins, III Generating Station
IRP	Integrated Resource Plan
kV	Kilovolt
kWh	Kilowatt Hour
Lenzie Generating Station	Chuck Lenzie Generating Station
LDC	Local Distributing Company
LOS	Lands of Sierra, Inc.
Moody’s	Moody’s Investors Services, Inc.
MW	Megawatt
MWh	Megawatt hour
NDEP	Nevada Division of Environmental Protection
NEICO	Nevada Electrical Investment Company
NERC	North American Electric Reliability Corporation
NOV	Notice of Violation

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NPC	Nevada Power Company d/b/a NV Energy
NVE	NV Energy, Inc.
OATT	Open Access Transmission Tariff
PEC	Portfolio Energy Credit
Portfolio Standard	Renewable Energy Portfolio Standard

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PPC	Piñon Pine Corporation
PPIC	Piñon Pine Investment Company
PUCN	Public Utilities Commission of Nevada
QFs	Qualifying Facilities
RFP	Request for Proposal
ROE	Return on Equity
ROR	Rate of Return
S&P	Standard and Poor's
Salt River	Salt River Project
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards
SFAS 13	Statement of Financial Accounting Standards No. 13, "Accounting for Leases"
SFAS 71	Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation"
SFAS 87	Statement of Financial Accounting Standards No. 87, "Employer's Accounting for Pensions"
SFAS 90	Statement of Financial Accounting Standards No. 90, "Accounting for Abandonments and Disallowances of Plant Costs"
SFAS 106	Statement of Financial Accounting Standards No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions"
SFAS 109	Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes"
SFAS 123R	Statement of Financial Accounting Standards No. 123R, "Share Based Payments"
SFAS 128	Statement of Financial Accounting Standards No. 128, "Earnings Per Share"
SFAS 131	Statement of Financial Accounting Standards No. 131, "Disclosure About Segments of an Enterprise and Related Information"
SFAS 133	Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities"
SFAS 138	Statement of Financial Accounting Standards No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - An Amendment of FASB Statement No. 133"
SFAS 143	Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations"
SFAS 144	Statement of Financial Accounting Standards No. 144, "Accounting for the Disposal or Impairment of Long-Lived Assets"
SFAS 149	Statement of Financial Accounting Standards No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities"
SFAS 155	Statement of Financial Accounting Standards No. 155, "Accounting for Certain Hybrid Financial Instruments - An Amendment of FASB Statements No. 133 and 140"
SFAS 157	Statement of Financial Accounting Standards No. 157, "Fair Value Measurement"
SFAS 158	Statement of Financial Accounting Standards No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans"
SFAS 159	Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities"
SFAS 161	Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activity"
SGHC	Sierra Gas Holding Company
SNWA	Southern Nevada Water Authority
SOP 96-1	Statement of Position, "Environmental Remediation Liabilities"
SPC	Sierra Pacific Communications
SPE	Sierra Pacific Energy Company
SPPC	Sierra Pacific Power Company d/b/a NV Energy
SPR	Sierra Pacific Resources
SRSG	Southwest Reserve Sharing Group
SWDC	Sierra Water Development Company
TGPC	Tuscarora Gas Pipeline Company
TGTC	Tuscarora Gas Transmission Company
TMWA	Truckee Meadows Water Authority
Tracy Generating Station	Frank A. Tracy Generating Station
U.S.	United States of America
Valmy Generating Station	North Valmy Generating Station

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FORWARD LOOKING STATEMENTS

The discussion of forward looking statements in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is incorporated herein by reference.

PART I

ITEM 1. BUSINESS

NV ENERGY, INC.

NV Energy, Inc., formerly Sierra Pacific Resources, is an investor-owned holding company that was incorporated under Nevada law on December 12, 1983. The company's stock is traded on the New York Stock Exchange under the symbol "NVE". NVE's mailing address is 6226 West Sahara Avenue, Las Vegas, Nevada 89146.

NVE has six primary, wholly-owned subsidiaries: Nevada Power Company d/b/a NV Energy, Sierra Pacific Power Company d/b/a NV Energy, Sierra Pacific Communications, Sierra Pacific Energy Company, and Lands of Sierra. References to NVE refer to the consolidated entity, except where the context provides otherwise. NPC and SPPC are referred to collectively in this report as the "Utilities". In 2008, Sierra Pacific Resources changed its name to NV Energy, Inc. In addition, NPC and SPPC announced they will do business under the name NV Energy. The name change unifies under a single brand a company that serves Nevada's energy needs from north to south.

The Utilities operate three business segments, as defined by SFAS 131: NPC electric; SPPC electric; and SPPC natural gas. Electric service is provided to Las Vegas and surrounding Clark County, and to northern Nevada and the Lake Tahoe area of California. Natural gas service is provided in the Reno-Sparks area of Nevada. The Utilities are the major contributors to NVE's financial position and results of operations. Other subsidiaries either do not meet the definition of a segment or are below the quantitative threshold for separate segment disclosure and are combined under "all other" in the following pages. Parenthetical references are included after each major section title to identify the specific entity or entities addressed in the section. See Note 2, Segment Information of the Notes to Financial Statements, for further discussion.

NPC and SPPC service territories are as follows:

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NV Energy Northern Service Area

NV Energy Southern Service Area

NVEnergy

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The Utilities provide electric and natural gas services to a diverse mix of over one million residential, commercial, industrial and public sector customers. Major industries served include gaming/recreation, mining, warehousing/manufacturing, offices, health care, education, military bases and other governmental entities. The Utilities' revenues and operating income are subject to fluctuations during the year due to the impacts that seasonal weather, rate changes and customer usage patterns have on demand for electric energy and services. NPC is a summer peaking utility, experiencing its highest retail energy sales in response to the demand for air conditioning. SPPC's electric system peak also occurs in the summer, with a slightly lower peak demand in the winter. SPPC's gas business typically peaks in the winter months due to heating demands.

Beginning in 2007, the Utilities embarked on a three part energy supply strategy to manage resources against our load by conserving energy, investing in renewable resources and building generation in an effort to reduce our reliance on purchased power.

Energy Efficiency and Conservation Programs

NPC and SPPC have designed a portfolio of cost effective DSM programs that allow every customer to take advantage of savings from energy efficiency measures. DSM programs are marketed across all segments of customer classes (residential, commercial, public, and low income).

The Portfolio Standard, discussed below, allows energy efficiency measures from qualified conservation programs to meet up to 25% of the Portfolio Standard. A PEC is created for each kWh of energy conserved by qualified energy efficiency programs, or generated by renewable energy systems. Energy saved during peak demand hours earns double the PEC's. After the DSM percentage allowance is fully utilized, NPC's and SPPC's strategy is to continue to implement cost-effective DSM programs.

In 2008, the Utilities invested $55 million towards energy efficiency and conservation programs. The Utilities are planning to invest between $45 million and $60 million in 2009. The final amount will be determined by numerous factors, such as the economy, the impact of the federal government stimulus legislation, the performance of existing and new programs and many other factors. The PUCN has approved investments in efficiency and qualified conservation programs of approximately $140 million, which will be deferred as a regulatory asset, subject to prudency review by the PUCN. Given the Utilities' 2008 investment level, management believes that the Utilities are in a position to achieve the maximum allowable 25% in 2008 to meet renewable portfolio compliance. This report will be filed with the PUCN in April 2009.

Purchase and Development of Renewable Resources

Nevada law sets forth the Portfolio Standard requiring providers of electric service to acquire, generate, or save a specific percentage of its total retail energy sales from renewable energy resources. Renewables include biomass, geothermal, solar, waterpower and wind projects. Pursuant to the Portfolio Standard, NPC and SPPC were required to obtain an amount of PEC's equivalent to nine percent of their total retail energy sales from renewables for year 2008. The Portfolio Standard increases by three percent to 12% in 2009 and by an additional three percent every other year until it reaches 20% in year 2015. Moreover, not less than five percent of the total Portfolio Standard must be met from solar resources. Compliance with the Portfolio Standard is measured in PEC's administered by the PUCN. PEC's not needed to fulfill the Utilities' compliance obligation (excess) are carried over for future years' compliance; and, with PUCN approval, can be exchanged between the Utilities.

Nevada law requires providers of electric services to file an annual report that describes the level of compliance with the Portfolio Standard. In the Utilities' April 2008 Portfolio Standard Annual Report for Compliance Year 2007 (submitted to the PUCN jointly), the Utilities reported that with the PUCN approval of the transfer of SPPC's excess non-solar PEC's to NPC, the Utilities were able to comply with the non-solar Portfolio Standard. However, due to the late commercial operation of solar facilities, the Utilities did not meet the solar portion of the Portfolio Standard. The PUCN issued its order accepting the Utilities' Portfolio Standard Annual Report for Compliance Year 2007. In addition, as a result of the Utilities' efforts to add solar resources, the PUCN granted an exemption to the Utilities for non-compliance with the solar requirement.

Generation

In 2003, the Utilities embarked on a strategy to build or acquire generating facilities to decrease their dependence on purchased power. Since then, the Utilities have increased their summer net generating capacity by 100%. Additionally, in 2007, NPC began construction of a 500 MW (nominally rated) natural gas fired combined cycle generator at the Harry Allen Generating Station, with an expected completion date in 2011. The PUCN has currently approved approximately $130 million be spent towards the development of the EEC. The EEC consists of two 750 MW coal generation units to be located near Ely, Nevada. However, on February 9, 2009, NVE and the Utilities announced their intention to postpone plans to construct the EEC due to increasing environmental and economic uncertainties until such time as carbon sequestration becomes commercially viable, which is not expected for at least a decade. NVE and the Utilities still plan to proceed with the construction of the EN-ti line, which will link NPC's and SPPC's transmission systems in the southern and northern portions of the state,

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allowing for the transfer of energy, including renewable resources, between the Utilities. The Utilities and will seek approval from the PUCN to accelerate the development of the EN-ti line.

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Despite the significant investment since 2003, the Utilities do not own sufficient generating facilities to meet peak demands. As a result of this shortfall and forecasted market opportunities, NPC is forecasting to purchase approximately 23% of its total system energy needs from the wholesale market and SPPC is forecasting to purchase approximately 34% of its total system energy needs from the wholesale market for year 2009. For the 2009 summer peak, the Utilities have secured 100% of their forecasted capacity needs. The amount of power purchased by the Utilities varies from time to time depending on demand, the cost of purchased power compared with our cost of generation, and the availability of such power. As a comparison, in 2008, NPC and SPPC purchased approximately 32.5% and 49.5%, respectively, of their energy needs. Some purchased power contracts are indexed to natural gas prices. Due to the relatively large seasonal gas and purchased power usage, the Utilities purchase power and hedge a portion of their total natural gas exposure as discussed further in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Energy Supply.

The Utilities continue to evaluate the resource needs of their service territory; however, they expect more moderate construction of generating units in the future.

As a result of expanded service territory growth, both Utilities have added transmission infrastructure. The new transmission lines are discussed in NPC's and SPPC's respective Transmission sections below.

Nevada state law allows, with PUCN approval, commercial customers with an average annual load of one MW or more, to choose alternate energy suppliers. In addition, some large customers may own and operate generation facilities to meet their own energy requirements. In 2008, Newmont Mining Corporation, a large SPPC mining customer, began operations of a 203 MW facility. Moreover, the City of Las Vegas has filed with the PUCN to exit NPC's system in regards to nine premises. These matters are discussed further under Business and Competitive Environment, Competition, for NPC and SPPC below.

The FERC, PUCN and, in the case of the California service territory of SPPC, the CPUC regulate portions of the Utilities' accounting practices and electricity and natural gas rates. The FERC regulates the terms and prices of transmission services and sales of wholesale electricity. The PUCN and CPUC have authority over general and energy rates charged to retail customers, the issuance of securities and transactions with affiliated parties.

Periodic reports for NVE, NPC and SPPC on Form 10-K and Form 10-Q and current reports on Form 8-K are made available to the public, free of charge, on NVE's website (www.nvenergy.com) through links on this website to the SEC's website at www.sec.gov, as soon as reasonably practicable after they have been filed with the SEC. The contents of the above referenced website address are not part of this Form 10-K. The public may also read any copy of materials filed with the SEC by NVE, NPC or SPPC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-(800) SEC-0030. Reports, proxy and information statements, and other information regarding issuers that file electronically may also be obtained directly from the SEC's website. Available on the nvenergy.com website are the code of ethics for the chief executive officer, chief financial officer and controller, charters for the Audit, Compensation, and Nominating and Governance Committees of NVE's BOD and our corporate governance and standards of conduct guidelines. Printed copies of these documents may be obtained free of charge by writing to NVE's Corporate Secretary at NV Energy, Inc., 6226 West Sahara Avenue, Las Vegas, Nevada 89146.

NEVADA POWER COMPANY

NPC is a Nevada corporation organized in 1921 and, by itself and through a predecessor corporation, has been providing electric services to southern Nevada since 1906. NPC became a subsidiary of NVE in July 1999. Its mailing address is 6226 West Sahara Avenue, Las Vegas, Nevada 89146.

NEICO is a wholly-owned subsidiary of NPC. NEICO is a 25% member of Northwind Aladdin, LLC, which operates the central energy plant at the Aladdin Resort and Casino in Las Vegas. The other 75% of Northwind Aladdin, LLC is owned by Macquarie Infrastructure Company Trust.

Business and Competitive Environment

Overview

NPC is a public utility that generates, transmits and distributes electric energy in southern Nevada. At year-end 2008, NPC served approximately 827,000 customers in Las Vegas, North Las Vegas, Henderson, Searchlight, Laughlin, and adjoining areas, including Nellis Air Force Base and the Department of Energy's Nevada Test Site in Nye County.

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Electric Operations

NPC is charged with meeting the growing electric energy needs of the residential population and expanding business and public sectors in Southern Nevada. In addition to customer growth, demand and resulting revenues are impacted by rate changes, seasonal or atypical weather and customer use. NPC's peak demand occurs in the summer. Therefore, NPC's revenues and associated expenses are not incurred or generated evenly throughout the year.

To serve its customer base, NPC generates electricity and purchases power in accordance with an ESP, as discussed in more detail later in this section and in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Energy Supply. In 2008 in a continued effort to reduce reliance on purchased power, NPC completed the construction of 619 MWs (nominally rated) peaking units at the Clark Generating Station. Additionally, in October NPC completed the acquisition of the 598 MW (nominally rated) Higgins Generating Station. Construction also continues on a 500 MW (nominally rated) unit at the Harry Allen Generating Station which is scheduled to be completed in 2011.

Nevada regulations require NPC to file GRCs every three years with the PUCN to adjust rates including cost of service and return on investment. Nevada state regulations also require NPC to file annual DEAA applications to either recover or refund balances that have been deferred and that represent the difference between fuel and purchased power costs actually incurred and the amounts collected in current retail rates. Additionally, NPC is required quarterly to file to reset BTERs, reflecting more recent fuel and purchased power costs. Rate cases are discussed in more detail in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Proceedings, and Note 3**,** Regulatory Actions, of the Notes to Financial Statements.

The FERC has jurisdiction under the Federal Power Act with respect to wholesale rates, service, interconnection, accounting, and other matters in connection with NPC's sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which NPC buys transportation for natural gas.

Competition

State law allows commercial customers with an average annual load of 1 MW or more to file a letter of intent and application with the PUCN to acquire electric energy, capacity, and ancillary services from another provider. The law requires customers wishing to choose a new supplier to receive the approval of the PUCN and meet public interest standards. In particular, departing customers must secure new energy resources that are not under contract to NPC, the departure must not burden NPC with increased costs or cause any remaining customers to pay increased costs, and the departing customers must pay their portion of any deferred energy balances. The PUCN adopted regulations prescribing the criteria that will be used to determine if there will be negative impacts to remaining customers or to NPC. Customers wishing to choose a new supplier must provide 180-day notice to NPC. NPC would continue to provide transmission, distribution, metering, and billing services to such customers. Management believes that those customers securing energy from new energy suppliers would reduce NPC's need to purchase power from potentially volatile wholesale energy markets. The City of Las Vegas has filed with the PUCN to exit NPC's system in regards to nine premises. The departure is not expected to materially affect NPC's load requirements.

Sales

In 2008, NPC's operating revenues were approximately $2.3 billion. Summer peak loads are driven by air conditioning demand. Winter peak loads are low relative to the summer peak. NPC's peak load increased at an average annual growth rate of 2.5% over the past five years, reaching 5,504 MW in July 2008. NPC's retail total electric MWh sales have increased at an average annual growth rate of 3.3% over the past five years; however, retail electric MWh sales declined slightly from 2007 to 2008, as discussed below.

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NPC's electric customers by class contributed the following MWh sales:

	MWh Sales (Billed and Unbilled)					
	2008		2007		2006	
	MWh	% of Total	MWh	% of Total	MWh	% of Total
Residential	9,041,403	41.4 %	9,371,726	42.4 %	9,033,142	42.3 %
Commercial & Industrial:						
Gaming/Recreation/Restaurants	3,695,156	16.9 %	3,697,324	16.7 %	3,736,608	17.5 %
All Other Retail	8,644,314	39.5 %	8,551,874	38.7 %	8,049,753	37.7 %
Total Retail	21,380,873	97.8 %	21,620,924	97.8 %	20,819,503	97.5 %
Wholesale	238,511	1.1 %	240,934	1.1 %	244,128	1.2 %
Sales to Public Authorities	231,647	1.1 %	252,119	1.1 %	281,369	1.3 %
Total	21,851,031	100.0 %	22,113,977	100.0 %	21,345,000	100.0 %

Total retail MWh sales decreased approximately 1.1% in 2008 from 2007, primarily due to a decrease in residential customer usage as a result of cooler summer weather and, to a lesser extent, changes in residential customer usage patterns.

Tourism and gaming remain southern Nevada's leading industries and together comprise one of NPC's largest classes of customers. Management believes hotel room growth rate is one of the key indicators of southern Nevada's economic health and leading indicators of overall system load growth. The expected room growth rate for 2009 is 9.1% and 2.7% for 2010. The significant increase in room growth for 2009 is primarily due to Project City Center, which is expected to add approximately 6,000 rooms to Las Vegas. NPC's average retail residential customer count increased by 0.8% in 2008 from 2007, although the rate of growth has decreased significantly from prior years as a result of economic conditions both regionally and nationally.

Nevada is ranked as the eighth fastest growing state in the nation by the U.S. Census Bureau for the twelve months ended June 30, 2008. However, the southern Nevada economy has been adversely affected by the recession facing the United States and the global economy, resulting in an increase in unemployment to 9.1% compared to 5.6% in 2007, a decrease in hotel/motel occupancy of 11.9% from the 2007 level, and a decrease in new home sales to 9,780 in 2008 compared to 19,670 and 36,051 in 2007 and 2006, respectively.

Demand

Load and Resources Forecast

NPC's integrated peak electric demand decreased from 5,866 MW in 2007 to 5,504 MW in 2008. Variations in energy usage occur as a result of varying weather conditions, economic conditions, and other energy usage behaviors, such as conservation efforts. This necessitates a continual balancing of loads and resources, and requires both purchases and sales of energy under short and long term contracts and the prudent management and optimization of available resources.

NPC plans to meet its customers' needs through a combination of company-owned-generation and purchased power. See the Generation section and Purchased Power section below for details of NPC's generation and contracts for purchased power. Remaining needs will be met through power purchases through RFPs or short term purchases.

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Below is a table summarizing the forecasted summer electric capacity requirement and resource needs of NPC (assuming no curtailment of supply or load, and normal weather conditions):

	Forecasted Electric Capacity Requirements and Resources (MW)				
	2009	**2010**	**2011**	**2012**	**2013**
Total requirements (1)	6,611	6,657	6,724	6,915	6,946
Resources:					
Company-owned existing generation (2)	4,234	4,234	4,180	4,180	4,175
Company-owned new generation (3)	-	-	489	489	489
Contracts for power purchases	2,431	2,231	2,237	2,237	2,275
Total resources	6,665	6,465	6,906	6,906	6,939
Total additional required (4)	-	192	-	9	7

(1) Includes system peak load plus planning reserves.

(2) Includes 232 MW of peaking capacity at Reid Gardner Generating Station Unit No. 4, which is co-owned with CDWR, see Item 2, Properties.

(3) Includes 484 MW combined cycle unit at the Harry Allen Generating Station in 2011, and 5 MW at the Goodsprings renewable energy plant in 2011.

(4) Total additional required is the difference between the total requirements and total resources. Total additional required represents the amount needed to achieve the forecasted system peak plus a planning reserve margin.

Energy Supply

The energy supply function at NPC encompasses the reliable and efficient operation of NPC's owned generation, the procurement of all fuels and purchased power, and resource optimization.

NPC faces energy supply challenges for its load control area. There is the potential for continued price volatility in NPC's service territory, particularly during peak periods. A greater dependence on generation from the wholesale markets subjects power prices to price volatilities due to available supply and gas prices.

In response to these energy supply challenges, NPC has adopted an approach to managing the energy supply function that has three primary elements. The first element is a set of management guidelines that relate to procuring and optimizing the supply portfolio that is consistent with the requirements of a load serving entity with a full requirements obligation. The second element is an energy risk management and risk control approach that ensures clear separation of roles between the day-to-day management of risks and compliance monitoring and control, and a clear distinction between policy setting (or planning) and execution. Lastly, NPC will continue to pursue a process of ongoing regulatory involvement and acknowledgement of the resource portfolio management plans. Details of the Energy Supply function are discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Energy Supply.

Total System

NPC manages a portfolio of energy supply options. The availability of alternate resources allows NPC to dispatch its electric generation system in a more cost-effective manner under varying operating and fuel market conditions while maintaining system integrity. During 2008, NPC generated approximately 67.5% of its total system requirements, purchasing the remaining 32.5% as shown below.

	2008		**2007**		**2006**	
	MWh	% of Total	MWh	% of Total	MWh	% of Total
NPC Company Generation						
Gas/Oil	10,976,006	49.5 %	10,437,115	45.3 %	8,093,020	36.1 %
Coal	3,992,392	18.0 %	4,083,262	17.7 %	4,067,209	18.2 %
Total Generated	14,968,398	67.5 %	14,520,377	63.0 %	12,160,229	54.3 %
Total Purchased	7,190,431	32.5 %	8,510,429	37.0 %	10,248,394	45.7 %

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Total System	22,158,829	100.0 %	23,030,806	100.0 %	22,408,623	100.0 %

As a supplement to its own generation, NPC purchases spot, short-term firm, intermediate-term firm, long-term firm, and non-firm energy to meet its customer demand requirements. Total energy supply includes purchases from outside the electric system due to limited control area generation and also the need to access market energy supplies. NPC's decision to purchase this energy is based on economics, mitigation of availability risk, and system import limits. Firm block purchases are transacted as both a price hedging strategy and to ensure that needed firm capacity is available over peak load periods. Spot market energy is purchased based on the economics of purchasing "as-available" energy when it is less expensive than NPC's own generation, again, subject to net system import limits. NPC's 2008 company generated MWhs increased 3.1% from 2007. NPC's 2008 purchased power MWhs decreased 15.6% compared to 2007 due to NPC's increased reliance on self generation and a decrease in total system demand. See Energy Supply in Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding NPC's purchasing strategies.

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Risk Management

See Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Generation

NPC's generation capacity consists of a combination of 33 gas, oil and coal generating units with a combined summer capacity of 4,002 MWs as described in Item 2, Properties. In 2008, NPC generated approximately 67.5% of its total system requirements.

In 2008, NPC completed construction of the Clark Peaking Units for a total additional capacity of 619 MWs. Currently, NPC is constructing a 500 MW (nominally rated) combined cycle unit at the existing Harry Allen Generating Station with a commercial operation date prior to summer of 2011, which was approved by the PUCN in 2008 as an amendment to NPC's IRP. In addition, NPC received approval and completed the purchase of a 598 MW (nominally rated) natural gas fired, combined cycle power plant from Reliant Energy, Inc, now known as the Higgins Generating Station. The addition of these units increases NPC's ability to self generate.

Fuel Availability

NPC's 2008 fuel requirements for electric generation were provided by natural gas, coal, and oil. The average costs of gas, coal, and oil for energy generation per MMBTU for the years 2004 through 2008, along with the percentage contribution to NPC's total fuel requirements were as follows:

Average Consumption Cost & Percentage Contribution to Total Fuel Requirement

	Gas		Coal		Oil	
	$/MMBTU	Percent	$/MMBTU	Percent	$/MMBTU	Percent
2008	7.79	66.5%	2.17	33.5%	18.87	0.0%
2007	6.32	64.4%	1.89	35.6%	17.17	0.0%
2006	7.40	58.8%	1.63	41.1%	16.66	0.1%
2005	6.18	32.7%	1.59	67.1%	13.50	0.1%
2004	6.13	27.3%	1.33	72.6%	8.75	0.1%

For a discussion of the change in fuel costs, see Results of Operations in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Natural gas supplies are procured one season ahead of use through a competitive bidding process. The physical gas prices are set at an appropriate industry index during the month of current delivery. All natural gas is delivered to NPC through the use of firm gas transport contracts. Monthly and daily gas supply adjustments are made based on the current energy marketplace and operational considerations.

NPC continues to optimize the use of the Lenzie Generating Station and the Silverhawk Generating Station, as well as the recently acquired Higgins Generating Station, which results in a reduction of NPC's exposure to fluctuations in the market price of gas. These units are more efficient than most generating facilities supplying energy to the market in which NPC purchases energy and, consequently, will require less fuel to produce the same amount of electric energy. This trend is expected to continue in 2009 and beyond.

NPC utilizes a laddered strategy with respect to coal supply and has long term coal contracts with Arch Coal Company (expires 2011), Andalex Resources, Inc. (expires 2010), Hiawatha Mining Co. (expires 2012) and Bowie Resources (expires 2012) to supply the Reid Gardner Generating Station. These contracts represent 83% of projected coal requirements for 2009, 59% for 2010, 32% for 2011 and 9% for 2012.

As of December 31, 2008, Reid Gardner Generating Station's coal inventory level was 272,744 tons, or approximately 81 days of consumption at 100% capacity.

A transportation services contract with Union Pacific Railroad provides for deliveries from the Provo, Utah interchange as well as various mines in Utah and Colorado, to the Reid Gardner Generating Station in Moapa, Nevada. The Utah Railway contract provides for delivery of all coal not loaded by the Union Pacific in Helper, Utah to interchange with Union Pacific at Provo, Utah. The Union Pacific contract expires December 31, 2009.

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Coal for the Navajo Generating Station, which is jointly owned and operated by Salt River, is obtained from surface mining operations conducted by Peabody on portions of the Black Mesa in Arizona within the Navajo and Hopi Indian tribes (the Tribes) reservations. The Navajo Generating Station's supply contract expires June 2011, with an option provided to NPC to extend for an additional 15 years.

Purchased Power

NPC, under the guidelines set forth in the NPC ESP, continues to manage a diverse portfolio of contracted and spot market supplies, as well as its own generation, with the objective of minimizing its net average system operating costs. During 2008, NPC purchased 32.5% of its total energy requirements.

NPC purchases both forward firm energy and spot market energy based on economics, operating reserve margins and unit availability. NPC seeks to manage its growing loads efficiently by utilizing its generation resources in conjunction with buying and selling opportunities in the market.

NPC has entered into long term purchase power contracts (3 or more years) generated by gas, hydro and renewable resource facilities with a total MW capacity of 2,090 and contract termination dates ranging from 2013 to 2032. Included in these contracts are 404 MWs of capacity of renewable energy of which approximately 325 MWs of capacity are under construction and not currently available.

NPC is a member of the WSPP and the SRSG. NPC's membership in the SRSG has allowed it to network with other utilities in an effort to use its resources more efficiently in the sharing of responsibilities for reserves. NPC's credit standing may affect the terms under which NPC is able to purchase fuel and electricity in the western energy markets; however, as a result of NPC's credit rating, this was not a significant factor in 2008.

Transmission

Electric transmission systems deliver energy from electric generators to distribution systems for final delivery to customers. Transmission systems are designed to move electricity over long distances because generators can be located anywhere from a few miles to hundreds of miles from customers.

NPC's electric transmission system is part of the Western Interconnection, the regional grid in the west. The Western Interconnection includes the interconnected transmission systems of fourteen western states, two Canadian provinces and the parts of Mexico that make up the WECC. WECC is one of eight regional councils of the NERC, the entity responsible for the reliability, adequacy and security of North America's bulk electric system.

NPC's transmission system links generating units within and outside of the NPC Balancing Authority Area to the NPC distribution system. NPC's transmission system is directly interconnected with the transmission systems of Western Area Power Administration, Los Angeles Department of Water and Power, Southern California Edison, and PacifiCorp. NPC currently is not directly interconnected with SPPC; however, the Utilities have proposed the EN-ti line which will link NPC's and SPPC's transmission system in the southern and northern portions of the state, allowing for the transfer of energy, including renewable resources between the Utilities. The map below shows NPC's transmission system and the proposed EN-ti line:

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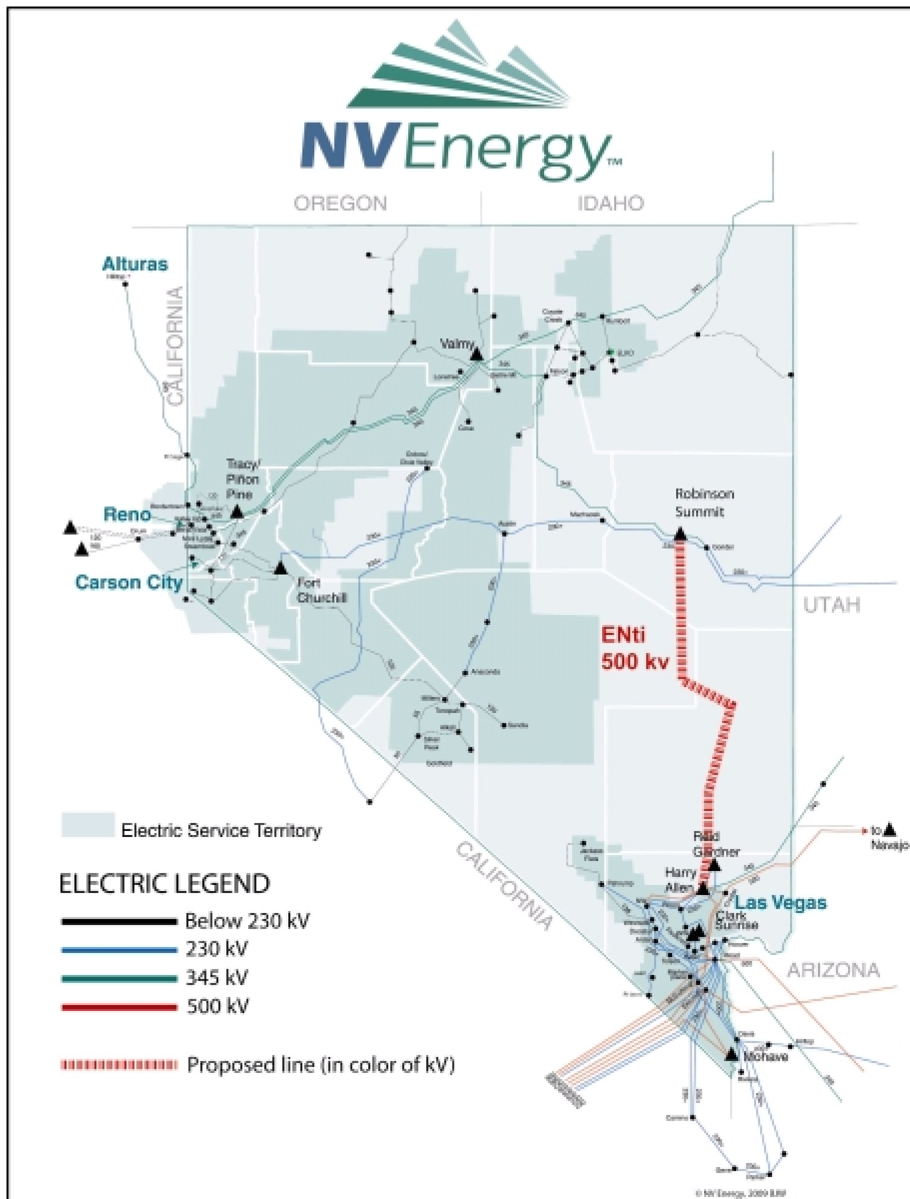

Under the NERC guidelines, NPC is a Balancing Authority, a Transmission Operator, and a Transmission Owner among other roles. As defined by NERC, the Balancing Authority integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time (i.e., the Balancing Authority is responsible for assuring that the demands on the system are matched by an equivalent amount of resources, whether from generators within its area or from imports). The Transmission Operator is responsible for the reliability of its local transmission system, and operates or directs the operations of the transmission facilities. The Transmission Owner owns and maintains transmission facilities. NPC also schedules power deliveries over its transmission system and maintains reliability through its operations and maintenance practices and by verifying that customers are matching loads with resources.

NPC plans, builds and operates a transmission system that delivered 21,851,031 MWh of electricity to customers in its Balancing Authority Area in 2008. The NPC system handled a peak load of 5,504 MW in 2008 through 1,908 line miles of transmission lines and other transmission facilities ranging from 60 kV to 500 kV. NPC processes generation and transmission interconnection requests and requests for transmission service from a variety of customers. These requests usually involve new planning studies and the negotiation of contracts with new and existing customers in this growing system. In the last 10 years, due primarily to high customer growth, NPC has constructed major transmission projects with Centennial being the most recently completed project (100 miles).

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Transmission Regulatory Environment

Transmission for NPC's bundled retail customers is subject to the jurisdiction of the PUCN for rate making purposes. NPC's wholesale and retail access transmission services are regulated by the FERC under cost based regulation subject to the OATT which NPC operates under. In accordance with the OATT, NPC offers several transmission services to wholesale customers:

- Long-term and short-term firm point-to-point transmission service ("highest quality" service with fixed delivery and receipt points),
- Non-firm point-to-point service ("as available" service with fixed delivery and receipt points), and
- Network transmission service (equivalent to the service NPC provides for NPC's bundled retail customers).

These services are all offered on a nondiscriminatory basis in that all potential customers, including NPC, have an equal opportunity to access the transmission system. NPC's transmission business is managed and operated independently from the energy marketing business in accordance with FERC Standards of Conduct.

NPC is a member of WestConnect and the WestConnect Subregional Transmission Planning Committee. WestConnect is a group of southwest transmission-providing utilities that have agreed to work collaboratively to assess stakeholder and market needs and to investigate, analyze and recommend to its Steering Committee implementation of cost-effective enhancements to the western wholesale electricity market. In 2007 and 2008 the WestConnect members worked collaboratively to develop consistent responses to FERC Order 890 requirements and developed regional business practices including OATT Attachment K, Transmission Planning Process. The Subregional Transmission Planning Committee was established to provide coordinated transmission planning across the WestConnect footprint, including the Southwest Area Transmission Group that NPC participates in and the Sierra Nevada Planning Group that SPPC participates in.

Integrated Resource Plan

NPC files an IRP every three years. The IRP is prepared in compliance with Nevada laws and regulations and covers a 20 year period. The IRP develops a comprehensive, integrated plan that considers customer energy requirements and proposes the resources to meet those requirements in a manner that is consistent with prevailing market fundamentals. The ultimate goal of the IRP is to balance the objectives of minimizing costs and reducing volatility while reliably meeting the electric needs of NPC's customers.

In June 2006, NPC filed its 2006 triennial IRP with the PUCN and has since filed several amendments to the IRP. The following are the key elements of the filing as amended:

- Approval was requested and subsequently obtained for the construction of a 500 MW (nominally rated) combined cycle unit at the existing Harry Allen Generating Station with a scheduled commercial operation date of June 1, 2011. The estimated cost of this project is approximately $682 million (excluding AFUDC). Additionally, the PUCN approved NPC's request to include the Harry Allen Generating Station CWIP in rate base. Following the PUCN's approval of NPC's 8th amendment to the 2006 IRP in October, 2008, the Nevada Attorney General's BCP filed a petition for a rehearing with respect to the portion of the PUCN's order approving the new combined cycle unit at the Harry Allen Generating Station. The PUCN denied the petition on November 26, 2008. On December 30, 2008, the BCP filed a petition for judicial review in the First Judicial District of the State of Nevada seeking a reversal of the PUCN's order as it relates to the Harry Allen Generating Station combined cycle unit and a remand of the matter to the PUCN to gather further evidence.

- Approval was requested and subsequently obtained to purchase the 598 MW (nominally rated) combined cycle Generating Station from Reliant Energy, LLC., now known as the Higgins Generating Station, for approximately $510 million, including costs for inventory and other closing costs and adjustments. The purchase was completed in October 2008 and is included in NPC's 2008 GRC.

- Approval was obtained to construct 619 MW (nominally rated) quick start combustion turbine units at the Clark Generating Station at a cost of approximately $384 million. Construction of this project was completed in 2008.

- The PUCN granted the Utilities' initial request in its IRP filing to proceed with the development of Phase I of the EEC and accompanying transmission line. The PUCN also approved the Utilities' request of $300 million for development activities associated with the EEC with a limitation of $155 million placed on expenditures until the Utilities have obtained the final air permit. The PUCN approved the request to initially allocate the costs between NPC and SPPC using an 80/20 cost allocation, respectively. Furthermore, the PUCN granted the Utilities' request for critical facility designation, thereby allowing it to qualify for incentives to be determined at a later date. Since then, the Utilities filed amendments in regards to EEC and the PUCN, in its order, outlined certain minimum information regarding the EEC that shall be provided in NPC's 2009 IRP filing, including but not limited to an update of the engineering, construction and then current cost estimates of the EEC, a refined project schedule,

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an initial analysis of the benefits of joint system analysis, an update of environmental costs and economic benefits attributed to the EEC and an update on the status of all the required permits. Additionally the limitation on expenditures was reduced to $130 million. However, on February 9, 2009, NVE and the Utilities announced their intention to postpone their plan to construct the EEC due to increasing environmental and economic uncertainties until such time as carbon sequestration becomes commercially viable, which is not expected for at least a decade. The Utilities have spent approximately $71.1 million as of December 31, 2008 towards the development of the EEC, including costs relating to the development of the EN-ti line.

- Approval of various DSM programs was requested and obtained.

- Approval was requested and subsequently obtained to acquire a 50% interest in the Carson Lake Project, providing a minimum of 30 MW of geothermal renewable energy (from a nominal net of 24 MW to 40 MW) under the terms of a Joint Operating Agreement with an affiliate of Ormat Technologies, Inc.

- Approval was requested and subsequently obtained to construct the 6 MW Goodsprings Waste Heat Recovery Project at the compressor station on the Kern River Gas Pipeline.

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- Approval was requested and subsequently obtained for various long-term power purchase agreements, primarily related to renewable energy, and long term tolling contracts.

- Approval was requested and subsequently obtained to expend $60 million on new ultra-low emission burners on the four combustion turbines serving the combined cycle units at the Clark Generating Station.

- Approval of an updated load forecast was requested and obtained.

Construction Program

NPC's construction program and estimated expenditures are subject to continuing review, and are periodically revised to include the rate of load growth, construction costs, availability of fuel types, the number and status of proposed independent generation projects, the need for additional transmission capacity in southern Nevada, regulatory considerations and impact to customers, NPC's ability to raise necessary capital, and changes in environmental regulations. Under NPC's franchise agreements, it is obligated to provide a safe and reliable source of energy to its customers. Capital construction expenditures and estimates are reflective of NPC's obligation to serve its growing customer base.

Gross construction expenditures for 2008, including AFUDC, net salvage and CIAC, were $1.3 billion, and for the period 2004 through 2008, were $3.7 billion. Estimated construction expenditures for PUCN approved projects, projects under contract, compliance projects and other base capital requirements are as follows (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Electric Facilities			
Generation	$554,774	$805,079	$1,359,853
Distribution	128,530	580,124	708,654
Transmission	67,272	275,977	343,249
Other	77,488	163,205	240,693
Total	$828,064	$1,824,385	$2,652,449

Total estimated cash requirements related to construction projects consist of the following (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Construction Expenditures	$828,064	$1,824,385	$2,652,449
AFUDC	(64,436)	(250,754)	(315,190)
Net Salvage/ Cost of Removal	(10,100)	(41,420)	(51,520)
Net Customer Advances and CIAC	(22,300)	(91,452)	(113,752)
Total Cash Requirements	$731,228	$1,440,759	$2,171,987

Major PUCN approved projects included in the 5 year estimated construction expenditures are as follows (dollars in thousands):

Projects	MW	Approved by PUCN	Total Cost 2009	Total Project Cost Cash Flows	Cumulative Expenditures as of December 31, 2008	Projected in service completion date year
EEC [1]	1,500	$104,000	$24,000	$104,000	$57,085	-
Harry Allen Generating Station	500	681,869	321,510	682,043	140,618	2011
Renewable Projects [2]	26	112,300	48,692	120,871	10,858	2010-2011
Reid Gardner Generating Station environmental compliance	-	83,940	11,700	93,760	82,060	2009
Clark Generating Station environmental compliance	-	60,000	23,116	58,861	35,745	2009

(1) See discussion below regarding the EEC by the PUCN. These costs assume 80% allocated to NPC.
(2) MWs reflect NPC's expected ownership share of these projects.

As discussed under the IRP, the PUCN approved the Utilities spending on the EEC up to $130 million, of which the Utilities have spent approximately $71.1 million, which includes costs related to the EN-ti line, as of December 31, 2008. However, on February 9, 2009,

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NVE and the Utilities announced their intention to postpone the construction of the EEC but plan to proceed with the construction of the EN-ti line. In 2009, the Utilities intend to file amendments to their IRP's requesting PUCN approval to accelerate the development of the EN-ti line.

In 2008 the PUCN approved the construction of a new 500 MW (nominally rated) natural gas combined cycle electric generating plant at NPC's Harry Allen Generating Station. This facility, 25 miles northeast of Las Vegas, is expected to commence operations by 2011.

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NPC has various renewable energy projects, including wind, solar and geothermal, under development and negotiation. In 2008, the PUCN approved the Carson Lake project and Goodsprings Waste Heat Recovery project for $91 million and $21.3 million respectively. The Carson Lake project and the Goodsprings Waste Heat Recovery project are scheduled for commercial operation in 2011 and 2010, respectively.

NPC has entered into a joint development agreement, the China Mountain Wind Project, for approximately $238 million. Under the joint development agreement, NPC has the opportunity to evaluate the feasibility of the project. The PUCN has not yet approved the project; and as such, it has not been included in the above tables.

Reid Gardner Generating Station major capital and environmental projects include approximately $83.9 million of items previously approved by the PUCN and agreed upon with the EPA in April 2007. In addition, NPC is expecting to incur costs with respect to major projects at the Reid Gardner Generating Station of approximately $87.2 million for certain infrastructure and environmental projects as agreed upon with the NDEP and other compliance projects for which NPC has not received PUCN approval, but are included in the gross construction expenditures and estimated cash requirements. See Note 13, Commitments and Contingencies in the Notes to Financial Statements.

The Clark Generating Station major capital and environmental projects include the installation of capital equipment as agreed upon in the consent decree between NPC and the EPA in August 2007.

SIERRA PACIFIC POWER COMPANY

A Nevada corporation since 1965, SPPC was originally incorporated in Maine in 1912. SPPC became a subsidiary of NVE in 1984. Its mailing address is P. O. Box 10100 (6100 Neil Road), Reno, Nevada 89520-0024.

SPPC has two regulated business segments, SPPC electric and SPPC natural gas service, which are discussed separately in this section. SPPC has three primary, wholly-owned subsidiaries: GPSF-B, PPC and PPIC. GPSF-B, PPC and PPIC, collectively, own Piñon Pine Company, LLC, which was formed to utilize federal income tax credits available under Section 20 of the Internal Revenue Code associated with the alternative fuel (syngas) produced by the coal gasifier located at the Piñon Pine Facility.

SPPC Electric

Business and Competitive Environment

Overview

SPPC is a public utility that generates, transmits and distributes electric energy to approximately 366,000 customers. The service territory covers over 50,000 square miles of western, central and northeastern Nevada, including the cities of Reno, Sparks, Carson City, and Elko, and a portion of eastern California, including the Lake Tahoe area.

Electric Operations

SPPC is charged with meeting the growing energy needs of the residential population and expanding business and public sectors. In addition to customer growth, demand and resulting electric revenues are impacted by rate changes, seasonal or atypical weather and customer use. SPPC's peak demand occurs in the summer with a slightly lower peak demand in the winter. Therefore, SPPC's electric revenues and associated expenses are not incurred or generated evenly throughout the year.

To serve its customer base, SPPC generates electricity and purchases power in accordance with an ESP, approved by the PUCN, as discussed in more detail later in this section and in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. In a continued effort to reduce reliance on purchased power, SPPC completed the construction of a 541 MW gas-fired combined-cycle plant at Tracy, east of Reno during 2008.

Nevada regulations require SPPC to file GRCs every three years with the PUCN to adjust rates including cost of service and return on investment. Nevada state regulations also require SPPC to file annual DEAA applications to either recover or refund balances that have been deferred and that represent the difference between fuel and purchased power costs actually incurred and the amounts collected in current retail rates. Additionally, SPPC is required quarterly to file to reset BTER reflecting more recent fuel and purchased power costs. Rate cases are discussed in more detail in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Proceedings, and Note 3**,** Regulatory Actions, of the Notes to Financial Statements.

The FERC has jurisdiction under the Federal Power Act with respect to wholesale rates, service, interconnection, accounting, and other matters in connection with SPPC's sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which SPPC buys transportation for natural gas.

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Competition

Nevada state law allows commercial customers with an average annual load of 1 MW or more to file a letter of intent and application with the PUCN to acquire electric energy, capacity, and ancillary services from another provider. The law requires customers wishing to choose a new supplier to receive the approval of the PUCN and meet certain public interest standards. In particular, departing customers must secure new energy resources that are not under contract to SPPC, the departure must not burden SPPC with increased costs or cause any remaining customers to pay increased costs, and the departing customers must pay their portion of any deferred energy balances. The PUCN adopted regulations prescribing the criteria that will be used to determine if there will be negative impacts to remaining customers or to SPPC. Customers wishing to choose a new supplier must provide 180-day notice to SPPC. SPPC would continue to provide transmission, distribution, metering, and billing services to such customers. Management believes that those customers securing energy from new energy suppliers will reduce SPPC's need to purchase power from potentially volatile wholesale energy markets.

Newmont Mining Corporation achieved full commercial production of a new 204 MW (nominally rated) coal-fired power plant located in northeastern Nevada on May 1, 2008. In 2007, SPPC and Newmont entered into a wholesale power sale agreement and a new form of retail service, General Service New Generation (GS-4NG). Newmont will sell the electrical output from its plant to SPPC for at least 15 years under the long-term wholesale, purchased power agreement, and remain a retail customer of SPPC during at least that period under the terms of a retail service agreement and pursuant to the new GS-4NG rate schedule.

In 2008, after Barrick Gold Corporation completed its acquisition of the Cortez mining property in Nevada, it applied for and received approval from the PUCN for Cortez to depart SPPC's retail system and, effective November 1, 2008, to be served under the terms of a DOS Agreement and the applicable DOS Tariff. In 2005, Barrick Gold Corporation completed construction of a 118 MW generating facility and departed SPPC's retain system, but continues to be served under a DOS agreement and applicable tariff.

Currently, there are no other material applications pending with the PUCN to exit the system in SPPC's service territory.

Sales

In 2008, SPPC's electric operations contributed approximately $1.0 billion, or 83%, of SPPC's total revenues. SPPC's peak load reached 1,648 MW in August 2008. Summer retail peak loads are primarily driven by air conditioning demand and irrigation pumping. Winter retail electric peak loads are primarily driven by increased demand for space heating, air movement (with forced air gas and oil furnaces), and ski resorts (hotels, lifts, etc.).

SPPC's electric customers by class contributed the following MWh sales:

	MWh Sales (Billed and Unbilled)								
	2008			2007			2006		
	MWh	% of Total		MWh	% of Total		MWh	% of Total	
Retail:									
Residential	2,523,923	29.4	%	2,519,666	28.6	%	2,480,681	28.2	%
Mining	1,632,882	19.0	%	1,742,641	19.8	%	1,873,177	21.3	%
Commercial and Industrial	4,403,403	51.2	%	4,512,825	51.2	%	4,356,878	49.5	%
Total Retail	8,560,208	99.6	%	8,775,132	99.6	%	8,710,736	99.0	%
Wholesale	15,577	.2	%	14,581	0.2	%	69,757	0.8	%
Streetlights	16,108	.2	%	15,943	0.2	%	15,502	0.2	%
TOTAL	8,591,893	100.0	%	8,805,656	100.0	%	8,795,995	100.0	%

Total retail MWh sales decreased approximately 2.4% in 2008 from 2007, primarily due to a decrease in customer usage as a result of cooler summer weather and, to a lesser extent, changes in customer usage patterns. Also contributing to the decrease in MWhs is the transition of certain customers to DOS as discussed below.

Mining is a leading industry in Northern Nevada and comprises one of SPPC's largest classes of customers. According to the Nevada Mining Association, spot gold price levels, coupled with Nevada's reasonable regulatory environment, the state's favorable geology for gold deposits, and the industry's success in controlling its costs and attracting a high quality labor force offer a strong foundation for investment in continued mine development and the industry's continuing high level of energy usage. However, SPPC has seen a decline in mining MWhs as a result of certain customers transferring to DOS.

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SPPC has long-term electric service agreements with nine of its largest major account commercial and industrial customers, with yearly revenues under these agreements totaling approximately $104 million. For 2008, this represented approximately 10% of SPPC's electric operating revenues of $1.0 billion. Such agreements include requirements for customers to maintain minimum demand and load factor levels. In addition, they include provisions to recover all investments for customer-specific facilities that have been made by SPPC on their behalf. Commercial customers who receive approval from the PUCN to acquire electric energy, capacity, and ancillary services from another provider, and who may have previously received service from SPPC under terms of a long-term service agreement, will migrate to being served under the provisions of a DOS Agreement. Under a DOS Agreement, customer-specific facilities charges will continue to be collected along with a flat distribution charge per meter.

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Demand

Load and Resources Forecast

SPPC's integrated peak electric demand decreased from 1,743 MW in 2007 to 1,648 MW in 2008. Variations in energy usage occur as a result of varying weather conditions, economic conditions and other energy usage behaviors, such as conservation efforts. This necessitates a continual balancing of loads and resources, and requires both purchases and sales of energy under short and long term contracts and the prudent management and optimization of available resources.

SPPC plans to meet its customers' needs through a combination of company-owned generation and purchased power. Remaining needs will be met through power purchased through RFPs or short term purchases. See the Generations section and Purchased Power section below for details of SPPC's generation and contracts for purchased power.

Below is a table summarizing the forecasted summer electric capacity requirement and resource needs of SPPC (assuming no curtailment of supply or load, and normal weather conditions):

	Forecasted Electric Capacity Requirements and Resources (MW)				
	2009	**2010**	**2011**	**2012**	**2013**
Total requirements [1]	1,858	1,863	1,873	1,901	1,921
Resources:					
Company-owned existing generation	1,577	1,577	1,577	1,567	1,567
Contracts for power purchases	320	449	449	449	297
Total resources	1,897	2,026	2,026	2,016	1,864
Total additional required [2]	-	-	-	-	57

(1) Includes system peak load plus planning reserves.

(2) Total additional required represents the difference between the total requirements and total resources. Total additional required represents the amount needed to achieve the forecasted system peak plus a planning reserve margin.

Energy Supply

The energy supply function at SPPC encompasses the reliable and efficient operation of SPPC's owned generation, the procurement of all fuels and purchased power, and resource optimization.

SPPC faces energy supply challenges for its load control area. There is the potential for continued price volatility in SPPC's service territory, particularly during peak periods. A greater dependence on generation from the wholesale markets subjects power prices to price volatilities due to available supply and gas prices.

In response to these energy supply challenges, SPPC has adopted an approach to managing the energy supply function that has three primary elements. The first element is a set of management guidelines to procuring and optimizing the supply portfolio that is consistent with the requirements of a load serving entity with a full requirements obligation. The second element is an energy risk management and risk control approach that ensures clear separation of roles between the day-to-day management of risks and compliance monitoring and control, and a clear distinction between policy setting (or planning) and execution. Lastly, SPPC will continue to pursue a process of ongoing regulatory involvement and acknowledgement of the resource portfolio management plans. Details of the Energy Supply function are discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Energy Supply.

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Total System

SPPC manages a portfolio of energy supply options. The availability of alternate resources allows SPPC to dispatch its electric generation system in a more cost-effective manner under varying operating and fuel market conditions while maintaining system integrity. During 2008, SPPC generated 50.5% of its total electric energy requirements, purchasing the remaining 49.5% as shown below.

	2008		2007		2006	
	MWh	% of Total	MWh	% of Total	MWh	% of Total
SPPC Company Generation						
Gas/Oil	2,819,767	30.7 %	2,282,636	24.3 %	2,167,898	23.2 %
Coal	1,812,918	19.8 %	1,705,789	18.1 %	1,848,591	19.8 %
Hydro	-	N/A	43,577	0.5 %	-	N/A
Total Generated	4,632,685	50.5 %	4,032,002	42.9 %	4,016,489	43.0 %
Total Purchased	4,547,062	49.5 %	5,376,364	57.1 %	5,334,341	57.0 %
Total System	9,179,747	100.0 %	9,408,366	100.0 %	9,350,830	100.0 %

As a supplement to its own generation, SPPC purchases spot, short-term firm, intermediate-term firm, long-term firm, and non-firm energy to meet its customer demand requirements. Total energy supply includes purchases from outside the electric system due to limited control area generation and also the need to access market energy supplies. SPPC's decision to purchase this energy is based on economics, mitigation of availability risk, and system import limits. Firm block purchases are transacted as both a price hedging strategy and to ensure that needed firm capacity is available over peak load periods. Spot market energy is purchased based on the economics of purchasing "as-available" energy when it is less expensive than SPPC's own generation, again, subject to net system import limits. SPPC's 2008 company generation increased 14.9% compared to 2007. SPPC's 2008 purchased power total MWhs decreased 15.4% compared to 2007 due to SPPC's increased reliance on self generation and a decrease in total demand. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for additional information.

Risk Management

See Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Generation

SPPC's generation capacity consists of a combination of 35 gas, oil and coal generating units with a combined summer capacity of 1,577 MWs as described in Item 2, Properties. In 2008, SPPC generated approximately 50.5% of its total system requirements.

In 2008, SPPC completed construction of a 541 MW (nominally rated) natural gas combined cycle facility at the existing Tracy Generating Station. The units became operational in the summer of 2008.

Fuel Availability

SPPC's 2008 fuel requirements for electric generation were provided by natural gas, coal, and oil. The average costs of gas, coal and oil for energy generation per MMBTU for the years 2004-2008, along with the percentage contribution to SPPC's total fuel requirements, were as follows:

	Average Consumption Cost & Percentage Contribution to Total Fuel					
	Gas		Coal		Oil	
	$/MMBTU	Percent	$/MMBTU	Percent	$/MMBTU	Percent
2008	8.95	57.5%	2.09	42.4%	20.90	0.2%
2007	8.34	57.8%	1.93	42.0%	12.10	0.2%
2006	8.92	55.9%	1.83	43.9%	10.15	0.3%
2005	7.87	56.8%	1.67	43.1%	7.37	0.1%
2004	7.32	53.1%	1.39	44.9%	6.14	2.0%

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For a discussion of the change in fuel costs, see Results of Operations in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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Natural gas supplies are procured one season ahead of use through a competitive bidding process. The physical gas prices are set at an appropriate industry index during the month of current delivery. All natural gas is delivered to SPPC through the use of firm gas transport contracts. Monthly and daily gas supply adjustments are made by gas trading personnel based on the current energy marketplace, and operational considerations.

SPPC utilizes a laddered strategy with respect to coal supply and has long-term coal contracts with Black Butte Coal Company and Arch Coal Sales Company that provide for deliveries through December 31, 2009 and December 31, 2011 respectively. These contracts represent 100% of the Valmy Generating Station's projected coal requirements in 2009, and 78% for 2010, and 57% for 2011.

Union Pacific Railroad originates and delivers coal to the Valmy Generating Station. An extension to the transportation services contract is in place that expires December 31, 2009. Currently, SPPC is negotiating a new contract and does not expect any disruption to service.

As of December 31, 2008, Valmy Generating Station's coal inventory level was 173,257 tons or approximately 60 days of consumption at 100% capacity.

SPPC meets its needs for residual oil and diesel for generation through purchases on the spot market. SPPC attempts to maintain an actual residual oil inventory target level of about 325,000 barrels, which is equal to a 14-day supply at full load operation. Diesel inventory levels are kept at about five days full load operation supply since the diesel supply can be procured at various petroleum product terminals in and around the Reno-Sparks area.

Purchased Power

SPPC, under the guidelines set forth in the SPPC ESP, continues to manage a diverse portfolio of contracted and spot market supplies, as well as its own generation, with the objective of minimizing its net average system operating costs. During 2008, SPPC purchased 49.5% of its total energy requirement.

SPPC purchases hydroelectric and thermal generation spot market energy, by the hour and by monthly RFP's, based upon economics and system import limits. Firm energy is also purchased during peak load periods as required to supply load and maintain adequate operating reserve margins. As off-system energy costs increase, SPPC supplies a higher percentage of its native load utilizing its fossil fuel generation.

SPPC has entered into long term purchase power contracts (3 or more years) generated by coal, gas and renewable resource facilities, with a total MW capacity of 470 and contract termination dates ranging from 2009 to 2039. Included in these contracts are 192 MWs of capacity of renewable energy.

As a result of SPPC's improved credit quality during 2008, SPPC was able to eliminate pre-payments to counterparties for fuel; and reduce the number of counterparties requiring modified payment terms from the previous year.

SPPC is a member of the NWPP and WSPP. These pools have provided SPPC further access to reserves and spot market power, respectively, in the Pacific Northwest and Southwest. In turn, SPPC's generation facilities provide a backup source for other pool members who rely heavily on hydroelectric systems. SPPC's credit standing may affect the terms under which SPPC is able to purchase fuel and electricity in the western energy markets; however, as a result of SPPC's credit quality, this was not a significant factor in 2008.

Transmission

Electric transmission systems deliver energy from electric generators to distribution systems for final delivery to customers. Transmission systems are designed to move electricity over long distances because generators can be located anywhere from a few miles to hundreds of miles from customers.

SPPC's electric transmission system is part of the Western Interconnection, the regional grid in the west. The Western Interconnection includes the interconnected transmission systems of fourteen western states, two Canadian provinces and the parts of Mexico that make up the WECC. WECC is one of eight regional councils of the NERC, the entity responsible for the reliability, adequacy and security of North America's bulk electric system.

SPPC's transmission system links generating units within the SPPC Balancing Authority Area to the SPPC distribution system. SPPC's transmission system is directly interconnected with the transmission systems of Idaho Power; Los Angeles Department of Water and Power; Southern California Edison; PacifiCorp; Bonneville Power Administration; Pacific Gas & Electric and Plumas-Sierra Rural Electric Cooperative. SPPC currently is not directly interconnected with NPC; however, the Utilities have proposed the EN-ti line which will

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link NPC's and SPPC's transmission system in the southern and northern portions of the state, allowing for the transfer of energy, including renewable resources between the Utilities. The map below shows SPPC's transmission system and proposed EN-ti line:

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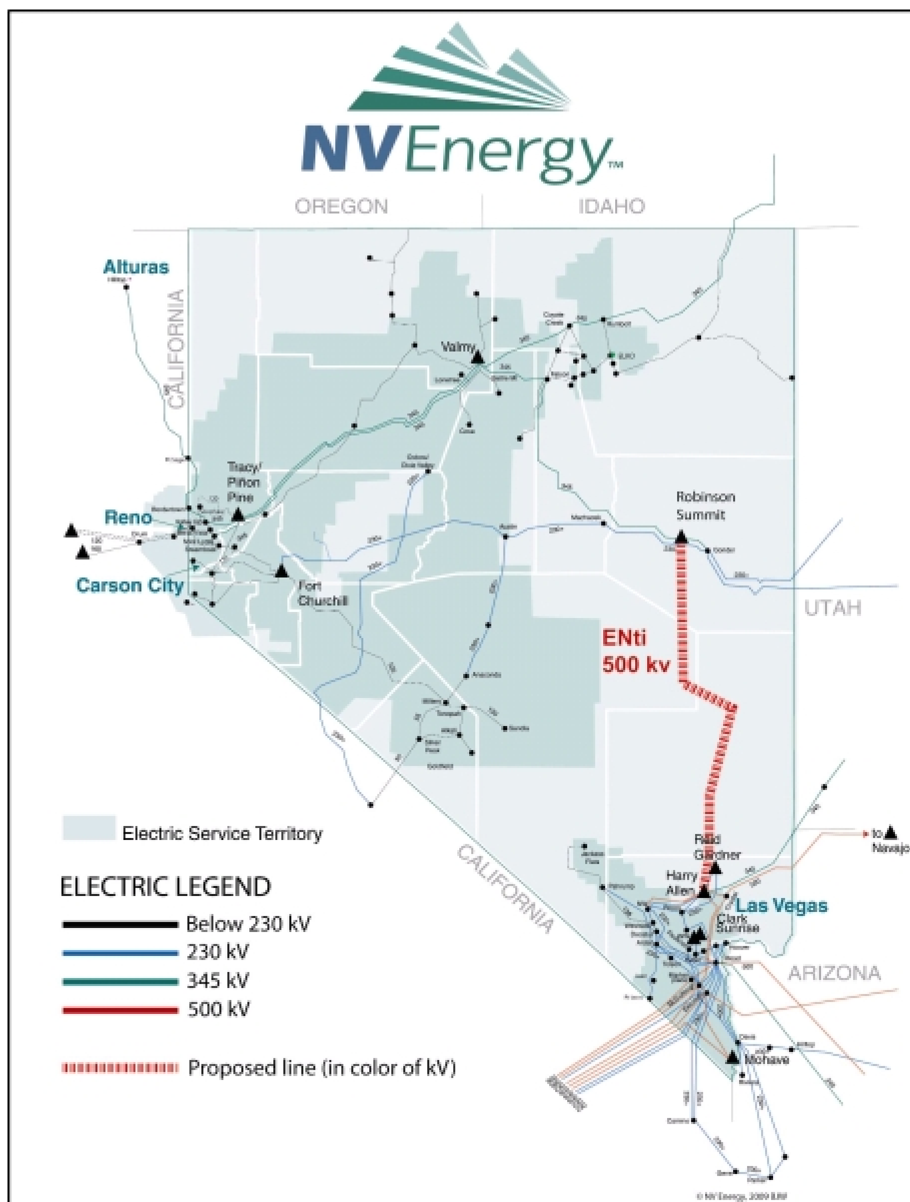

Under the NERC guidelines, SPPC is a Balancing Authority, a Transmission Operator, and a Transmission Owner among other roles. As defined by NERC, the Balancing Authority integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time (i.e., the Balancing Authority is responsible for assuring that the demands on the system are matched by an equivalent amount of resources, whether from generators within its area or from imports). The Transmission Operator is responsible for the reliability of its local transmission system, and operates or directs the operations of the transmission facilities. The Transmission Owner owns and maintains transmission facilities. SPPC schedules power deliveries over its transmission system and maintains reliability through its operations and maintenance practices and by verifying that customers are matching loads with resources.

SPPC plans, builds and operates a transmission system that delivered 8,591,893 MWh of electricity to customers in its Balancing Authority Area in 2008. The SPPC system handled a peak load of 1,648 MW in 2008 through 2,137 line miles of transmission lines and other facilities ranging from 60 kV to 345 kV. SPPC processes generation and transmission interconnection requests and requests for transmission service from a variety of customers. These requests usually involve new planning studies and the negotiation of contracts with new and existing customers in this growing system.

In the last 10 years, due primarily to high customer growth, SPPC has constructed major high voltage transmission projects. The projects completed include the Alturas Line (167 miles) and the Falcon – Gonder Line (180 miles) among others which increased SPPC's import capabilities.

Transmission Regulatory Environment

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Transmission for SPPC's bundled retail customers is subject to the jurisdiction of the PUCN for rate making purposes. SPPC's wholesale and retail access transmission services are regulated by the FERC under cost based regulation subject to the OATT SPPC operates under. In accordance with the OATT, SPPC offers several transmission services to wholesale customers:

- Long-term and short-term firm point-to-point transmission service ("highest quality" service with fixed delivery and receipt points),
- Non-firm point-to-point service ("as available" service with fixed delivery and receipt points), and
- Network transmission service (equivalent to the service SPPC provides for SPPC's bundled retail customers).

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These services are all offered on a nondiscriminatory basis in that all potential customers, including SPPC, have an equal opportunity to access the transmission system. SPPC's transmission business is managed and operated independently from the energy marketing business in accordance with FERC Standards of Conduct.

SPPC is a member of WestConnect and the WestConnect Subregional Transmission Planning Committee. WestConnect is a group of southwest transmission-providing utilities that have agreed to work collaboratively to assess stakeholder and market needs and to investigate, analyze and recommend to its Steering Committee implementation of cost-effective enhancements to the western wholesale electricity market. In 2007 and 2008 the WestConnect members worked collaboratively to develop consistent responses to FERC Order 890 requirements and developed regional business practices including OATT Attachment K, Transmission Planning Process. The Subregional Transmission Planning Committee was established to provide coordinated transmission planning across the WestConnect footprint, including the Southwest Area Transmission Group that NPC participates in and the Sierra Nevada Planning Group that SPPC participates in.

SPPC Gas

Business and Competitive Environment

Overview

SPPC provides natural gas service to approximately 149,000 customers in an area of about 800 square miles in Nevada's Reno/Sparks area. SPPC also procures natural gas for electric power generation at the Tracy and Fort Churchill Generating Stations east of Reno.

Gas Operations

SPPC is charged with meeting the growing energy needs of the residential population and expanding business and public sectors. In addition to customer growth and demand, resulting revenues are impacted by rate changes, seasonal or atypical weather and customer use. Gas demand and revenues are very seasonal for SPPC Gas. Average daily temperatures range from 72 to 34 degrees Fahrenheit and the average high temperature to low temperature range from 91 to 21 degrees Fahrenheit. This wide temperature swing causes gas volumes to vary substantially depending on the weather.

In recent years, natural gas prices have trended upward and fluctuated widely, depending on such factors as weather, supply, demand, and the cost of competing fuels. Natural gas supply and demand fundamentals indicate immediate continued volatility. Relatively low-priced sources of fuel continue to be depleted and new supply is expensive to bring on-line. Additionally, gas demand has steadily increased, particularly due to an increase in gas-fired electric generation on a national level. Much of SPPC's electric generation resources use natural gas as their only fuel source.

SPPC is well connected with several major gas producing regions and the gas transport system into Northern Nevada is robust. SPPC's gas distribution system receives gas supplies from two interstate natural gas pipelines: the Paiute Pipeline Company and the TGTC. In addition, SPPC has contracted for natural gas storage services to supplement firm and spot market purchases.

Nevada state regulations require annual filings to reset base purchased gas rates and recover deferred balances that include purchased gas costs above or below amounts collected in current rates. The regulations also require a Gas Supply Report as well as a Gas Informational Report to be filed annually. Natural gas commodity costs are passed directly through to customers on a dollar for dollar basis. SPPC may also file GRCs to adjust gas division rates including cost of service and return on investment. Rate cases are discussed in more detail in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Regulatory Proceedings, and Note 3, Regulatory Actions, of the Notes to Financial Statements.

Competition

SPPC's natural gas LDC business is subject to competition from other suppliers and other forms of energy available to its customers. Large gas customers using 12,000 therms per month with fuel switching capability are allowed to participate in the Incentive Natural Gas Rate tariff. Once a service agreement has been executed, a customer can compare natural gas prices under this tariff to alternative energy sources and choose their source of fuel. Additionally, customers using greater than 1,000 therms per day have the ability to secure their own gas supplies. As of January 1, 2009, there were 14 large customers securing their own supplies. These customers have a combined firm distribution load of approximately 5,639 Dth per day. Transportation customers continue to pay firm and interruptible distribution charges. These customers are responsible for procuring and paying for their own gas supply, which reduces SPPC's purchases, but does not have an impact on net income.

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Sales

SPPC's natural gas business accounted for $210.0 million in 2008 operating revenues or 17.3% of SPPC's total revenues from continuing operations.

Demand

Growth in all sectors is expected to continue, although at a much slower pace due to a general slow down in real estate development activity experienced in 2008 and expected to continue into 2009. Projected peak demand, which will only occur when the calculated average of the high and low temperatures for a given day drops to negative 5 degrees Fahrenheit, is estimated to be 198,691 Dth per day for the winter of 2008/2009.

To secure gas supplies for power generation and the LDC, SPPC contracted for firm winter, summer, and annual gas supplies with over two dozen Canadian and domestic suppliers. In 2008 seasonal and monthly gas supply net purchases averaged approximately 125,975 Dth per day with the winter period contracts averaging approximately 141,961 Dth per day, and the summer period contracts averaging approximately 114,620 Dth per day.

SPPC's firm natural gas supply is supplemented with natural gas storage services and supplies from the Northwest Pipeline Co. facility located at Jackson Prairie in southern Washington. The Jackson Prairie facility can contribute up to a total of 12,687 Dth per day of peaking supplies. SPPC also has storage on the Paiute Pipeline system. This liquefied gas storage facility provides for an incremental supply of 23,000 Dth per day and is available at any time with two hours notice. Therefore, this storage project supports increases in short term gas supply needs due to unforeseen events such as extreme weather patterns and pipeline interruptions.

Following is a summary of SPPC's transportation and storage portfolio as of December 31, 2008:

Firm Transportation Capacity	Dth per day firm	Term
Northwest	68,696	(Annual)
Paiute	68,696	(November through March)
Paiute	61,044	(April through October)
Paiute	23,000	(LNG tank to Reno/Sparks)
Nova	130,217	(Annual)
ANG	128,932	(Annual)
GTN	140,169	(November through April)
GTN	79,899	(May through October)
Tuscarora	172,823	(Annual)
Storage Capacity		
Williams:	281,242	Inventory capability at Jackson Prairie
	12,687	Withdrawal capability per day from Jackson Prairie
Paiute:	303,604	Inventory capability at Paiute LNG
	23,000	LNG Storage

Total LDC Dth supply requirements in 2008 and 2007 were 15.1 million Dth and 15.4 million Dth, respectively. Electric generating fuel requirements for 2008 and 2007 were 31.0 million Dth and 25.0 million Dth, respectively.

Gas Distribution

As of December 31, 2008, SPPC owned and operated 1,964 miles of three-inch equivalent natural gas distribution piping. SPPC constructed a combined total of 3,237 feet of new 18 inch steel gas main in 2008 to support system growth. In addition, and as part of its on going main and service replacement program, SPPC replaced approximately 18,213 feet of gas main of various sizes and approximately 256 service pipes that lead from the gas main to the individual meters in 2008.

SPPC Electric and Gas

Integrated Resource Plan

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SPPC files an IRP every three years. The IRP is prepared in compliance with Nevada laws and regulations and covers a 20 year period. The IRP develops a comprehensive, integrated plan that considers customer energy requirements and proposes the resources to meet those requirements in a manner that is consistent with prevailing market fundamentals. The ultimate goal of the IRP is to balance the objectives of minimizing costs and reducing volatility while reliably meeting the electric needs of SPPC's customers.

In June 2007, SPPC filed its 2007 triennial IRP with the PUCN and has since filed several amendments to the IRP. The following are the key elements of the filing as amended:

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- The PUCN granted the Utilities' initial request in its IRP filing to proceed with the development of Phase I of the EEC and accompanying transmission line. The PUCN also approved the Utilities' request of $300 million for development activities associated with the EEC with a limitation of $155 million placed on expenditures until the Utilities have obtained the final air permit. The PUCN approved the request to initially allocate the costs between NPC and SPPC using an 80/20 cost allocation, respectively. Furthermore, the PUCN granted the Utilities' requests for critical facility designation, thereby allowing it to qualify for incentives to be determined at a later date. Since then, the Utilities filed amendments in regards to EEC and the PUCN, in its order, outlined certain minimum information regarding the EEC that shall be provided by SPPC's amendment to its 2007 IRP to be filed in conjunction with NPC's 2009 IRP filing, including but not limited to an update of the engineering, construction and then current cost estimates of the EEC, a refined project schedule, an initial analysis of the benefits of joint system analysis, a update of environmental costs and economic benefits attributed to the EEC and an update on the status of all the required permits. Additionally, the limitation on expenditures was reduced to $130 million. However, on February 9, 2009, NVE and the Utilities announced their intention to postpone their plan to construct the EEC due to increasing environmental and economic uncertainties until such time as carbon sequestration becomes commercially viable, which is not expected for at least a decade. The Utilities have spent approximately $71.1 million as of December 31, 2008 towards the development of the EEC, including costs associated with the EN-ti line.

- The PUCN approved expenditures of $16.5 million on the replacement of the diesel units in Kings Beach, California.

Construction Program

SPPC's construction program and estimated expenditures are subject to continuing review and are periodically revised to include the rate of load growth, escalation of construction costs, availability of fuel types, the number and status of proposed independent generation projects, the need for additional transmission capacity in northern Nevada, regulatory considerations and impact to customers. SPPC's ability to raise necessary capital, SPPC's other cash needs and changes in environmental regulation. Under SPPC's franchise agreements, it is obligated to provide a safe and reliable source of energy to its customers. Capital construction expenditures and estimates are reflective of SPPC's obligation to serve its growing customer base.

Gross construction expenditures for 2008, including AFUDC and CIAC, were $221 million, and for the period 2004 through 2008, were $1.2 billion. Estimated construction expenditures for PUCN approved projects, projects under construction, compliance projects and base capital requirements, are as follows (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Electric Facilities:			
Generation	$29,102	$110,031	$139,133
Distribution	63,142	259,266	322,408
Transmission	68,634	289,723	358,357
Other	31,271	53,934	85,205
TOTAL	192,149	712,954	905,103
Gas Facilities:			
Distribution	13,469	63,097	76,566
Other	180	2,461	2,641
TOTAL	13,649	65,558	79,207
Common Facilities	13,028	49,453	62,481
TOTAL	$218,826	$827,965	$1,046,791

Total estimated cash requirements related to construction projects consist of the following (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Construction Expenditures	$218,826	$827,965	$1,046,791
AFUDC	(8,520)	(59,204)	(67,724)
Net Salvage/ Cost of Removal	(1,647)	(6,631)	(8,278)
Net Customer Advances and CIAC	(19,376)	(77,517)	(96,893)

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Total Cash Requirements	$189,283	$684,613	$873,896

As discussed under the IRP, the PUCN approved the Utilities spending on the EEC up to $130 million, of which the Utilities have spent approximately $71.1 million, which includes costs related to the EN-ti line, as of December 31, 2008. However, on February 9, 2009, NVE and the Utilities announced their intention to postpone the construction of the EEC but plan to proceed with the construction of the EN-ti line. In 2009, the Utilities intend to file amendments to their IRP's requesting PUCN approval to accelerate the development of the EN-ti line.

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OTHER SUBSIDIARIES OF NV ENERGY, INC.

Sierra Pacific Communications

SPC was formed as a Nevada corporation in 1999 to identify and develop business opportunities in telecommunications services and infrastructure. SPC entered 2004 with two distinct business areas. The first involved a fiber optic system extending between Salt Lake City, Utah and Sacramento, California (the Long Haul System) and the second was the Metro Area Network (MAN) business in Las Vegas and Reno, Nevada. In 2004 SPC disposed of their MAN assets. Currently, management is assessing various business opportunities in regards to the remaining Long Haul System. In 2008, SPC recorded an impairment of the Long Haul System of approximately $3.8 million, net of taxes. As of December 31, 2008, SPC's recorded asset value for the Long Haul System is approximately $4.1 million. SPC does not otherwise contribute significantly to the results of operations of NVE.

Lands of Sierra

LOS was organized in 1964 to develop and manage SPPC's non-utility property in Nevada and California. These properties previously included retail, industrial, office and residential sites, timberland, and other properties. In keeping with NVE's strategy to focus on its core energy business, LOS continues to sell its remaining properties, which are located in Nevada and are of minimal book value. LOS does not materially contribute to the results of operations of NVE.

For a discussion of other subsidiaries' results of operations, refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

ENVIRONMENTAL (NVE, NPC AND SPPC)

As with other utilities, NPC and SPPC are subject to federal, state and local regulations governing air, water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The EPA, NDEP and Clark County Department of Air Quality and Environmental Management administer regulations involving air quality, water pollution, solid, and hazardous and toxic waste. The most significant environmental laws and regulations affecting NPC and SPPC include:

Federal Environmental Laws and Regulations

- Clean Air Standards

The Clean Air Act provides a framework for protecting and improving the nation's air quality and controlling mobile and stationary sources of air emissions. The 1990 amendments to the Clean Air Act impose limitations on the emissions of sulfur dioxide (SO2), nitrogen oxide (NOx) as well as other pollutants. All of the utilities' fossil fuel generating stations are subject to these limitations and are in compliance with current standards. Congress has from time to time considered legislation that would amend the Clean Air Act to target specific emissions from electric utility generating plants. If enacted, this legislation could require reductions in emissions of nitrogen oxides, sulfur dioxide, mercury and/or other pollutants.

The Clean Air Act programs, which most directly affect NVE's electric generating facilities, are described below.

Regulated Air Pollutants

The federal Clean Air Mercury Rule (CAMR) was based on a national cap-and-trade system which was designed to achieve a 70 percent reduction in mercury emissions. It affected all coal and oil-fired generating units across the country greater than 25 MWs. Compliance with this rule was to have occurred in two phases, with the first phase beginning in 2010 and the second phase in 2018. Under this Federal program, states would have been allocated mercury allowances based on coal type and their baseline heat input relative to other states. Each electric generating unit would have been allocated mercury allowances based on its percentage of total coal heat input for the state. In late 2006, the State of Nevada proposed its own mercury emission reduction rule in keeping with EPA's proposed model program.

On February 8, 2008, in *State of New Jersey v. EPA*, the US Court of Appeals for the District of Columbia Circuit vacated two EPA rules issued under the Clean Air Act regarding the emission of hazardous air pollutants ("HAPs") from electric utility steam generating units ("EGUs"), including the CAMR as well as a rule delisting EGUs from HAPs requirements. EPA and industry groups each filed separate petitions for certiorari with the U.S. Supreme Court on Oct. 17, 2008 asking the Court to hear their appeal. On January 7, 2009, EPA issued a memo to regional administrators regarding the application of Clean Air Act Section 112(g) (case by case MACT) to Coal and Oil-fired Generating Units that began actual construction or reconstruction between March 29, 2005 and March 14, 2008. Then, on January 29, 2009,

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the EPA requested that the Department of Justice withdraw the Petition for Writ of Certiorari in the *State of New Jersey* case, stating in part that EPA intends to develop emission standard for utility units under section 112 of the Clean Air Act and thus to abide by the D.C. Circuit's decision in this case. Based on this development, it appears that EPA will work to propose a new maximum achievable control technology ("MACT") standard for mercury emissions. The State of Nevada is also making a determination of whether or not to proceed with a new State Mercury rule. While the final outcome and timing for EPA's and/or the State's actions cannot be estimated at this point, the Utilities will continue to monitor this issue and assess its potential impact on our generation fleet as new information becomes available.

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Regional Haze Rules

In June 2005, the EPA finalized amendments to the July 1999 regional haze rules; thereby requiring states to develop implementation plans to demonstrate compliance. These amendments apply to the provisions of the regional haze rule that require emission controls for industrial facilities emitting air pollutants that reduce visibility by causing or contributing to regional haze. States are required to identify the facilities that will have to reduce emissions through installation of emission controls, known as best available retrofit technology (BART), and then set emissions limits for those facilities. In 2008, the State of Nevada began its BART rule development with an expected rollout occurring in early 2009, and NVE has been actively involved in the stakeholder process. The impacted BART units are Reid Gardner Generating Station Units 1, 2 & 3; Ft. Churchill Generating Station Units 1 & 2; and Tracy Generating Station Units 1, 2 & 3. The draft Nevada BART regulation contains targeted emission rates and compliance with the state's BART program can be achieved through options such as retrofit of emission reduction equipment on the affected units or unit retirement. Due to the uncertainties of technology requirements necessary to meet the target emission rates, implementation timing and the economic profile of the impacted units at the projected time of implementation, NVE is not able to estimate the cost impact to its system at this time.

- Clean Water Act Standards

The EPA administers rules establishing aquatic protection requirements for power generation facilities that withdraw and discharge large quantities of water from and into rivers, streams, lakes, reservoirs, estuaries, oceans, or other U.S. waters for cooling purposes. In consideration of the desert environment in which the Utilities operate, none of the Utilities' generation plants employ cooling water intake structures into public water bodies. Further, all of the Utilities' generation stations are designed to have either minimal or zero water discharge into the surrounding environment. Therefore, the various laws regulating cooling water intake structures and thermal discharges of wastewater from power generation facilities do not specifically apply to the NPC and SPPC generation sites.

- Remediation Activities

Due to the age and/or historical usage of past and present operating properties, the Utilities may be responsible for various levels of environmental remediation at contaminated sites. This can include properties that are part of ongoing Utility operations, sites formerly owned or used by NVE or the Utilities, and/or sites owned by third parties. The responsibility to remediate typically involves management of contaminated soils and may involve groundwater remediation. Managed in conjunction with relevant federal, state and local agencies, activities vary with site conditions and locations, remedial requirements, complexity and sharing of responsibility. If remediation activities involve statutory joint and several liability provisions, strict liability, or cost recovery or contribution actions, NVE, the Utilities or their respective affiliates could potentially be held responsible for contamination caused by other parties. In some instances, NVE or the Utilities may share liability associated with contamination with other potentially responsible parties, and may also benefit from insurance policies or contractual indemnities that cover some or all cleanup costs. These types of sites/situations are generally managed in the normal course of business operations.

Federal Legislative and Regulatory Initiatives

- Climate Change

The topic of climate change continues to evolve, and response to this issue brings with it significant environmental, economic and social implications for NVE and other electric utilities. The United States currently has no regulations addressing greenhouse gas emissions; the main emphasis to date being reliance on voluntary measures. While several bills have been introduced in Congress that would address carbon dioxide emissions, none have been enacted to-date. Environmental advocacy groups and regulatory agencies in the United States are also focusing considerable attention on carbon dioxide emissions from power generating facilities and their potential role in climate change.

In July 2008, the Federal EPA issued an advance notice of proposed rulemaking (ANPR) that requested comments on a wide variety of issues the agency is considering in formulating its response to the U.S. Supreme Court's decision in *Massachusetts v. EPA*. In that case, the court determined that CO_2 is an "air pollutant" and that the Federal EPA has authority to regulate mobile sources of CO_2 emissions under the Clean Air Act if appropriate findings are made. The Federal EPA has identified a number of issues that could affect stationary sources, such as electric generating plants, if the necessary findings are made for mobile sources, including the potential regulation of CO_2 emissions for both new and existing stationary sources under the NSR programs of the CAA. As well, additional legislative measures to address CO_2 and other green house gases have been introduced in Congress, and such legislative actions as well as any new programs introduced by the new Administration could impact our business. However, at this time we cannot predict the timing or economic impact.

NVE has and will continue to identify projects that minimize or offset greenhouse gas emissions and believes precautionary actions to limit greenhouse gas emissions are appropriate. In 2006, NVE joined the California Climate Action Registry (CCAR) and voluntarily committed to commence an annual inventory, certify and publicly report on greenhouse gas emissions from NPC and SPPC through this

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organization. In 2008, NVE became a founding member of The Climate Registry which is a national organization. At the close of 2008, NVE submitted its second year of verified emissions to the CCAR.

- Water Supply

Assured supplies of water are important for the Utilities' generating plants, and at the present time, the Utilities have adequate water to meet their generation needs. Reliable water supply is critical to the entire desert southwest region, including the State of Nevada. The newer generation facilities in the Utilities' fleet have been designed to minimize water usage and employ innovative conservation based technologies such as dry cooling. Water resources for most of these facilities rely on regional aquifers that are not closely connected to transient drought conditions. In the event that significant drought conditions were to occur, the Utilities would work with its water suppliers, regulators, and other stakeholders to implement agreements to minimize the effect on its operations.

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Every generation alternative – whether fossil fuels, nuclear, or renewable power options– has environmental and financial impacts. NVE recognizes these impacts and closely links its business objective of generating reliable, cost-effective energy with its environmental responsibilities.

NVE's environmental philosophy accentuates prudent use of natural resources and to that end, NVE supports multiple program areas aimed at achieving overall air emission reductions. Some examples are:

- Installation of commercially-proven pollution controls coupled with an emphasis on continued operational excellence to achieve further plant efficiency improvements. NVE's new natural gas-fired generating plants require the combustion of far less fuel than older facilities to produce each kWh of electrical output. As new generation is added to the system, NVE is concurrently evaluating and eliminating older, less efficient units from its fleet.
- Maintenance of robust DSM programs, including energy efficiency and conservation education and support. These programs increase the adoption of energy-efficient equipment by our customers, thereby creating savings on energy bills and potentially delaying the need for additional power plant, transmission, and distribution construction.
- Development of technology solutions through funding and participation in collaborative research programs for advanced coal technologies, as well as potential options for carbon sequestration. NVE is currently participating with the Electric Power Research Institute (EPRI) to evaluate technologies potentially suitable for carbon capture.
- Expansion of company owned renewable energy sources and continued use of purchase power agreements and investments that focus on lower or non-emitting generation resources. The State of Nevada mandates that an increasing percentage of the energy NVE sells must come from renewable sources, reaching 20 percent by 2015. Refer to Purchase and Development of Renewable Resources earlier in this section.

GENERAL – EMPLOYEES (ALL)

NVE and its subsidiaries had 3,330 employees as of January 26, 2009, of which 1,901 were employed by NPC and 1,309 were employed by SPPC.

NPC's amendment to its existing contract with the IBEW Local No. 396, which covers approximately 56% of NPC's workforce, was ratified by the IBEW Local No. 396 on September 29, 2008. The contract will be in effect through February 1, 2011.

SPPC's current contract with the IBEW Local No. 1245, which covers approximately 62% of SPPC's workforce, was renegotiated and ratified in February 28, 2007 and is in effect until December 31, 2009.

GENERAL – FRANCHISES (NPC AND SPPC)

The Utilities have nonexclusive local franchises or revocable permits to carry on their business in the localities in which their respective operations are conducted in Nevada and California. The franchise and other governmental requirements of some of the cities and counties in which the Utilities operate provide for payments based on gross revenues. Public utilities are required by law to collect from their customers a universal energy charge (UEC) based on consumption. The UEC is designed to help those customers who need assistance in paying their utility bills or need help in paying for ways to reduce energy consumption. During 2008 the Utilities collected $129.5 million in franchise or other fees based on gross revenues. They collected $10.0 million in UEC based on consumption. They also paid and recorded as expense $2.9 million of fees based on net profits.

The Utilities will apply for renewal of franchises in a timely manner prior to their respective expiration dates.

ITEM 1A. RISK FACTORS

The Utilities plan to make significant capital expenditures to construct new generation and transmission facilities. In addition, the Utilities require liquidity to bridge the cost of fuel and purchased power and other operating activities until recovered through rates. If we are unable to finance such construction or limit the amount of capital expenditures associated with those facilities to forecasted levels, finance or generate sufficient liquidity for fuel and purchased power including, risk management activities, and/or recover amounts spent on construction, fuel and purchased power and other operating activities through future filings with the PUCN, and/or maintain our credit ratings, our financial condition and results of operation could be adversely affected.

Our long term business objectives include plans to construct new generation and transmission facilities. We do not currently generate sufficient cash flow to fund the construction plan. Significant construction capital requirements and liquidity to bridge the cost of fuel and purchased power and other operating activities, until recovered through rates, require that the Utilities may finance through significant additional borrowings under the Utilities' respective credit facilities, through additional debt financings in private or public offerings or through debt or equity financings by NVE. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations,

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Liquidity and Capital Resources, NVE. We cannot be sure that we will be able to obtain financing on favorable terms, or at all, depending on financial market conditions, including the effect of recent volatility in financial and credit markets, changes in availability and cost of capital either due to market conditions or as a result of the Utilities' credit ratings, or interest rate fluctuations. Neither can we be sure that we will be successful in limiting capital expenditures to planned amounts, particularly in the event of escalating costs for materials, labor and environmental compliance, timing delays and other economic factors. If we cannot obtain favorable financing arrangements for our planned capital expenditures, limit such capital expenditures to forecasted amounts, finance or generate sufficient liquidity for fuel and purchased, including risk management activities and other operating costs, and/or recover or timely recover amounts spent on construction, fuel and purchased power and other operating activities through future filings with the PUCN, and/or maintain our credit ratings, our financial condition and results of operations could be adversely affected.

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If the Utilities do not receive favorable rulings in their future GRCs, it will have a significant adverse effect on our financial condition, cash flows and future results of operations.

The Utilities' revenues and earnings are subject to change as a result of regulatory proceedings known as GRCs, which the Utilities file with the PUCN approximately every three years. In the Utilities' GRCs, the PUCN establishes, among other things, their recoverable rate base, their ROE, overall ROR, depreciation rates and their cost of capital.

For a discussion of NPC's and SPPC's recent GRCs, see Note 3, Regulatory Actions of the Notes to Financial Statements.

We cannot predict what the PUCN will direct in their orders on the Utilities' pending or future GRCs. Inadequate base energy rates would have a significant adverse effect on the Utilities' financial condition and future results of operations and could cause downgrades of their securities by the rating agencies and make it significantly more difficult or expensive to finance operations and construction projects and to buy fuel, natural gas and purchased power from third parties.

Economic conditions could negatively impact our business.

Our operations are affected by local, national and global economic conditions. Moreover, the growth of our business depends in part on continued customer growth and tourism demand in the Las Vegas portion of our service area. The consequences of a prolonged recession may include a lower level of economic activity and uncertainty regarding energy prices and the capital and commodity markets, including availability and cost of credit, inflation rates, monetary policy and unemployment rates. A lower level of economic activity, changes in discretionary spending and decreased tourism activity in Las Vegas might result in a decline in energy consumption, which may adversely affect our revenues and future growth. Instability in the financial markets, as a result of recession or otherwise, also may affect the cost of capital and our ability to raise capital, which are discussed in greater detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources".

Current economic conditions may be exacerbated by insufficient financial sector liquidity leading to potential increased unemployment, which may impact customers' ability to pay on a timely basis, increase customer bankruptcies, and lead to increased bad debt. It is expected that commercial and industrial customers will be impacted first with residential customers following, if such circumstances occur.

Adverse investment returns on pension plan assets and other factors may increase NVE's pension liability and pension funding requirements.

Substantially all of NVE employees are covered by a defined benefit pension plan. At present, the pension plan is underfunded in that the projected pension benefit obligation exceeds the aggregate fair value of plan assets. The funded status of the plan can be affected by investment returns on plan assets, discount rates, mortality rates of plan participants, pension reform legislation and a number of other factors. There can be no assurance that the value of NVE's pension plan assets will be sufficient to cover future liabilities. Although NVE has made significant contributions to its pension plan in recent years, it is possible that NVE could incur a significant pension liability adjustment, or could be required to make significant additional cash contributions to its plan, which would reduce the cash available for operating activities, and have a material impact on earnings. Refer to Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements.

If Federal and/or State requirements are imposed on the Utilities mandating further emission reductions, including limitations on carbon dioxide (CO2) emissions, such requirements could make some electric generating units, uneconomical to maintain or operate.

Emissions of nitrogen and sulfur oxides, mercury and particulates from fossil fueled generating plants are potentially subject to increased regulations, controls and mitigation expenses. Certain Congressional leaders, environmental advocacy groups and regulatory agencies in the United States have also been focusing considerable attention on carbon dioxide (CO2) emissions from power generation facilities and their potential role in climate change. Moreover, there are many legislative and rulemaking initiatives pending at the federal and state level that are aimed at the reduction of greenhouse gas emissions. We cannot predict the outcome of pending or future legislative and rulemaking proposals. Future changes in environmental laws or regulations governing emissions reductions could make certain electric generating units, especially those utilizing coal for fuel, uneconomical to construct, maintain or operate or could require design changes or the adoption of new technologies that could significantly increase costs or delay in-service dates. In addition, any legal obligation that would require the Utilities to substantially reduce their emissions beyond present levels could require extensive mitigation efforts and, in the case of CO2 legislation, would raise uncertainty about the future viability of fossil fuels, particularly coal, as an energy source for new and existing electric generation facilities.

The Utilities are subject to numerous environmental laws and regulations that may increase our cost of operations, impact or limit our business plans, expose us to environmental liabilities, or make some electric generating units uneconomical to maintain or operate.

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The Utilities are subject to extensive federal, state and local laws and regulations relating to environmental protection. These laws and regulations can result in increased capital, construction, operating, and other costs. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals, and may be enforced by both public officials and private individuals. We cannot predict the outcome or effect of any action or litigation that may arise from applicable environmental regulations.

In addition, either of the Utilities may be required to be a responsible party for environmental clean up at sites identified by environmental agencies or regulatory bodies. We cannot predict with certainty the amount or timing of future expenditures related to environmental matters because of the difficulty of estimating clean up costs. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties. Environmental regulations may also require us to install pollution control equipment at, or perform environmental remediation on, our facilities.

Existing environmental regulations regarding air emissions (such as NOx, SO2 or mercury emissions), water quality and other toxic pollutants may be revised or new climate change laws or regulations may be adopted or become applicable to us. Revised or additional laws or regulations, which may result in increased compliance costs, including the adoption of new technologies or additional operating restrictions, could have a material adverse effect on our financial condition and results of operations particularly if those costs are not fully recoverable from our customers.

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Furthermore, we may not be able to obtain or maintain all environmental regulatory approvals necessary to our business. If there is a delay in obtaining any required environmental regulatory approval or if we fail to obtain, maintain or comply with any such approval, operations at our affected facilities could be delayed, halted or subjected to additional costs.

The Utilities are subject to fuel and wholesale electricity pricing risks, which could result in unanticipated liabilities and cash flow requirements or increased volatility in our earnings, and to related credit and liquidity risks.

The Utilities' business and operations are subject to changes in purchased power prices and fuel costs that may cause increases in the amounts they must pay for power supplies on the wholesale market and the cost of producing power in their generation plants. As evidenced by the western utility crisis that began in 2000, prices for electricity, fuel and natural gas may fluctuate substantially over relatively short periods of time and expose the Utilities to significant commodity price risks. Among the factors that could affect market prices for electricity and fuel are:

- prevailing market prices for coal, oil, natural gas and other fuels used in generation plants, including associated transportation costs, and supplies of such commodities;
- further concentration of gas as a source if the Utilities cannot diversify into coal;
- changes in the regulatory framework for the commodities markets that they rely on for purchased power and fuel;
- liquidity in the general wholesale electricity market;
- the actions of external parties, such as the FERC or independent system operators, that may impose price limitations and other mechanisms to address volatility in the western energy markets;
- weather conditions impacting demand for electricity or availability of hydroelectric power or fuel supplies;
- union and labor relations;
- natural disasters, wars, acts of terrorism, embargoes and other catastrophic events; and
- changes in federal and state energy and environmental laws and regulations.

As a part of the Utilities' risk management strategy, they focus on executing contracts for power deliveries to the Utilities' physical points of delivery to mitigate the commodity-related risks listed above. To the extent that open positions exist, fluctuating commodity prices could have a material adverse effect on their cash flows and their ability to operate and, consequently, on our financial condition.

Increasing energy commodity prices, particularly with respect to natural gas, have a significant effect on our short-term liquidity. Although the Utilities are entitled to recover their prudently incurred power, natural gas and fuel costs through deferred energy rate case filings with the PUCN, if current commodity prices increase, the Utilities' deferred energy balances will increase, which will negatively affect our cash flow and liquidity until such costs are recovered from customers.

The Utilities are also subject to credit risk for losses that they incur as a result of non-performance by counterparties of their contractual obligations to deliver fuel, purchased power, natural gas (for resale) or settlement payments. The Utilities often extend credit to counterparties and customers and they are exposed to the risk that they may not be able to collect amounts owed to them. Credit risk includes the risk that a counterparty may default due to circumstances relating directly to it, and also the risk that a counterparty may default due to circumstances that relate to other market participants that have a direct or indirect relationship with such counterparty. Should a counterparty, customer or supplier fail to perform, the Utilities may be required to replace existing contracts with contracts at then-current market prices or to honor the underlying commitment.

The Utilities are also subject to liquidity risk resulting from the exposure that their counterparties perceive with respect to the possible non-performance by the Utilities of their physical and financial obligations under their energy, fuel and natural gas contracts. These counterparties may under certain circumstances, pursuant to the Utilities agreements with them, seek assurances of performance from the Utilities in the form of letters of credit, prepayment or cash deposits. In periods of price volatility, the Utilities' exposure levels can change significantly, which could have a significant negative impact on our liquidity and earnings. In the event the Utilities' credit ratings are downgraded below investment grade, the maximum amount of collateral the Utilities would be required to post is approximately $327.0 million. Refer to Management's Discussion and Analysis, Factors Affecting Liquidity for NPC and SPPC.

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As of February 20, 2009, NPC had approximately $289.7 million available under its $690 million revolving credit facilities and SPPC has approximately $110.6 million available under its $350 million revolving credit facility. The combined effects of higher natural gas prices, significant deferred energy balances and ongoing under-recovery of fuel, energy and natural gas costs may have a negative effect on our short-term liquidity.

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If the Utilities do not receive favorable rulings in the deferred energy applications that they file with the PUCN and they are unable to recover their deferred purchased power, natural gas and fuel costs, they will experience an adverse impact on cash flow and earnings. Any significant disallowance of deferred energy charges in the future could materially adversely affect their cash flow, financial condition and liquidity.

Under Nevada law, purchased power, natural gas and fuel costs in excess of those included in base rates are deferred as an asset on the Utilities' balance sheets and are not shown as an expense until recovered from their retail customers. The Utilities are required to file DEAA applications with the PUCN at least once every twelve months so that the PUCN may verify the prudence of the energy costs. Nevada law also requires the PUCN to act on these cases within a specified time period. Any of these costs determined by the PUCN to have been imprudently incurred cannot be recovered from the Utilities' customers. Past disallowances in the Utilities' deferred energy cases have been significant, which resulted in ratings downgrades of our debt securities and adversely affected our liquidity and access to capital markets.

For a discussion of NPC's and SPPC's recent and pending deferred energy rate cases, see Note 3, Regulatory Actions of the Notes to Financial Statements.

Material disallowances of deferred energy costs, gas costs or inadequate BTERs would have a significant adverse effect on the Utilities' financial condition and future results of operations, could cause downgrades of NVE's and the Utilities' securities by the rating agencies and could make it more difficult or expensive to finance operations and construction projects and buy fuel, natural gas and purchased power from third parties.

Historically, the Utilities have purchased a significant portion of the power that they sell to their customers from power suppliers. If the Utilities' and/or their power suppliers' credit ratings are downgraded, the Utilities may experience difficulty entering into new power supply contracts, and to the extent that they must rely on the spot market, they may experience difficulty obtaining such power from suppliers in the spot market in light of their financial condition, or the financial condition of their power suppliers. In addition, if the Utilities experience unexpected failures or outages in their generation facilities, they may need to purchase a greater portion of the power they provide to their customers. If they do not have sufficient funds or access to liquidity to obtain their power requirements, particularly for NPC at the onset of the summer months, and are unable to obtain power through other means, their business, operations and financial condition will be materially adversely affected.

If NVE is precluded from receiving dividends from the Utilities, its financial condition, and its ability to meet its debt service obligations, pay dividends and make capital contributions to its subsidiaries, will be materially adversely affected.

Since NVE is a holding company, substantially all of its cash flow is provided by dividends paid to NVE by NPC and SPPC on their common stock, all of which is owned by NVE. Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which impose limits on investment returns or otherwise impact the amount of dividends that the Utilities may declare and pay.

In addition, certain agreements entered into by the Utilities set restrictions on the amount of dividends they may declare and pay and restrict the circumstances under which such dividends may be declared and paid. As a result of the Utilities' credit rating on their senior secured debt at investment grade by S&P and Moody's, these restrictions are suspended and no longer in effect so long as the debt remains investment grade by both rating agencies. In addition to the restrictions imposed by specific agreements, the Federal Power Act prohibits the payment of dividends from "capital accounts." Although the meaning of this provision is unclear, the Utilities believe that the Federal Power Act restriction, as applied to their particular circumstances, would not be construed or applied by the FERC to prohibit the payment of dividends for lawful and legitimate business purposes from current year earnings, or in the absence of current year earnings, from other/additional paid-in capital accounts. If, however, the FERC were to interpret this provision differently, the ability of the Utilities to pay dividends to NVE could be jeopardized.

We cannot assure investors that future dividend payments on our Common Stock will be made or, if made, in what amounts they may be paid.

On July 28, 2007, NVE's BOD declared a quarterly cash dividend of $0.08 per share of Common Stock, payable on September 12, 2007. This dividend was the first declared by the BOD since February 2002. Dividends are considered periodically by NVE's BOD and are subject to factors that ordinarily affect dividend policy, such as current and prospective financial condition, earnings and liquidity, prospective business conditions, regulatory factors, and dividend restrictions in NVE's and the Utilities' financing agreements. The BOD will continue to review these factors on a periodic basis to determine if and when it would be prudent to declare a dividend on NVE's Common Stock. Since the dividend on July 28, 2007 was declared, NVE's BOD has declared in each of the successive quarters cash dividends; however, there is no guarantee that dividends will be paid in the future, or that, if paid, the dividends will be paid in the same amount or with the same frequency as in the past.

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NVE's indebtedness is effectively subordinated to the liabilities of its subsidiaries, particularly NPC and SPPC. NVE and the Utilities have the ability to issue a significant amount of additional indebtedness under the terms of their various financing agreements.

Because NVE is a holding company, its indebtedness is effectively subordinated to the Utilities' existing indebtedness and other future liabilities, including claims by the Utilities' trade creditors, debt holders, secured creditors, taxing authorities, and guarantee holders. NVE conducts substantially all of its operations through its subsidiaries, and thus NVE's ability to meet its obligations under its indebtedness and to pay any dividends on its common stock will be dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to NVE. As of December 31, 2008, the Utilities had approximately $4.8 billion of debt outstanding. The terms of NVE's indebtedness restrict the amount of additional indebtedness that NVE and the Utilities may issue. Based on NVE's December 31, 2008 financial statements, assuming an interest rate of 7%, NVE's indebtedness restrictions would allow NVE and the Utilities to issue up to approximately $862 million of additional indebtedness in the aggregate, unless the indebtedness being issued is specifically permitted under the terms of NVE's indebtedness. In addition, NPC and SPPC are subject to restrictions under the terms of their various financing agreements on their ability to issue additional indebtedness.

If the Utilities cannot maintain the required level of renewable energy or procure sufficient solar energy to meet Nevada's increasing Portfolio Standard the PUCN may, among other things, impose an administrative fine for noncompliance.

Nevada law sets forth the Portfolio Standard requiring providers of electric service to acquire, generate, or save from renewable energy systems or energy efficiency measures a specific percentage of its total retail energy sales from renewable energy sources, including biomass, geothermal, solar, waterpower and wind projects. The Portfolio Standard requires the energy acquired from a renewable energy system be transmitted or distributed via a power line which is connected to a facility or system, owned, operated or controlled by the Utilities. Other restrictions are placed on energy acquired from energy efficiency measures which may not exceed more than 25 percent of the Portfolio Standard and half of those savings must come from residential customers.

In years 2008 and 2009, the Portfolio Standard requires that nine percent and 12%, respectively of total retail energy sales come from renewable energy as measured by PEC's. The Portfolio Standard increases by 3% every other year until it reaches 20% in 2015. Moreover, not less than 5% of the total Portfolio Standard must be met by solar resources.

Due to periodic increases in the Portfolio Standard and increasing retail sales, the Utilities must acquire increasing amounts of renewable energy. The Utilities' success in meeting the increasing Portfolio Standard remains largely dependent on their ability to acquire additional renewable energy from either self-owned renewable generation facilities or the purchase of renewable energy from third-party developers and a decrease in demand through qualified conservation and energy efficiency measures. In 2008, with the PUCN approval of transfers of SPPC's excess non-solar Portfolio Credit's, both NPC and SPPC were able to comply with the non-solar Portfolio Standard. However, due to the late commercial operation of solar facilities, the Utilities did not meet the solar portion of the Portfolio Standard. As a result of the Utilities' efforts to add solar resources, the PUCN did not fine the Utilities for non-compliance with the solar requirement. Although, historically, the Utilities have not been fined for non-compliance, the PUCN may levy fines on one or both of the Utilities; however, management cannot predict the amount if any that could be imposed.

The Utilities' ability to access the capital markets is dependent on their ability to obtain regulatory approval to do so.

The Utilities will need to continue to support working capital and capital expenditures, and to refinance maturing debt, through external financing. The Utilities must obtain regulatory approval in Nevada in order to borrow money or to issue securities and are therefore dependent on the PUCN to issue favorable orders in a timely manner to permit them to finance their operations, construction and acquisition costs and to purchase power and fuel necessary to serve their customers. On February 4, 2009, the PUCN approved financing authority for NPC to issue up to $1.25 billion of long term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facility of up to $1.3 billion and authority to refinance up to approximately $471 million of long term debt securities. SPPC has authority to issue up to $495 million of long term debt, which expires on December 31, 2009. However, we cannot assure you that in the future the PUCN will issue such favorable orders or that such favorable orders will be issued on a timely basis.

Our operating results will likely fluctuate on a seasonal and quarterly basis.

Electric power generation is generally a seasonal business. In many parts of the country, including our service areas, demand for power peaks during the hot summer months, with market prices also peaking at that time. As a result, our operating results in the future will likely fluctuate substantially on a seasonal basis. In addition, we have historically sold less power, and consequently earned less income, when weather conditions in our service areas are milder. Unusually mild weather in the future could diminish our results of operations and harm our financial condition.

Changes in consumer preferences, recession, war and the threat of terrorism or epidemics may harm our future growth and operating results.

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Changes in consumer preferences or discretionary consumer spending in the Las Vegas portion of our service area could harm our business. We cannot predict the extent to which the current recession, future terrorist and war activities, or epidemics, in the United States and elsewhere may affect us, directly or indirectly. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel and business conventions could significantly harm the businesses in and the continued growth of the Las Vegas portion of our service area, which could harm our business and results of operations. In addition, instability in the financial markets as a result of the current recession, war, terrorism or epidemics may affect our ability to raise capital.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Substantially all of NPC's and SPPC's property in Nevada and California is subject to the lien of the General and Refunding Mortgage Indentures dated as of May 1, 2001, between NPC and SPPC, respectively, and The Bank of New York Mellon, as trustee, as amended and supplemented.

The following is a list of NPC's share of electric generation plants including the type and fuel used to generate, the anticipated 2009 net capacity MW, and the years that the units were installed.

Plant Name	Type	Fuel	Number of Units	Summer MW Capacity	Commercial Operation Year
Clark Generating Station [1]	Combined Cycle	Gas/Oil	6	430	1979, 1979, 1980, 1982, 1993, 1994
	Gas	Gas/Oil	1	54	1973
	Peakers	Gas	3	619	2008
Sunrise	Steam	Gas	1	80	1964
	Gas	Gas/Oil	1	70	1974
Harry Allen Generating Station	Gas	Gas/Oil	2	142	1995, 2006
Lenzie Generating Station [2]	Combined Cycle	Gas	6	1,102	2006
Silverhawk Generating Station[3]	Combined Cycle	Gas	3	395	2004
Higgins Generating Station	Combined Cycle	Gas	3	530	2004
Mohave Generating Station [4][5]	Steam	Coal	-	-	1971, 1971
Navajo Generating Station [6]	Steam	Coal	3	255	1974, 1975, 1976
Reid Gardner Generating Station [7]	Steam	Coal	4	325	1965, 1968, 1976, 1983
Total			33	4,002	

(1) The two combined cycles at the Clark Generating Station each consist of two gas turbines, two Heat Recovery Steam Generators (HRSG), and one steam turbine. In 1993 and 1994, the original four gas turbines (1979-1982) were combined with four new HRSGs and two new steam turbines to form the combined cycles. Capacity of the Clark Peakers is derated due to low gas delivery pressure in the winter period.
(2) The two combined cycles at the Lenzie Generating Station each consist of two gas turbines, two HRSGs and one steam turbine.
(3) The acquisition of a 75% ownership interest in the Silverhawk Generating Station from Pinnacle West was consummated in 2006. SNWA continues to hold a 25% ownership interest in the plant. The combined cycle plant consists of two gas turbines, two HRSGs and one steam turbine.
(4) Per a 1999 Consent Decree, the Mohave Generating Station ceased operation on December 31, 2005. The PUCN approved establishing regulatory accounts related to the shutdown and decommissioning. See Note 1, Summary of Significant Accounting Policies, of the Notes to Financial Statements for further discussion.
(5) Prior to the shut down, the total summer net capacity of the Mohave Generating Station was 1,580 MW. Southern California Edison is the operating agent and NPC has a 14% interest in the Mohave Generating Station.
(6) NPC has an 11.3% interest in the Navajo Generating Station. The total capacity of the Navajo Generating Station is 2,250 MW. Salt River is the operator (21.7% interest). There are four other partners: U.S. Bureau of Reclamation (24.3% interest), Los Angeles Dept. of Water & Power (21.2% interest), Arizona Public Service Co (14% interest), and Tucson Electric Power (7.5% interest).
(7) Reid Gardner Generating Station Unit No. 4 is co-owned by the CDWR (67.8%) and NPC (32.2%); NPC is the operating agent. NPC is entitled to 25 MW of base load capacity and 232 MW of peaking capacity from that Unit, subject to the following limitations: 1,500 hours/year, 300 hours/month, and 8 hours/day. The total summer net capacity of the Unit, subject to heat input limitation, is 257 MW. Reid Gardner Generating Station Units 1, 2, and 3, subject to heat input limitations, have a combined net capacity of 300 MW. The summer capacity is 557 MW.

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The following is a list of SPPC's share of electric generation plants including the type and fuel used to generate, the anticipated 2009 net capacity MW, and the years that the units became operational.

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Plant Name	Type	Fuel	Number of Units	Summer MW Capacity	Commercial Operation Year
Ft. Churchill Generating Station	Steam	Gas/Oil	2	226	1968, 1971
Tracy Generating Station	Steam	Gas/Oil	3	244	1963, 1965, 1974
Tracy Generating Station 4&5 (1)	Combined Cycle	Gas	2	104	1996, 1996
Tracy Generating Station (2)	Combined Cycle	Gas	3	541	2008
Clark Mtn. CT's	Gas	Gas/Oil	2	132	1994, 1994
Valmy Generating Station(3)	Steam	Coal	2	261	1981, 1985
Other (4)	Gas, Diesels	Propane, Oil	21	69	1960-2008
Total			35	1,577	

(1) The combined cycle consists of one combustion turbine, one HRSG, and one steam turbine. In 2003, SPPC installed duct burners, which added 15 MW of capacity.

(2) The new combined cycle at the Tracy Generating Station consists of 2 gas turbines, 2 HRSGs and 1 steam turbine. It became operational in the summer of 2008.

(3) Valmy Generating Station is co-owned by Idaho Power Company (50%) and SPPC (50%); SPPC is the operator. The Valmy Generating Station has a total net capacity of 522 MW.

(4) As of December 31, 2008 there were 3 combustion turbines and 18 diesel units included in the “Other” category.

ITEM 3. LEGAL PROCEEDINGS

Nevada Power Company and Sierra Pacific Power Company

Western United States Energy Crisis Proceedings before the FERC

FERC 206 complaints

In December 2001, the Utilities filed ten complaints with the FERC against various power suppliers, including Enron, under Section 206 of the Federal Power Act seeking price reduction of forward wholesale power purchase contracts entered into prior to the FERC mandated price caps imposed in June 2001 in reaction to the Western United States energy crisis. The Utilities contested the amounts paid for power actually delivered as well as termination claims for undelivered power against terminating suppliers.

In June 2003, the FERC dismissed the Utilities’ Section 206 complaints, stating that the Utilities had failed to satisfy their burden of proof under the strict public interest standard. In July 2003, the Utilities filed a petition for rehearing, but the FERC reaffirmed its June decision (“July decision”). The Utilities appealed this decision to the Ninth Circuit. In December 2006, a three judge panel of the Ninth Circuit overturned the July decision and remanded the case back to the FERC for application of the factors that the Ninth Circuit outlines in its decision. In May 2007, American Electric Power Service Corporation and Allegheny Energy Supply Company and other interested parties filed petitions for certiorari (“Petitions”) with the U.S. Supreme Court seeking review of the Ninth Circuit’s decision. The Utilities, together with other parties and the FERC, filed their opposition to these Petitions in August 2007. In September 2007, the U.S. Supreme Court granted certiorari. In June 2008, the U.S. Supreme Court rejected the Ninth Circuit’s reasoning in reversing the FERC but nonetheless found that FERC’s order was defective and should be reversed for other reasons. The case was remanded to the FERC. The FERC established a formal settlement discussion protocol for bilateral settlement discussions with other respondents, including Allegheny Energy, American Electric Power and BP Energy, and stayed the case pending settlement discussions.

The Utilities already have negotiated settlements with Duke Energy Trading and Marketing, Morgan Stanley Capital Group, El Paso Merchant Energy (EPME), now known as El Paso Marketing L.P., Calpine Energy Services and Enron. Management cannot predict the timing or outcome of a decision in this matter.

Nevada Power Company

Lawsuit Against Natural Gas Providers

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In April 2003, NVE (originally filed under the corporate name of SPR) and NPC filed a complaint in the U.S. District Court for the District of Nevada against several natural gas providers and traders. In July 2003, NVE and NPC filed a First Amended Complaint. A Second Amended Complaint was filed in June 2004, which named three different groups of defendants: (1) El Paso Corporation, El Paso Natural Gas Company, El Paso Merchant Energy, L.P., El Paso Merchant Energy Company, El Paso Tennessee Pipeline Company, El Paso Merchant Energy-Gas Company ("El Paso"); (2) Dynegy Marketing and Trade ("Dynegy"); and (3) Sempra Energy, Sempra Energy Trading Corporation, Southern California Gas Company, and San Diego Gas and Electric ("Sempra"). On December 13, 2005, the District Court dismissed NVE and NPC's claims. NVE and NPC appealed this decision to the Ninth Circuit Court of Appeals. Subsequently, NVE abandoned its appeal and the matter proceeded only with respect to NPC. In September 2007, the Ninth Circuit reversed the District Court's order. In November 2007, the Ninth Circuit denied the gas providers and traders' petition for rehearing. The Ninth Circuit has remanded the case to the District Court for further proceedings. In January 2008, the defendants filed motions to dismiss, to which NPC responded in February 2008. In June 2008, NPC's claims survived the defendant's filed motions to dismiss and are now in discovery. On December 9, 2008, NPC settled with Sempra for an immaterial amount. NPC remains in litigation with El Paso and Dynegy. Management cannot predict the timing or outcome of a decision on this matter.

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Other Legal Matters

NVE and it subsidiaries through the course of their normal business operations, are currently involved in a number of other legal actions, none of which has had or, in the opinion of management, is expected to have a significant impact on their financial positions or results of operations. See Note 13, Commitments and Contingencies in the Notes to Financial Statements for further discussion of other legal matters.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

A Special Meeting of Stockholders of NVE was held at the offices of NPC, 6226 West Sahara Avenue, Las Vegas, Nevada, on Wednesday, November 19, 2008. At the meeting, stockholders approved an amendment to the Restated Articles of Incorporation to change SPR's name to NVE and to provide that the principal place of business shall be at such location as designated from time to time by our BOD.

At the close of business on October 6, 2008, the record date for the determination of shareholders entitled to vote at the Meeting, there were 234,149,821 shares of the Company's Common Stock, each share being entitled to vote, constituting all of the outstanding voting securities of the Company.

At the Meeting, the holders of 210,359,050 shares of the Company's Common Stock were represented in person or by proxy constituting a quorum approving an amendment to the Restated Articles of Incorporation to change SPR's name to NVE as follows:

FOR	AGAINST	ABSTAIN
206,548,499	3,181,964	628,587

EXECUTIVE OFFICERS

The following are current executive officers of NVE, NPC and SPPC indicated and their ages as of December 31, 2008. There are no family relationships among them. Officers serve a term which extends to and expires at the annual meeting of the BOD or until a successor has been elected and qualified:

Michael W. Yackira, 57, President and Chief Executive Officer, NVE; President and Chief Executive Officer of NPC; Chief Executive Officer of SPPC

Mr. Yackira was elected in May 2007 to his current position, effective August 1, 2007. He was previously President and Chief Operating Officer from February 15, 2007 until August 1, 2007. Prior to that, he held the positions of Corporate Executive Vice President and Chief Financial Officer from October 2004 to February 15, 2007. From December 2003 to October 2004 he held the position of Executive Vice President and CFO of NVE, as well as both NPC and SPPC. Mr. Yackira was previously Executive Vice President, Strategy and Policy, from January to December 2003. Previously he was the Vice President and CFO of Mars Music, Inc. from 2001 to 2002. Prior to that, he was with Florida-based FPL Group, Inc. from 1989 to 2000. Mr. Yackira is a certified public accountant.

Jeffrey L. Ceccarelli, 54, Corporate Senior Vice President, Service Delivery & Operations, NVE; President, SPPC

Mr. Ceccarelli was elected to his present position as Corporate Senior Vice President in October 2004. From June 2000, he held the position of President, SPPC. He previously held the position of Vice President, Distribution Services, New Business, in July 1999 for SPPC and NPC. A civil engineer, Mr. Ceccarelli has been with SPPC since 1972.

Roberto R. Denis, 59, Corporate Senior Vice President, Energy Supply, NVE

Mr. Denis was elected to his present position in October 2004, and holds the same position at NPC and SPPC. From August 2003 to October 2004 he held the position of Vice President, Energy Supply, for NPC and SPPC. From 2001 to 2003, he held the position of Vice President, Market & Regulatory Affairs, at FPL Energy, LLC. From 1999 to 2001, he held the position of Vice President of Market Services.

Paul L. Kaleta, 53, Corporate Senior Vice President, General Counsel and Corporate Secretary, NVE

Mr. Kaleta was elected to his present position in February 2006, and holds the same position at NPC and SPPC. Previously he was General Counsel for Koch Industries, Inc. and various Koch subsidiaries from 1998 to 2005. Prior to that, he was Vice President and General Counsel of Niagara Mohawk Power Company for 8 years and, before that, in the private practice of law as an associate with Skadden, Arps, Slate, Meagher & Flom and as an associate and then equity member with Swidler Berlin, Chtd. (now Bingham McCutchen), both in Washington, D.C., for a total of 9 years.

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William D. Rogers, 48, Corporate Senior Vice President, Chief Financial Officer and Treasurer, NVE

Mr. Rogers was elected to his current position on February 15, 2007, and holds the same position at NPC and SPPC. He was previously Vice President, Finance and Risk and Corporate Treasurer from November 14, 2006 to February 15, 2007. Prior to that, he was Corporate Treasurer from June 8, 2005 to November 14, 2006. Before joining NVE, he served as managing director of debt capital markets for Merrill Lynch & Co. in New York from 2000 to 2005. Prior to that, he served as managing director of debt capital markets with JP Morgan Chase in New York from 1992 until 2000.

Tony F. Sanchez, III, 42, Corporate Senior Vice President, Public Policy and External Affairs, NVE

Mr. Sanchez was elected to his current position effective August 1, 2007, and holds the same position at NPC and SPPC. Prior to joining NVE, Mr. Sanchez was a partner in the Nevada based law firm of Jones Vargas. Prior to that, Mr. Sanchez served as executive assistant to Nevada's then-Governor Bob Miller in 1999. From 1995 to 1998, he held the position of assistant General Counsel for the PUCN. From 1992 to 1995, he worked as associate legislative counsel in Washington, D.C handling energy and natural resource issues for Nevada's then-U.S. Senator Richard H. Bryan.

E. Kevin Bethel, 45, Vice President, Chief Accounting Officer, Corporate Controller, NVE

Mr. Bethel was elected as Vice President and Chief Accounting Officer of NVE on November 2, 2007, effective December 10, 2007, and holds the same position at NPC and SPPC. He was subsequently elected Corporate Controller of NVE as well as Vice President, Chief Accounting Officer, and Controller of NPC and SPPC on February 8, 2008. Prior to joining NVE, Mr. Bethel served as Assistant Controller for American Electric Power, Inc. (AEP), in Columbus, Ohio where he held management positions in accounting from 2001 to 2007. From 2000 to 2001, he held a management position with CSW Energy until they merged with AEP. Before that, he held accounting management positions with The Williams Company in 1999, Central & South West Services from 1994 to 1999 and the Public Service Company of Oklahoma from 1991 to 1994. Mr. Bethel is a certified public accountant.

Thomas R. Fair, 62, Vice President, Renewable Energy

Mr. Fair was elected to his present position in February 2009, and holds the same position at NPC and SPPC. Previously he was Executive, Renewable Energy from 2006 to 2009. Prior to that, he was Director, Environmental Services since 2004. Before that, Fair held a number of executive positions in renewables development and environmental affairs with such companies as Florida-based FPL Energy and Niagara Mohawk.

Kevin C. Geraghty, 43, Vice President Power Generation

Mr. Geraghty was elected to his present position in February, 2009, and holds the same position at NPC and SPPC. Previously, he was Executive, Generation since joining the company in June, 2008. Prior to that, he was at Allegheny Energy Supply, where he directed generation facilities and regions throughout the nation, including several years in the southwestern part of the United States.

Gary L. Lavey, 50, Vice President, Internal Audit, NVE

Mr. Lavey was elected as Vice President, Internal Audit of NVE in October, 2008, effective January 1, 2009. He reports to the Audit Committee of the BOD. Prior to joining NVE, Mr. Lavey was vice president of Risk Management for CNG Financial from 2006 to 2008. Prior to CNG, he held the position of Vice President of Global Risk Management for Cinergy Corporation from 1999 to 2006 and was President of their captive insurance company. Before that he held risk management positions at Ameren Energy Inc. and LG&E Energy Marketing Inc. Mr. Lavey is a certified public accountant and began his career with PricewaterhouseCoopers.

Mary O. Simmons, 53, Vice President, External Affairs, NVE

Ms. Simmons was elected to her current position in May 2008, and holds the same position at NPC and SPPC. From November 2004 to May 2008, she held the position of Vice President, External Affairs, SPPC. From May 2001 to November 2004, she held the position of Vice President, Rates and Regulatory Affairs, for NPC and SPPC. Previously she held the position of Controller for NVE and SPPC since 1997 and held the same position with NPC beginning in 1999. Ms. Simmons is a certified public accountant and has been with NVE since 1985.

Robert E. Stewart, 60, Vice President, Marketing, NVE

Mr. Stewart was elected to his current position in February 2008, and holds the same position at NPC and SPPC. From January 1997 to February 2008, he worked as an independent consultant in several industries, including energy services and telecommunications. He was

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Vice President of Marketing for Florida Power and Light from June 1991 to November 1996. Prior to that, he worked at GTE for 19 years and was Vice President of Product Management at GTE Telephone Operations from June 1989 to June 1991.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (NVE)

NVE's Common Stock is traded on the New York Stock Exchange (symbol NVE). Dividends paid per share and high and low sale prices of the Common Stock as reported for 2008 and 2007 are as follows:

	Dividends Paid per share		2008		2007	
	2008	2007	High	Low	High	Low
First Quarter	$ 0.08	$ 0.00	$ 17.03	$ 11.64	$ 18.26	$ 16.38
Second Quarter	0.08	0.00	14.26	12.60	19.60	16.87
Third Quarter	0.08	0.08	12.77	8.90	18.15	14.06
Fourth Quarter	0.10	0.08	10.01	6.90	17.76	14.89

Number of Security Holders:

Title of Class		Number of Record Holders	
Common Stock:	$1.00 Par Value	As of February 20, 2009:	15,407

Dividends are considered periodically by the BOD and are subject to factors that ordinarily affect dividend policy, such as current and prospective earnings, current and prospective business conditions, regulatory factors, NVE's financial condition and other matters within the discretion of the BOD, as well as dividend restrictions set forth in NVE's 8.625% Senior Notes due 2014, 7.803% Senior Notes due 2012 and 6.75% Senior Notes due 2017.

On July 28, 2007, NVE's BOD declared a quarterly cash dividend of $0.08 per share paid on September 12, 2007, to common shareholders of record on August 24, 2007. The dividend was the first dividend declared by NVE since February 2002.

On November 1, 2007, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on December 12, 2007, to common shareholders of record on November 19, 2007.

On February 7, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on March 12, 2008, to common shareholders of record on February 22, 2008.

On April 28, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on June 11, 2008, to common shareholders of record on May 23, 2008.

On August 4, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on September 10, 2008, to common shareholders of record on August 22, 2008.

On October 30, 2008, NVE's BOD declared a quarterly cash dividend of $0.10 per share payable on December 17, 2008, to common shareholders of record on December 2, 2008.

On February 5, 2009, NVE's BOD declared a quarterly cash dividend of $0.10 per share payable on March 18, 2009, to common shareholders of record on March 3, 2009.

There is no guarantee that NVE will continue to pay dividends in the future, or that the dividends will be paid at the same amount or with the same frequency. See Note 8, Debt Covenant and Other Restrictions of the Notes to Financial Statements, for a description of the restrictions on NPC's and SPPC's ability to pay dividends to NVE and on NVE's ability to pay dividends on its common stock.

For information on the equity compensation plans, see Item 12.

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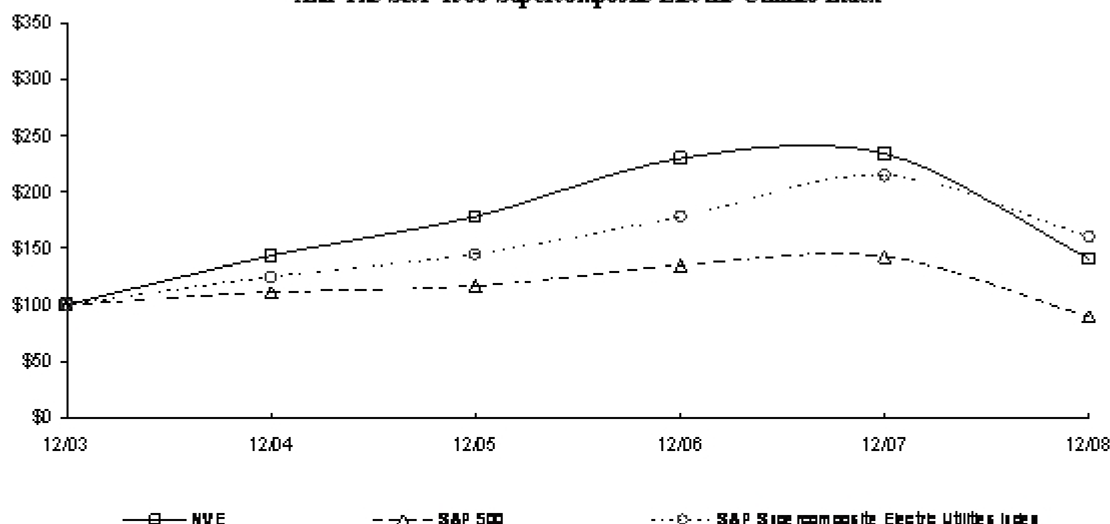

* $100 invested on 12/31/03 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.

ITEM 6. SELECTED FINANCIAL DATA

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of factors that may affect the future financial condition and results of operations of NVE, NPC and SPPC (Dollars in thousands, except per share amounts):

NV ENERGY, INC.

	Year ended December 31,				
	2008	2007	2006[(2)]	2005[(3)]	2004[(4)]
Operating Revenues	$3,528,113	$3,600,960	$3,355,950	$3,030,242	$2,824,796
Operating Income	$475,328	$414,567	$488,797	$358,678	$333,858
Net Income Applicable to Common Stock	$208,887	$197,295	$277,451	$82,237	$28,571
Net Income Applicable to Common Stock Per Average Common Share - Basic and Diluted	$0.89	$0.89	$1.33	$0.44	$0.16
Total Assets [(1)]	$11,345,980	$9,464,750	$8,832,076	$7,870,546	$7,528,467
Long-Term Debt (not including current maturities)	$5,266,982	$4,137,864	$4,001,542	$3,817,122	$4,081,281
Dividends Declared Per Common Share	$0.34	$0.16	$-	$-	$-

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(1) Total assets increased significantly in 2008 primarily due to an increase in plant in service as a result of NPC's acquisition of the Higgins Generating Station, the completion of the Clark Peaking Units by NPC and the completion of the Tracy Generating Station by SPPC. Also contributing to the increase was an increase in Regulatory Assets and Regulatory Assets for Pensions.

(2) Income for the year ended December 31, 2006 includes reinstatement of deferred energy of approximately $116.2 million net of taxes and a $40.9 million net of taxes gain on the sale of TGPC's partnership interest in TGTC.

(3) Income for the year ended December 31, 2005 includes a charge of $35.1 million net of taxes for the inducement of debt conversion and the reversal of $13.6 million net of taxes in interest charges as a result of settlements with terminated suppliers.

(4) Income for the year ended December 31, 2004 includes the reversal of $25.9 million net of taxes in interest expense due to the decision on the appeal of the Enron bankruptcy judgment and the write-off of $30.6 million net of taxes in disallowed plant costs at SPPC.

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NEVADA POWER COMPANY

	Year ended December 31,				
	2008	2007	2006[2]	2005[3]	2004[4]
Operating Revenues	$2,315,427	$2,356,620	$2,124,081	$1,883,267	$1,784,092
Operating Income	$311,952	$297,304	$351,272	$228,827	$216,490
Net Income	$151,431	$165,694	$224,540	$132,734	$104,312
Total Assets [1]	$7,904,147	$6,377,369	$5,987,515	$5,173,921	$4,883,540
Long-Term Debt (not including current maturities)	$3,385,106	$2,528,141	$2,380,139	$2,214,063	$2,275,690
Dividends Declared - Common Stock	$44,000	$25,667	$48,917	$35,258	$45,373

(1) Total assets increased significantly in 2008 primarily due to an increase in plant in service as a result of NPC's acquisition of the Higgins Generating Station and the completion of the Clark Peaking Units by NPC. Also contributing to the increase was an increase in Regulatory Assets and Regulatory Assets for Pensions.

(2) Income from continuing operations, for the year ended December 31, 2006 includes reinstatement of deferred energy of approximately $116.2 million net of taxes.

(3) Income for the year ended 2005 included the reversal of $11.5 million net of taxes in interest charges as a result of settlements with terminated suppliers.

(4) Income for the year ended December 31, 2004 included the reversal of $17.9 million net of taxes in interest expense due to the decision on the appeal of the Enron bankruptcy judgment.

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SIERRA PACIFIC POWER COMPANY

	Year ended December 31,				
	2008	2007	2006	2005[2]	2004[3]
Operating Revenues	$1,212,661	$1,244,297	$1,230,230	$1,145,697	$1,035,660
Operating Income	$154,153	$105,957	$120,017	$116,304	$111,245
Net Income	$90,582	$65,667	$57,709	$52,074	$18,577
Total Assets [1]	$3,462,545	$2,976,524	$2,807,837	$2,546,301	$2,524,320
Preferred Stock	$-	$-	$-	$50,000	$50,000
Long-Term Debt (not including current maturities)	$1,395,987	$1,084,550	$1,070,858	$941,804	$994,309
Dividends Declared - Common Stock	$233,000	$12,833	$24,619	$23,933	$-
Dividends Declared - Preferred Stock	$-	$-	$975	$3,900	$3,900

(1) Total assets increased significantly in 2008 primarily due to an increase in plant in service as a result of the completion of the Tracy Generating Station. Also contributing to the increase was an increase in Regulatory Assets and Regulatory Assets for Pensions.

(2) Income for the year ended December 31, 2005 includes the reversal of $2.1 million net of taxes in interest expense as a result of settlements with terminated suppliers.

(3) Income for the year ended December 31, 2004 was affected by the write-off of $30.6 million net of taxes in disallowed plant costs and the reversal of interest expense of $8.0 million net of taxes due to the decision on the appeal of the Enron Bankruptcy judgment and a reduction to income tax expense of $2.1 million net of taxes as a result of a flow-through adjustment for pension funding.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

The information in this Form 10-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions and other matters.

Words such as "anticipate," "believe," "estimate," "expect," "intend," "plan" and "objective" and other similar expressions identify those statements that are forward-looking. These statements are based on management's beliefs and assumptions and on information currently available to management. Actual results could differ materially from those contemplated by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such statements, factors that could cause the actual results of NVE, NPC or SPPC; (NPC and SPPC are collectively referred to as the Utilities) to differ materially from those contemplated in any forward-looking statement include, among others, the following:

(1) economic conditions both nationwide and regionally, including availability and cost of credit, inflation rates, monetary policy, unemployment rates, customer bankruptcies, weaker housing markets, a decrease in tourism, particularly in southern Nevada, and cancelled or deferred hotel construction projects, which could affect customer collections, customer demand and usage patterns;

(2) changes in the rate of industrial, commercial and residential growth in the service territories of the Utilities, including the effect of weaker housing markets and increased unemployment, which could affect the Utilities' ability to accurately forecast electric and gas demand;

(3) the ability and terms upon which NVE, NPC and SPPC will be able to access the capital markets to support their requirements for working capital, including amounts necessary for construction and acquisition costs and other capital expenditures, as well as to finance deferred energy costs, particularly in the event of: continued volatility in the global credit markets, unfavorable rulings by the PUCN, untimely regulatory approval for utility financings, and/or a downgrade of the current debt ratings of NVE, NPC or SPPC;

(4) financial market conditions, including the effect of recent volatility in financial and credit markets, changes in availability and cost of capital either due to market conditions or as a result of the Utilities' credit ratings, or interest rate fluctuations;

(5) unseasonable weather, drought, threat of wildfire and other natural phenomena, which could affect the Utilities' customers' demand for power, could seriously impact the Utilities' ability to procure adequate supplies of fuel or purchased power and the cost of procuring such supplies, and could affect the amount of water available for electric generating plants in the Southwestern United States;

(6) further increases in the unfunded liability or changes in actuarial assumptions, the interest rate environment and the actual return on plan assets for our pension plan, which can affect future funding obligations, costs and pension plan liabilities;

(7) whether the Utilities will be able to continue to obtain fuel and power from their suppliers on favorable payment terms and favorable prices, particularly in the event of unanticipated power demands (for example, due to unseasonably hot weather), physical availability, sharp increases in the prices for fuel (including increases in long term transportation costs) and/or power or a ratings downgrade;

(8) unfavorable or untimely rulings in rate or other cases filed or to be filed by the Utilities with the PUCN, including the periodic applications to recover costs for fuel and purchased power that have been recorded by the Utilities in their deferred energy accounts, and deferred natural gas costs recorded by SPPC for its gas distribution business;

(9) construction risks, such as delays in permitting, changes in environmental laws, difficulty in securing adequate skilled labor, cost and availability of materials and equipment (including escalating costs for materials, labor and environmental compliance due to timing delays and other economic factors which may affect vendor access to capital), equipment failure, work accidents, fire or explosions, business interruptions, possible cost overruns, delay of in-service dates, and pollution and environmental damage;

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(10) **whether the Utilities can procure sufficient renewable energy sources in each compliance year to satisfy the Nevada Portfolio Standard;**

(11) **changes in environmental laws or regulations, including the imposition of limits on emissions of carbon dioxide from electric generating facilities, which could significantly affect our existing operations as well as our construction program;**

(12) **wholesale market conditions, including availability of power on the spot market and the availability to enter into gas financial hedges with creditworthy counterparties, which affect the prices the Utilities have to pay for power as well as the prices at which the Utilities can sell any excess power;**

(13) **whether the Utilities will be able to continue to pay NVE dividends under the terms of their respective financing and credit agreements and limitations imposed by the Federal Power Act;**

(14) **the discretion of NVE's BOD regarding NVE's future common stock dividends based on the BOD's periodic consideration of factors ordinarily affecting dividend policy, such as current and prospective financial condition, earnings and liquidity, prospective business conditions, regulatory factors, and restrictions in NVE's and the Utilities' agreements;**

(15) **the effect that any future terrorist attacks, wars, threats of war or epidemics may have on the tourism and gaming industries in Nevada, particularly in Las Vegas, as well as on the national economy in general;**

(16) **changes in tax or accounting matters or other laws and regulations to which NVE or the Utilities are subject;**

(17) **the effect of existing or future Nevada, California or federal legislation or regulations affecting electric industry restructuring, including laws or regulations which could allow additional customers to choose new electricity suppliers or change the conditions under which they may do so;**

(18) **changes in the business or power demands of the Utilities' major customers, including those engaged in gold mining or gaming, which may result in changes in the demand for services of the Utilities, including the effect on the Nevada gaming industry of the opening of additional gaming establishments in California, other states and internationally;**

(19) **employee workforce factors, including changes in and renewals of collective bargaining unit agreements, strikes or work stoppages, and potential difficulty in recruiting new talent to mitigate losses in critical knowledge and skill areas due to an aging workforce; and**

(20) **unusual or unanticipated changes in normal business operations, including unusual maintenance or repairs.**

Other factors and assumptions not identified above may also have been involved in deriving these forward-looking statements, and the failure of those other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. NVE, NPC and SPPC assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements.

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EXECUTIVE OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations explains the general financial condition and the results of operations of NVE and its two primary subsidiaries, NPC and SPPC, collectively referred to as the "Utilities" (references to "we," "us" and "our" refer to NVE and the Utilities collectively), and includes the following:

- Critical Accounting Policies and Estimates
  - Recent Pronouncements
- For each of NVE, NPC and SPPC:
  - Results of Operations
  - Analysis of Cash Flows
  - Liquidity and Capital Resources
- Energy Supply (Utilities)
- Regulatory Proceedings (Utilities)

NVE's Utilities operate three regulated business segments which are NPC electric, SPPC electric and SPPC natural gas. The Utilities are public utilities engaged in the generation, transmission, distribution and sale of electricity and, in the case of SPPC, sale of natural gas. Other segment operations consist mainly of unregulated operations and the holding company operations. The Utilities are the principal operating subsidiaries of NVE and account for substantially all of NVE's assets and revenues. NVE, NPC and SPPC are separate filers for SEC reporting purposes and as such this discussion has been divided to reflect the individual filers (NVE, NPC and SPPC), except for discussions that relate to all three entities or the Utilities.

The Utilities are regulated by the PUCN and, for the California service territory of SPPC, the CPUC, with respect to rates, standards of service, siting of and necessity for generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to generation, distribution and transmission operations. The FERC has jurisdiction under the Federal Power Act with respect to wholesale rates, service, interconnection, accounting, and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service. As a result of regulation, many of the fundamental business decisions of the Utilities, as well as the ROR they are permitted to earn on their utility assets, are subject to the approval of governmental agencies.

The Utilities' revenues and operating income are subject to fluctuations during the year due to impacts that seasonal weather, rate changes, and customer usage patterns have on demand for electric energy and resources. NPC is a summer peaking utility experiencing its highest retail energy sales in response to the demand for air conditioning. SPPC's electric system peak typically occurs in the summer, while its gas business typically peaks in the winter. The variations in energy usage by the Utilities' customers due to varying weather and other energy usage patterns necessitates a continual balancing of loads and resources and purchases and sales of energy under short and long term contracts. As a result, the prudent management and optimization of available resources has a direct effect on the operating and financial performance of the Utilities. Additionally, the recovery of purchased power and fuel costs, and other costs, on a timely basis, and the ability to earn a fair return on investments are essential to the operating and financial performance of the Utilities.

Overview of Major Factors Affecting Results of Operations

During 2008, NVE's net income applicable to common stock was $208.9 million compared to $197.3 million in 2007. Earnings were higher primarily due to an increase in gross margin at both Utilities. At NPC gross margin increased primarily due to an increase in BTGR as a result of NPC's 2006 GRC, effective June 1, 2007 and increased customer growth; partially offsetting these increases was a decrease in customer usage due to cooler weather and a change in customer usage patterns. At SPPC gross margin increased primarily due to an increase in BTGR revenue as a result of SPPC's 2007 GRC, effective July 1, 2008, increased customer growth and in 2007 a charge of approximately $9.2 million, net of taxes, for deferred energy disallowed. Partially offsetting these increases was a decrease in customer usage primarily due to cooler summer weather. Partially offsetting the increase in gross margin was higher interest expense and in 2007, NPC recorded income of approximately $7.2 million, net of taxes, for reinstated interest on deferred energy, which was expensed in prior years.

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During 2007, NVE's net income applicable to common stock was $197.3 compared to $277.5 in 2006. Earnings were lower in 2007 compared to 2006 primarily as a result of the reinstatement of deferred energy in 2006 of approximately $116.2 million net of taxes and the $40.9 million gain on sale (net of taxes), recorded in 2006, of the partnership interest in TGTC held by TGPC, a wholly owned subsidiary of NVE. Partially offsetting this was:

- an increase in gross margin in 2007, exclusive of Reinstatement of Deferred Energy (as defined under NPC's and SPPC's respective, Results of Operations) of almost 18% at NPC. See discussion of gross margin in NPC and SPPC's, respective Results of Operations;
- settlement in 2007 with the PUCN regarding accrued interest on NPC's 2001 deferred energy case;
- an increase in 2007 in AFUDC and allowance for borrowed funds used during construction due to the construction of NPC's Clark Peaking Units and SPPC's Tracy Generating Station; and
- a decrease in 2007 in interest charges.

2008 Key Objectives

- Management of Energy Resources
  - Energy Efficiency and Conservation Programs
  - Purchase and Development of Renewable Energy Projects
  - Construction of Generating Facilities
  - Management of Energy Risk, including fuel and purchased power costs
- Management of Environmental Matters
- Management of Regulatory Filings
- Further Broaden Access to Capital

2008 Accomplishments

Management of Energy Resources

- *Energy Efficiency and Conservation Programs* – The Utilities received additional PUCN approval on DSM projects. Additionally, the Utilities reported in their Portfolio Standard Annual Report for Compliance Year 2007, that they met 60% of the allowable 25% that may be used to meet the Portfolio Standard, and reported that NPC is in a position to achieve the maximum 25% in 2008.

- *Purchase and Development of Renewable Energy Projects* – In 2008, NPC entered into contracts to either jointly construct or pursue the development of projects using wind, geothermal and recovered energy generation technologies, and for purchase, subject to PUCN approval, of an additional 32 MW of output from three geothermal plants now under construction. Additionally, in 2008 the PUCN issued its order accepting the Utilities Portfolio Standard Annual Report for Compliance Year 2007 and accepted a stipulation that granted an exemption from meeting the Portfolio Standard.

- *Construction of Generating Facilities* – In 2008 NPC completed the construction of 619 MWs (nominally rated) of natural gas-fired combustion turbine peaking units at the Clark Generating Station and began the construction of a 500 MW (nominally rated) natural gas generating station at the existing Harry Allen Generating Station which is expected to be operational by summer 2011. NPC also purchased a 598 MW (nominally rated) natural gas fired combined cycle generating station from Reliant Resources, which has now been named the Higgins Generating Station. In 2008, SPPC completed the construction of a 541 MW (nominally rated) gas fired generating station at Tracy.

- *Management of Energy Risk* – In 2008, the Utilities received PUCN approval to implement a longer term sales program for non-peaking months. The longer term sales program will allow the Utilities to sell their excess energy during non peak months on the open market.

Management of Environmental Matters

As of December 31, 2008, NPC has spent a cumulative $117.8 million on environmental upgrades. This included the installation of pollution control technologies at both the Reid Gardner Generating Station and the Clark Generating Station, which have already resulted in significant emissions reduction.

Management of Regulatory Filings

In December 200, NPC filed its GRC, if approved as requested, rates would be effective September 1, 2009. In July 2008, the PUCN issued its order on SPPC's 2007 GRC, which among other items increased general rates by $87.1 million or a 10.45% increase, set the ROE

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and ROR at 10.6% and 8.41%, respectively, authorized the recovery of the 541 MW expansion at the Tracy Generating Station and authorized the recovery of projected operating and maintenance costs associated with the Tracy Generating Station expansion.

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Further Broaden Access to Capital

Despite the credit market turmoil the Utilities were able to issue $750 million in General and Refunding Mortgage Notes in 2008 and in early 2009, completed an offering of $125 million in General and Refunding Mortgage Notes and entered into a supplemental revolving credit facility at NPC, which increased NPC's revolving credit facility by $90 million. Additionally, in 2008, the Utilities converted and repurchased several of their auction rate securities to variable rate demand notes. The securities were purchased with cash on hand and the use of the Utilities' revolving credit facilities to be held until such time as the securities are reoffered to investors. See Financing Transactions in the Utilities' Liquidity and Capital Resources sections.

2009 and Beyond Outlook

Although Nevada is ranked as the eighth fastest growing state in the nation by the U.S. Census Bureau for the twelve months ended June 30, 2008, the economy in Nevada has been adversely affected by the recession facing the United States and the global economy, resulting in an increase in unemployment to 9.1%, compared to 5.6% in 2007, and, in southern Nevada, a decrease in hotel/motel occupancy of 7.7% and a decrease in new home sales to 9,780 in 2008 compared to 19,670 and 36,051 in 2007 and 2006, respectively. As a result of economic conditions both regionally and nationally, Southern Nevada has experienced decreased activity in the real estate, construction and tourism markets. Additionally, the recent credit and capital market crisis will likely impact Nevada's economy as major commercial and residential developments are delayed or potentially halted due to the high cost of capital or the inability to obtain credit.

Tourism and gaming remain southern Nevada's leading industries and together comprise one of NPC's largest classes of customers. Management believes hotel room growth rate is one of the key indicators of southern Nevada's economic health and leading indicators of overall system load growth. The expected room growth rate for 2009 is 9.1% and 2.7% for 2010. The significant increase in room growth for 2009 is primarily due to Project City Center, which is expected to add approximately 6,000 rooms to Las Vegas. The current recession, as well as recent volatility in the global credit and financial markets, have created an unprecedented level of uncertainty regarding future business conditions. As a result, our management is continually focusing on and reevaluating our assessments, strategies and projections for factors such as customer growth, load forecasts, capital expenditures, rising fuel costs, access to capital markets, collections on accounts receivable and counterparty risk among other factors. While management expects to maintain this process of continual reevaluation for the foreseeable future, it is not possible to predict how long current market volatility will continue or what its long-term effect will be on the economy in general or on our financial position or results of operations in particular.

Despite current economic conditions, long-term energy needs continue to increase in the Western and Southwestern portions of the United States. At the same time, however, the development of generating facilities by utility companies has decreased. As a result, the cost of energy and natural gas continues to change with increased demand and the decline in the ability to meet those demands. The economics of this situation coupled with variations in weather, the capabilities and limits on the Utilities, owned generating facilities, transmission constraints, regulations, and changes and potential changes in environmental laws are significant business issues for the Utilities. As a result, the Utilities' strategies, as evidenced by their most recent amendments to their IRPs, are aimed at reducing dependence on purchased power by the use of energy efficiency and conservation programs and diversifying fuel mix, including renewable energy and owning more generating facilities.

2009 Key Objectives

In 2009, management's key objectives remain focused on implementing their three part strategy of energy efficiency, and conservation programs, purchase and development of renewable energy projects and construction of generating facilities. However, as current construction projects for generation are completed, the focus may shift to emphasize and maximize the operations of the Utilities' current generation assets. Additional key objectives include management of energy risk, management of environmental matters, management of regulatory filings and to further broaden access to capital.

Energy Efficiency and Conservation Programs

A part of our strategy to reduce dependence on purchased power is to manage our resources against our load requirements with energy efficiency and conservation programs, also known as DSM programs. NPC and SPPC have designed a portfolio of cost effective DSM programs that allow every customer to take advantage of savings from energy efficiency measures. DSM programs are marketed across all segments of customer classes (residential, commercial, public and low income).

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Beginning in 2007, the Utilities implemented new and expanded qualified DSM programs. In 2008, the Utilities invested $55 million towards energy efficiency and conservation programs. The Utilities are planning to invest between $45 million and $60 million in 2009. The final amount will be determined by numerous factors, such as the economy, the impact of federal government stimulus legislation, performance of existing and new programs and many other factors.

The Portfolio Standard, discussed below, allows energy efficiency measures from qualified conservation programs to meet up to 25% of the Portfolio Standard. A PEC is created for each kWh of energy conserved by qualified energy efficiency programs. Energy saved during peak demand hours earns double the PEC's. The PUCN has approved investments in efficiency and qualified conservation programs of approximately $140 million, which will be deferred as a regulatory asset, subject to prudency review by the PUCN.

After the DSM percentage allowance is fully utilized, NPC's and SPPC's strategy is to continue to implement cost-effective DSM programs.

Purchase and Development of Renewable Energy Projects

The Utilities have embarked on a strategy to invest in renewable energy that, along with purchased power contracts and an increase in DSM programs, will enhance the opportunity for the Utilities to fully meet the Portfolio Standard as required by Nevada law. The Utilities' compliance with the Portfolio Standard is dependent on the availability of renewables.

Nevada law sets forth the Portfolio Standard requiring providers of electric service to acquire, generate, or save a specific percentage of its total retail energy sales from renewables. Renewables include biomass, geothermal, solar, waterpower and wind projects. In 2008, the Utilities were required to obtain an amount of PECs equivalent to nine percent of their total retail energy from renewables and in 2009 will be required to obtain 12%. The Portfolio Standard increases by 3% every other year until it reaches 20% in 2015. Moreover, not less than 5% of the total Portfolio Standard must be met from solar resources.

NPC's current capital budget includes investing approximately $110 million for renewable energy projects through 2011. As discussed earlier, in 2008, NPC entered into contracts to either jointly construct or pursue the development of projects using wind, geothermal and recovered energy generation technologies, and for purchase, subject to PUCN approval, of an additional 32 MW of output from three geothermal plants now under construction. In 2009, the Utilities will further develop these projects and explore other opportunities.

Construction of Generating Facilities

In 2009, NPC will continue the construction of the 500 MW (nominally rated) natural gas generating station at the existing Harry Allen Generating Station, which is expected to be operational by summer 2011.

In the latter part of 2006, NVE and the Utilities announced their intention to develop the EEC, two 750 MW coal generation units to be located near Ely, Nevada, and the EN-ti line, which would link NPC's and SPPC's transmission systems in the southern and northern portions of the state, allowing for the transfer of energy, including renewable resources, between the Utilities. However, on February 9, 2009, NVE and the Utilities announced their intention to postpone the construction of the EEC due to increasing environmental and economic uncertainties until such time as carbon sequestration becomes commercially viable, which is not expected for at least a decade. The Utilities plan to proceed with the construction of the EN-ti line. In 2009, the Utilities intend to file amendments to their IRP's requesting PUCN approval to accelerate the development of the EN-ti line.

Management of Energy Risk

Entering 2009, the Utilities expect to have open positions resulting from the management of their portfolio of generation resources, load obligations, and purchased power and fuel contracts, in the context of unfolding developments in regional energy markets. The risks associated with the open positions are addressed in various ways. The Utilities implement a prudent strategy of piecemeal procurements transacted in regular intervals and completed before the start of the peak summer season. This provides the Utilities with ample opportunities for optimizing their portfolio on a rolling basis in anticipation of changes in system conditions, load forecasts, and regional energy market fundamentals. The Utilities also coordinate the planned maintenance schedules of their owned generating plants and transmission facilities with expectations of start dates of new generating plants or purchased power contracts.

Management of Environmental Matters

The impact environmental laws can have on existing generating facilities and current and prospective capital construction projects include but are not limited to increased costs, closure of existing facilities, mandated equipment upgrades, and termination of the construction of facilities. Environmental laws already affect the energy we buy; as discussed above under Purchase and Development of Renewable Energy Projects.

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A key objective for the Utilities in 2009 will be to enhance and maintain our energy infrastructure investments in ways that meet customer demand for reliable energy in an efficient and environmentally responsible manner. The Utilities believe that a diverse and balanced portfolio of energy resources represents opportunity for reliability and cost control, yet are also mindful of our overriding environmental responsibility. The Utilities are committed to making technology choices with a primary focus on limiting emissions and optimizing our investments so that prices remain competitive. To meet the growing demand for power, the Utilities are investing in a new generation of highly efficient and environmentally advanced power plants, both coal and natural gas fired as well as adding new environmental controls to their existing plants. To help manage load demand, the Utilities are also increasing their participation and development of new energy efficiency, DSM and conservation programs.

Management of Regulatory Filings

As is the case with most regulated entities, the Utilities are frequently involved in various regulatory proceedings. The Utilities are required to file for quarterly rate adjustments to provide recovery of their fuel and purchased power costs. They are also required to file rate cases every three years to adjust general rates that include their cost of service and return on investment in order to more closely align earned returns with those allowed by regulators. Furthermore, the Utilities are required to file a triennial IRP which is a comprehensive plan that considers customer energy requirements and proposes the resources to meet that requirement. Resource additions approved by the PUCN in the resource planning process are deemed prudent for ratemaking purposes. Between IRP filings, the Utilities may seek PUCN approval for modifications to their resource plans and for power purchases. The Utilities incur costs for such items as deferred fuel and purchased power costs, operations and maintenance and capital projects; however, as costs are not recovered through rates until approved by regulators, the timing between costs incurred and recovery is considered regulatory lag. As such, timely and accurate filings of these various rate cases is essential to the Utilities' operating and financial performance as it reduces regulatory lag, which has a direct effect on the cash flows of the Utilities. Furthermore, the timing of the filings/decisions can affect the timing of construction and thus the economic benefits. As a result, the Utilities file quarterly BTER updates to minimize exposure to changes in fuel and purchased power expense and file amendments to IRP's as changes in resource needs occur. See Note 3, Regulatory Actions of the Notes to Financial Statements.

Further Broaden Access to Capital

A significant focus in 2009 will again be to generate sufficient cash from operations to meet operating needs and contribute to capital projects by managing recovery of deferred fuel and purchased power costs, reducing regulatory lag in recovery of costs and controlling costs. However, significant amounts of capital will be necessary to fund existing and prospective construction projects, as discussed further under NVE's Liquidity and Capital Resources. Additionally, if energy costs rise at a rapid rate and the Utilities do not recover the cost of fuel and purchased power in a timely manner, the Utilities may need to issue additional debt to support their operating costs or delay capital expenditures. Management will be required to meet such financial obligations with a combination of internally generated funds, the use of the Utilities' revolving credit facilities, the issuance of long-term debt, and/or the issuance of equity by NVE. As such, the ability to issue new debt or equity securities on favorable terms will be a significant focus in 2009. Additionally, maintaining sufficient liquidity through the use of the Utilities revolving credit facilities will be another significant focus in 2009.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

NVE prepared its consolidated financial statements in accordance with GAAP. In doing so, certain estimates were made that were critical in nature to the results of operations. The following discusses those significant estimates that may have a material impact on the financial results of NVE and the Utilities and are subject to the greatest amount of subjectivity. Senior management has discussed the development and selection of these critical accounting policies with the Audit Committee of NVE's BOD. The items discussed below represent critical accounting estimates that under different conditions or using different assumptions could have a material effect on the financial condition, results of operation, cash flows, liquidity and capital resources of NVE and the Utilities.

Regulatory Accounting

The Utilities' retail rates are currently subject to the approval of the PUCN and, in the case of the California service territory of SPPC, they are also subject to the CPUC and are designed to recover the cost of providing generation, transmission and distribution services. As a result, the Utilities qualify for the application of SFAS 71 issued by the FASB. This statement recognizes that the rate actions of a regulator can provide reasonable assurance of the existence of an asset and requires the capitalization of incurred costs that would otherwise be charged to expense where it is probable that future revenue will be provided to recover these costs. SFAS 71 prescribes the method to be used to record the financial transactions of a regulated entity. The criteria for applying SFAS 71 include the following: (i) rates are set by an independent third party regulator, (ii) approved rates are intended to recover the specific costs of the regulated products or services, and (iii) rates that are set at levels that will recover costs can be charged to and collected from customers. Under federal law, wholesale rates charged by the Utilities are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect

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to rates, service, interconnection, accounting, and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

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Regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections for costs that are not likely to be incurred. Although current rates do not include the recovery of all existing regulatory assets as discussed further below and in Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements, management believes the existing regulatory assets are probable of recovery either because we have received prior PUCN approval or due to regulatory precedent set for similar circumstances. Management's judgment reflects the current political and regulatory climate in the state, and is subject to change in the future. If future recovery of costs ceases to be probable, the write-off of regulatory assets would be required to be recognized as a charge and expensed in current period earnings.

Regulatory Accounting affects other Critical Accounting Policies, including Deferred Energy Accounting, Accounting for Pensions, and Accounting for Derivatives and Hedging Activities, all of which are discussed immediately below.

Deferred Energy Accounting

Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, the excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet. Conversely, a liability is recorded to the extent fuel and purchased power costs recoverable through current rates exceed actual fuel and purchased power costs. These excess amounts are reflected in adjustments to rates and recorded as revenue or expense in future time periods, subject to PUCN approval. Nevada law provides that the PUCN may not allow the recovery of any costs for purchased fuel or purchased power "that were the result of any practice or transaction that was undertaken, managed or performed imprudently by the electric utility." Nevada law specifies that fuel and purchased power costs include all costs incurred to purchase fuel, to purchase capacity, and to purchase energy. Both Utilities are entitled under statute to utilize deferred energy accounting for their electric operations and both Utilities accumulate amounts in their deferral of energy costs accounts. The Utilities also record, and are eligible under the statute to recover, a carrying charge on such deferred balances, recognized as interest income in the current period.

The Utilities are exposed to commodity price risk primarily related to changes in the market price of electricity as well as changes in fuel costs incurred to generate electricity. See Item 7A, Quantitative and Qualitative Disclosures About Market Risk, for a discussion of the Utilities' purchased power procurement strategies, and commodity price risk and commodity risk management program. Currently, commodity price increases are recoverable through the deferred energy accounting mechanism, with no anticipated effect on earnings. However, the Utilities are subject to regulatory risk related to commodity price changes due to the fact that the PUCN may disallow recovery for any of these costs that it considers imprudently incurred.

See Note 3, Regulatory Actions of the Notes to Financial Statements, for additional discussion of the regulatory process to recover these deferred costs.

Accounting for Derivatives and Hedging Activities

NVE, NPC and SPPC apply SFAS 133. SFAS 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for derivatives depends on the intended use of the derivatives and the resulting designation.

Fuel and Purchased Power Contracts

In order to manage loads, resources and energy price risk, the Utilities enter into forward contracts to purchase or sell a specified amount of energy at a specified time or during a specified period in the future. In addition to forward fuel and power contracts, the Utilities' also use over-the-counter options with financial institutions and other energy companies to manage price risk. These instruments are considered to be derivatives under SFAS 133 and are marked to market in the statement of financial position unless the contract qualifies for the normal purchases or sales exemption per the criteria in SFAS 133. The risk management assets and liabilities recorded in the balance sheets of the Utilities' and NVE are primarily comprised of the fair value of natural gas options and swaps.

In conjunction with the issuance of SFAS 133, the PUCN and in the case of the California service territory of SPPC, the CPUC issued accounting orders authorizing the Utilities to offset any derivative assets or liabilities with a regulatory asset or liability. This accounting treatment is intended to defer the recognition of mark to market gains and losses on energy commodity transactions until the period of settlement. The orders provide for the Utilities' to not recognize the unrealized gain or loss on utility derivative commodity instruments in the statement of operations and comprehensive income. Fuel and purchased power costs are subject to this accounting order and apply deferred energy accounting. Upon settlement of a derivative instrument, actual fuel and purchased power costs are recognized in the period of settlement if currently recoverable or deferred if they are recoverable or payable through future rates.

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Adoption of SFAS 157

Effective January 1, 2008, NVE and the Utilities adopted SFAS 157, which defines fair value, establishes a framework for measuring fair value and enhances disclosures about assets and liabilities recorded at fair value. As defined in SFAS 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). However, as permitted under SFAS 157, NVE and the Utilities use a mid-market pricing convention (the mid-point price between the bid and ask prices) as a practical expedient for valuing their assets and liabilities carried at fair value. NVE and the Utilities use market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about counterparty risk, and the impact of NVE and the Utilities nonperformance risk on their liabilities. Nonperformance risk is based on the credit quality of NVE and the Utilities and had no impact to the fair value of their derivative instruments at the reporting date.

Forwards and swaps are valued using a market approach that uses quotes obtained from independent brokers and exchanges. Options are valued based on an income approach that uses an option pricing model that incorporates assumptions such as the underlying commodity's forward price curve, time to expiration, strike price, interest rates and volatility. The use of different assumptions and variables in determining fair value of their commodity derivative instruments could have a significant impact on the valuation of the instruments and its classification within the fair value hierarchy. NVE and the Utilities' assessment of the significance of a particular input to fair value measurements require judgment. The fair value of the Utilities' derivative commodity instruments, which are recorded on the Consolidated Balance Sheets, are sensitive to market price fluctuations that can occur on a daily basis.

Accounting for Income Taxes

As of December 31, 2008, the deferred tax asset for tax credit carryovers was $34.8 million. The tax credit carryovers may be utilized in future periods to reduce taxes payable to the extent that NVE and the Utilities recognize taxable income.

The following table summarizes the tax credit carryovers and associated carryover periods, as adjusted for FIN 48, and valuation allowance for amounts which NVE has determined that realization is uncertain (dollars in thousands):

	Deferred Tax Asset	Valuation Allowance	Net Deferred Tax Asset	Expiration Period
Research and development credit	$8,883	$ -	$ 8,883	2021-2028
Alternative minimum tax credit	24,572	-	24,572	indefinite
Arizona state coal credits	1,384	1,160	224	2009-2013
Total	$34,839	$ 1,160	$ 33,679	

In accordance with the recognition and measurement standards promulgated by FIN 48, NVE recognized certain tax benefits during the year. Thus, there is no deferred tax balance for the net operating loss of $99,667, which is reflected in the federal tax return. The net operating loss reflected in the federal tax return will expire from 2021-2024.

Considering all positive and negative evidence regarding the utilization of the Utilities' deferred tax assets, it has been determined that the Utilities are more likely than not to realize all recorded deferred tax assets, except for the Arizona coal tax credits. As such, these Arizona coal tax credits represent the only valuation allowance that has been recorded as of December 31, 2008.

Environmental Contingencies

NVE and its subsidiaries are subject to federal, state and local regulations governing air and water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The EPA, NDEP and Clark County Department of Air Quality and Environmental Management administer regulations involving air and water quality, solid, and hazardous and toxic waste.

NVE and its subsidiaries are subject to rising costs that result from a steady increase in the number of federal, state and local laws and regulations designed to protect the environment. These laws and regulations can result in increased capital, operating, and other costs as a result of compliance, remediation, containment and monitoring obligations, particularly with laws relating to power plant emissions. In addition, NVE or its subsidiaries may be a responsible party for environmental clean up at any site identified by a regulatory body. The management of NVE and its subsidiaries cannot predict with certainty the amount and timing of all future expenditures related to environmental matters because of the difficulty of estimating clean up costs and compliance and the possibility that changes will be made to the current environmental laws and regulations. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties.

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Depending on whether environmental liabilities occurred from normal operations or as part of new environmental laws, the Utilities accrue for environmental remediation liabilities in accordance with SFAS 143, or SOP 96-1. Estimated costs from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study or when the criteria for SFAS 143 or SOP 96-1 have been met. Such costs are adjusted as additional information develops or circumstances change. Certain environmental costs receive regulatory accounting treatment, under which the costs are recorded as regulatory assets. Recoveries of environmental remediation costs from other parties are recognized when their receipt is deemed probable. Environmental expenditures that have future economic benefits are capitalized in accordance with our asset capitalization policy.

Note 13, Commitments and Contingencies of the Notes to Financial Statements, discusses the environmental matters of NVE and its subsidiaries that have been identified, and the estimated financial effect of those matters. To the extent that (1) actual results differ from the estimated financial effects, (2) there are environmental matters not yet identified for which NVE or its subsidiaries are determined to be responsible, or (3) the Utilities are unable to recover through future rates the costs to remediate such environmental matters, there could be a material adverse effect on the financial condition and future liquidity and results of operations of NVE and its subsidiaries.

Defined Benefit Plans and Other Postretirement Plans

As further explained in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements, NVE maintains a qualified pension plan, a non-qualified supplemental executive retirement plan and restoration plan, as well as a postretirement benefit plan which provides health and life insurance for retired employees. All employees are eligible for these benefits if they terminate with certain age and service requirements from the qualified and restoration plans, or if they reach retirement age and meet certain service requirements under the SERP and OPEB plans while still working for NVE or its subsidiaries. There are no restrictions on age or service requirements for those employees earning benefits under the qualified plan using the cash balance formula. The costs for these plans are determined in accordance with the provisions of SFAS 87 and SFAS 106, and are expected to be collected in rates billed to customers. Amounts are funded to trusts maintained for the plans. The amounts funded are then used to meet benefit payments to plan participants.

NVE funded $92.0 million and $54.0 million for its pension plan, in 2008 and 2007, respectively, and $8.0 million and $46.0 million for the other postretirement benefits plan in 2008 and 2007, respectively. At the present time it is expected that additional funding for these plans could be required for plan year 2009 to meet the minimum funding levels defined by the Pension Protection Act of 2006. NVE's funding requirements may change subject to market conditions; as a result, NVE is unable to predict what the funding amount may be in 2009. As required under SFAS 158, NVE has changed the measurement date for its benefit plans from September 30 to December 31, which coincides with NVE's fiscal year end.

Pension Plans

NVE's reported costs of providing non-contributory defined pension benefits (described in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements) are dependent upon numerous factors resulting from actual plan experience and assumptions for future experience.

For example, pension costs are impacted by actual employee demographics (including age and employment periods), the level of contributions NVE makes to the plan, and earnings on plan assets. Changes made to the provisions of the plan may also impact current and future pension costs. Pension costs may also be significantly affected by changes in key actuarial assumptions, including anticipated ROR's on plan assets, the discount rates and demographic (mortality, retirement, termination) assumptions used in determining the projected benefit obligation and pension costs.

In accordance with SFAS 87, changes in pension obligations associated with these factors may not be immediately recognized as pension costs on the income statement, but generally are recognized in future years over the remaining average service period of plan participants. As such, significant portions of pension costs recorded in any period may not reflect the actual level of cash benefits provided to plan participants. NVE adopted SFAS 158 in 2006, which requires the immediate recognition of changes in benefit obligations due to differences between actuarial assumptions and actual experience in Accumulated Other Comprehensive Income, net of taxes. However, since NVE recovers SFAS 87 and SFAS 106 costs through rates, these amounts will be recorded as Other Regulatory Assets under the provisions of SFAS 71, and will be recognized as expense over a period of time. For the year ended December 31, 2008, 2007, and 2006, NVE recorded pension expense for all pension plans of approximately $24 million, $29.3 million, and $30.6 million, respectively, in accordance with the provisions of SFAS 87. Actual payments of benefits made to retirees and terminated vested employees for the year ended December 31, 2008 was $27.4 million, and for the twelve months ended September 30, 2007 and 2006 were $31.9 million and $21 million respectively.

In November 2007, the BOD approved a change in the plan for its management, professional, administrative and technical employees (MPAT) from a defined benefit plan to a cash balance plan. Employees with combined age and service totaling 75 years or more had the choice of staying with the current plan or electing to switch to the new plan. The new plan went into effect on April 1, 2008; all employees hired after

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that date will be eligible for the cash balance plan, and will be vested after three years of service. This change, along with market conditions and plan asset values at the time of the re-measurement of the plan obligation, increased 2008 pension expense by $2.7 million over the original estimate of $21.3 million.

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Under the terms of NPC's current contract with IBEW Local No. 396, the pension benefits for those employees covered under that agreement, have also changed from a defined benefit plan to a cash balance plan, effective December 31, 2008. However, the impact of this change has been offset by current market conditions and plan asset values. NVE did not make changes to pension plan provisions in 2007 and 2006 that had significant impacts on recorded pension expense for those years.

As further described in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements, NVE reduced the discount rate used in determining pension expense from 6.38% in 2008 to 6.09% for the calendar year 2009.

NVE's pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns as well as changes in general interest rates may result in increased or decreased pension costs in future periods. Likewise, changes in assumptions such as current discount rates, mortality assumption and/or expected ROR's on plan assets could also increase or decrease recorded pension costs.

NVE strives to maintain a reasonable and prudent amount of risk, and seeks to limit risk through diversification of assets. Also, NVE considers the ability of the plan to pay all benefit and expense obligations when due, and to control the costs of administering and managing the plan. NVE's investment guidelines prohibit investing the plan assets in real estate and NVE's own stock. Currently, the plan assets are invested in international and domestic equity securities, and fixed income investments which include bonds.

The asset allocation for NVE's pension plans at the end of 2008 and 2007, and the target allocation for 2009, by asset category, follows. The fair value of plan assets for these plans is $531 million and $640 million, at the end of 2008 and 2007, respectively. The asset values are determined using quoted market prices. The expected long-term ROR on the plan assets is 7.10%, 8.00% and 8.00% in 2009, 2008 and 2007, respectively.

	Allocation Percentage of Plan Assets at Year End		
Asset Category	2009	2008	2007
Equity securities	45%	46%	60%
Debt securities	50%	41%	40%
Cash/other	5%	13%	0%
Total	100%	100%	100%

NVE's investment strategy is to ensure the safety of the principal of the assets and obtain asset performance to meet the continuing obligations of the plan. In third quarter 2008, NVE began an asset liability study on all plan assets. Of the amounts funded to the pension plan in 2008 by NVE, $70 million was funded to the plan in December. The year end allocations were not rebalanced in anticipation of the results of the study early in 2009. Therefore, the $70 million contribution on December 30, 2008 was temporarily invested into cash until a new asset allocation plan is approved by the NVE Pension Committee.

The following chart reflects the sensitivities associated with a change in certain actuarial assumptions by the indicated percentage for all pension plans. While the chart below reflects an increase in the percentage for each assumption, NVE and its actuaries expect that a decrease would impact the projected benefit obligation (PBO) and the reported annual pension cost by a similar amount in the opposite direction. Each sensitivity below reflects an evaluation of the change based solely on a change in that assumption only.

Actuarial Assumption (dollars in millions)	**Change in Assumption Increase/(Decrease)**	**Impact on PBO Increase/(Decrease)**	**Impact on PC Increase/(Decrease)**
Discount Rate	1%	$ (77.2)	$ (6.1)
ROR on Plan Assets	1%	$ 0.0	$ (6.4)

In selecting an assumed discount rate for fiscal years 2008 and 2007 disclosures, and for fiscal years 2008, 2007 and 2006 pension cost, NVE's projected benefit payments were matched to the yield curve derived from a portfolio of over 300 high quality Aa bonds with yields within the 10th to 90th percentiles of these bond yields.

In selecting an assumed ROR on plan assets, NVE considers past performance and economic forecasts for the types of investments held by the plan. Investment returns on plan assets in the retirement plan decreased by approximately $181.8 million in 2008 and gained approximately $73.5 million in 2007. Despite contributions by NVE, these returns have reduced the funded status of the plan compared to prior years.

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Other Postretirement Benefits

NVE's reported costs of providing other postretirement benefits (described in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements) are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience.

For example, other postretirement benefit costs are impacted by actual employee demographics (including age and employment periods), the level of contributions made to the plan, earnings on plan assets, and health care cost trends. Changes made to the provisions of the plan may also impact current and future other postretirement benefit costs. Other postretirement benefit costs may also be significantly affected by changes in key actuarial assumptions, including anticipated ROR's on plan assets, discount rates and demographic (mortality, retirement, termination) assumptions used in determining the postretirement benefit obligation and postretirement costs.

For the year ended December 31, 2008, 2007, and 2006, NVE recorded other postretirement benefit expense of approximately $7.4 million, $11.3 million, and $14.9 million, respectively, in accordance with the provisions of SFAS 106. Actual payments of benefits made to retirees for the year ended December 31, 2008 was $11.8 million, and for the twelve months ended September 30, 2007 and 2006, were $10.0 million and $12.0 million, respectively.

In 2007, NVE completed negotiations with SPPC's IBEW Local No. 1245 employees, and reached a settlement with regards to postretirement medical coverage. This agreement resulted in changes to NVE's future obligations under this plan, and as a result of a re-measurement of the plan obligation, NVE's 2007 expense was reduced by $1.3 million. There were no changes made to other postretirement benefit plan provisions in 2006 which had any significant impact on recorded benefit plan amounts in that year.

In 2008, the postretirement plan was amended to provide that all MPAT employees hired after April 1, 2008 will not be eligible for retiree medical coverage, and those hired after January 1, 2009 will not be eligible for retiree life insurance coverage. Additionally, all IBEW Local No. 396 employees hired after October 13, 2008 will cease to have retiree medical coverage after attaining the age of 65, and they will not be eligible for retiree life insurance coverage. The impact of these changes on the postretirement plan costs is not yet known.

As further described in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements, NVE has revised the discount rate for its 2008 disclosures to 6.07%, as compared to 2007 disclosures of 6.30%. For determining the expense to be recorded in 2009, NVE moved to a 6.07% discount rate from 6.25% in 2008. In determining the other postretirement benefit obligation and related cost, these assumptions can change with each measurement date, and such changes could result in material changes to such amounts.

NVE's other postretirement benefit plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns, as well as, changes in general interest rates may result in increased or decreased other postretirement benefit costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected ROR's on plan assets could also increase or decrease recorded other postretirement benefit costs.

NVE strives to maintain a reasonable and prudent amount of risk, and seeks to limit risk through diversification of assets. Also, NVE considers the ability of the plan to pay all benefit and expense obligations when due, and to control the costs of administering and managing the plan. NVE's investment guidelines prohibit investing the plan assets in real estate and NVE's own stock. Currently, the plan assets are invested in international and domestic equity securities, and fixed income investments which include bonds.

The asset allocation for the other postretirement benefit plans at the end of 2008 and 2007, and target allocation for 2009, by asset category, follows. The fair value of plan assets for these plans is $84.7 million and $108.9 million at the end of 2008 and 2007, respectively. The asset values are determined using recorded closing sales on a national securities exchange. The expected long-term ROR on the plan assets is 7.10%, 8.00% and 8.00% in 2009, 2008 and 2007, respectively.

	Allocation Percentage of Plan Assets at Year End		
Asset Category	2009	2008	2007
Equity securities	45%	29%	60%
Debt securities	50%	35%	40%
Cash/other	5%	36%	0%
Total	100%	100%	100%

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NVE's investment strategy is to ensure the safety of the principal of the assets and obtain asset performance to meet the continuing obligations of the plan.

The following chart reflects the sensitivities associated with a change in certain actuarial assumptions by the indicated percentage. While the chart below reflects an increase in the percentage for each assumption, NVE and its actuaries expect that a decrease would impact the projected accumulated other postretirement benefit obligation and the reported annual other postretirement benefit cost on the income statement by a similar amount in the opposite direction. Each sensitivity below reflects an evaluation of the change based solely on a change in that assumption only.

Actuarial Assumption (dollars in millions)	Change in Assumption Increase	Impact on APBO Increase/ (Decrease)	Impact on PBC Increase/ (Decrease)
Discount Rate	1 %	$ (17.8)	$ (1.4)
Health Care Cost Trend Rate	1 %	$ 14.4	$ 2.2
ROR on Plan Assets	1 %	$ 0.0	$ (1.0)

In selecting an assumed discount rate for fiscal year 2008 other postretirement benefits cost and disclosures, NVE's projected benefit payments were matched to the yield curve derived from a portfolio of over 300 high quality Aa bonds with yields within the 10th to 90th percentiles of these bond yields.

In selecting an assumed ROR on plan assets, NVE considers past performance and economic forecasts for the types of investments held by the plan. Investment returns on plan assets decreased $23.3 million in 2008 and gained $7.6 million in 2007.

Unbilled Receivables

Revenues related to the sale of energy are recorded based on meter reads, which occur on a systematic basis throughout a month, rather than when the service is rendered or energy is delivered. At the end of each month, the energy delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenues are calculated. These estimates of unbilled sales and revenues are based on the ratio of billable days versus unbilled days, amount of energy procured and generated during that month, historical customer class usage patterns and the Utilities' current tariffs. Customer accounts receivable as of December 31, 2008, include unbilled receivables of $103 million and $76 million for NPC and SPPC, respectively. Customer accounts receivable as of December 31, 2007 include unbilled receivables of $106 million and $79 million for NPC and SPPC, respectively.

RECENT PRONOUNCEMENTS

See Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements, for discussion of accounting policies and recent pronouncements.

NV ENERGY, INC.

RESULTS OF OPERATIONS

NV Energy, Inc. (Holding Company) and Other Subsidiaries

NVE (Holding Company)

The Holding Company's (stand alone) operating results included approximately $40.3 million, $42.5 million and $51.4 million of long-term debt interest costs for the years ended December 31, 2008, 2007 and 2006, respectively. The decrease in interest costs for the year ended December 31, 2008 as compared to the same period in 2007 was primarily due to debt redemptions in 2008 and in December 2007. See Note 6, Long-Term Debt of the Notes to Financial Statements, for further discussion of the debt repurchase. The decrease in interest costs for the year ended December 31, 2007 as compared to the same period in 2006 was primarily due to lower interest costs and amortization costs related to debt redemption in 2006.

Other Subsidiaries

Other Subsidiaries of NVE, except for NPC and SPPC, did not contribute materially to the consolidated results of operations of NVE.

NV Energy, Inc. (Consolidated)

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See Executive Overview, Overview of Major Factors Affecting Results of Operations for NVE Consolidated.

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ANALYSIS OF CASH FLOWS

NVE's cash flows decreased during the year ended December 31, 2008 compared to the same period in 2007 due to a decrease in cash from operating activities and an increase in cash used for investing activities, partially offset by an increase in cash from financing activities.

Cash From Operating Activities. The decrease in cash from operating activities was primarily due to increases in fuel and purchased power costs in excess of revenue collected in rates and a decrease in the collection of previously approved deferred energy costs. Also contributing to the decrease in cash from operating activities was the timing of payments to vendors, increases in expenditures for conservation programs, site studies and other regulatory activities in 2008. The decrease was partially offset by the settlement with Calpine, prepaid transmission revenue, and a reduction in outstanding receivables.

Cash Used By Investing Activities. Cash used by investing activities increased primarily due to the purchase of a 598 MW (nominally rated) natural gas fired, combined cycle generating station from Reliant Energy, Inc, now known as the Higgins Generating Station, for approximately $510 million, construction at the Harry Allen Generating Station, environmental compliance upgrades and increase in construction for infrastructure, offset partially by the closing stages of major construction activity; the peaking units at Clark Generating Station, which began in 2007 and the Tracy Generating Station, which began in 2006.

Cash From Financing Activities. Cash from financing activities increased due to the proceeds from the issuance by NPC of $500 million 6.5% General and Refunding Mortgage Notes, Series S, due 2018, the issuance by SPPC of $250 million 5.45% General and Refunding Mortgage Notes, Series Q, due 2013 and draws on the Utilities long term revolving credit facilities. This increase was partially offset by an increase in dividends paid by NVE to common shareholders and the issuance of common stock in 2007 for approximately $202.8 million.

NVE's cash flows increased during the year ended December 31, 2007 compared to the same period in 2006 due to increases in cash from operating and financing activities offset by an increase in cash used by investing activities.

Cash From Operating Activities. Cash flows from operating activities increased during the year ended December 31, 2007 compared to the same period in 2006 primarily due to NPC's increased operating income (excluding Reinstated Deferred Energy). NPC's operating income (excluding Reinstated Deferred Energy) increased primarily as a result of increases in rates due to NPC's GRC, the Western Energy Crisis Rate Case and the 2001 Deferred Energy Case as discussed in Note 3, Regulatory Actions of the Notes to Financial Statements. Other factors contributing to the increase in cash flows were a decrease in payments made to suppliers, the timing of payments, improved credit terms with suppliers resulting in a decrease in deposits and prepayments, a BTER rate which better reflected actual energy costs, a decrease in interest paid and the net settlement with Enron, offset by an increase in funding for retirement plans.

Cash Used By Investing Activities. Cash used by investing activities increased for the year ended December 31, 2007 compared to the same period in 2006 primarily due to expenditures for the Clark Peaking Units, the expansion of the Tracy Generating Station, the EEC and utility infrastructure to support growth.

Cash From Financing Activities. Cash from financing activities increased during the year ended December 31, 2007 compared to the same period in 2006 primarily due to a reduction in the redemption of debt and preferred stock by the Utilities. This increase was partially offset by a decrease in the sale of common stock and the restoration of dividend payments by NVE in 2007 of approximately $35.4 million.

LIQUIDITY AND CAPITAL RESOURCES (NVE CONSOLIDATED)

Overall Liquidity

NVE's consolidated operating cash flows are primarily derived from the operations of NPC and SPPC. The primary source of operating cash flows for the Utilities is revenues (including the recovery of previously deferred energy costs and natural gas costs) from sales of electricity and, in the case of SPPC, natural gas. Significant uses of cash flows from operations include the purchase of electricity and natural gas, other operating expenses, capital expenditures and interest. Operating cash flows can be significantly influenced by factors such as weather, regulatory outcomes, and economic conditions.

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Available Liquidity as of December 31, 2008 (in millions)

	NVE	NPC	SPPC
Cash and Cash Equivalents	$4.1	$28.6	$21.4
Balance available on Revolving Credit Facilities [1][2]	N/A	164.0	162.0
	$4.1	$192.6	$183.4

(1) NPC's and SPPC's available balance reflects management's estimate of a reduction in availability under their revolving credit facilities of approximately $11.0 million and $18.0 million, respectively, as a result of the bankruptcy of a lending bank.

(2) As of February 20, 2009, NPC and SPPC had approximately $289.7 million and $110.6 million available under their revolving credit facilities, which reflects the reduction discussed under (1) above and outstanding letter of credits of $15.3 million and $17.1 million, respectively. The NPC balance includes the combined total of the multi-year revolving credit facility and the 364-day supplemental revolving credit facility, described below.

NVE and the Utilities attempt to maintain their cash and cash equivalents in highly liquid investments, such as United States treasury bills. In addition to cash on hand and the Utilities' revolving credit facilities, the Utilities may issue debt up to $862 million on a consolidated basis, subject to certain limitations discussed below and in the Utilities' respective sections, to meet their respective financial obligations. NVE and the Utilities have no significant debt maturities in 2009 or 2010, except for the balances on their revolving credit facilities, which, as of February 20, 2009 are $374.1 million and $204.7 million, for NPC and SPPC, respectively. On February 4, 2009, the PUCN approved NPC's request for financing authority to issue up to $1.25 billion of long-term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facility of up to $1.3 billion, and authority to refinance up to approximately $471 million of long-term debt securities.

NVE and the Utilities anticipate that they will be able to meet short-term operating costs, such as fuel and purchased power costs, with internally generated funds, including the recovery of deferred energy, and the use of their revolving credit facilities. To manage liquidity needs as a result of seasonal peaks in fuel requirements, NVE and the Utilities may use hedging activities. In order to fund long-term capital requirements, NVE and the Utilities will likely meet such financial obligations with a combination of internally generated funds, the use of the Utilities' revolving credit facilities, the issuance of long-term debt and/or equity and in the case of the Utilities capital contributions from NVE.

The credit ratings of NVE and the Utilities continued to improve in 2008 (see Credit Ratings below). However, disruptions in the banking and capital markets not specifically related to NVE or the Utilities may affect their ability to access funding sources or cause an increase in the interest rates paid on newly issued debt.

NVE has approximately $37.7 million payable of debt service obligations for 2009, which it intends to pay through dividends from subsidiaries. (See "Factors Affecting Liquidity-Dividends from Subsidiaries" below).

NVE designs operating and capital budgets to control operating costs and capital expenditures. In addition to operating expenses, NVE has continuing commitments for capital expenditures for construction, improvement and maintenance of facilities.

Detailed below are NVE's Capital Structure, Capital Requirements, recently completed financing transactions and factors affecting our ability to obtain debt on favorable terms, including the effect of our holding company structure and limitation on dividends from the Utilities.

Capital Structure (NVE Consolidated)

NVE's actual capital structure on a consolidated basis was as follows at December 31 (dollars in thousands):

	2008			2007		
	Amount	Percent of Total Capitalization		Amount	Percent of Total Capitalization	
Current Maturities of Long-Term Debt	$9,291	0.1	%	$110,285	1.5	%
Long-Term Debt	5,266,982	62.6	%	4,137,864	57.1	%
Common Equity	3,131,186	37.3	%	2,996,575	41.4	%
Total	$8,407,459	100.0	%	$7,244,724	100.0	%

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Capital Requirements

Construction Expenditures

NVE's consolidated cash requirements for construction expenditures for 2009 are projected to be $920.5 million. NVE's consolidated cash requirements for cash construction expenditures for 2009-2013 are projected to be $3.0 billion. Cash used by investing activities for the years ended 2008, 2007 and 2006 were approximately $1.5 billion, $1.1 billion and $803.5 million, respectively. To fund future capital projects, NVE and the Utilities may meet such financial obligations with a combination of internally generated funds, the use of the Utilities' revolving credit facilities, the issuance of long-term debt, and if necessary, the issuance of equity by NVE.

Estimated construction expenditures for PUCN approved projects, projects under contract, compliance projects and other base capital requirements are as follows (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Electric Facilities:			
Generation	$583,876	$915,110	$1,498,986
Distribution	191,672	839,390	1,031,062
Transmission	135,906	565,700	701,606
Other	108,759	217,139	325,898
Total	1,020,213	2,537,339	3,557,552
Gas Facilities:			
Distribution	13,469	63,097	76,566
Other	180	2,461	2,641
Total	13,649	65,558	79,207
Common Facilities	13,028	49,453	62,481
Total	$1,046,890	$2,652,350	$3,699,240

Total estimated cash requirements related to construction projects consist of the following (dollars in thousands):

	2009	2010-2013	Total 5 - Year
Construction Expenditures	$1,046,890	$2,652,350	$3,699,240
AFUDC	(72,956)	(309,958)	(382,914)
Net Salvage/ Cost of Removal	(11,747)	(48,051)	(59,798)
Net Customer Advances and CIAC	(41,676)	(168,969)	(210,645)
Total Cash Requirements	$920,511	$2,125,372	$3,045,883

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Contractual Obligations (NVE Consolidated)

The table below provides NVE's contractual obligations on a consolidated basis (except as otherwise indicated) that NVE expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt. Certain contracts contain variable factors which required NVE to estimate the obligation depending on the final variable amount. Actual amounts could differ. The table does not include estimated construction expenditures described above, except for major capital projects for which the Utilities have executed contracts by December 31, 2008, or Pension funding requirements as discussed in Note 11, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements, as of December 31, 2008. Additionally, at December 31, 2008, NVE has recorded a FIN 48 liability of $93.9 million, all of which is classified as non-current. NVE is unable to make a reasonably reliable estimate of the period of cash payments to relevant tax authorities; consequently, none of the FIN 48 liability is included in the contractual obligations table below (dollars in thousands):

	Payment Due by Period						
	2009	2010	2011	2012	2013	Thereafter	Total
NPC/SPPC Long-Term Debt Maturities	$600	$562,541	$364,000	$230,000	$ 250,000	$ 3,332,335	$4,739,476
NPC/SPPC Long-Term Debt Interest Payments	261,507	257,390	240,361	217,361	213,073	2,513,830	3,703,522
NVE Long-Term Debt Maturities	-	-	-	63,670	-	421,539	485,209
NVE Long-Term Debt Interest Payments	37,735	37,735	37,735	35,044	32,767	50,991	232,007
Purchased Power (1)	409,713	446,480	493,684	512,160	523,160	6,094,331	8,479,528
Coal, Natural Gas and Transportation	697,016	183,425	115,564	117,364	116,780	1,191,257	2,421,406
Long-Term Service Agreements (2)	31,348	31,630	31,920	32,219	32,526	169,819	329,462
Capital Projects (3)	332,797	166,124	8,113	-	30,638	-	537,672
Operating Leases	22,813	18,926	9,378	8,868	8,820	89,856	158,661
Capital Leases	12,467	12,466	9,630	9,493	9,510	32,668	86,234
Total Contractual Cash Obligations	$1,805,996	$1,716,717	$1,310,385	$1,226,179	$1,217,274	$13,896,626	$21,173,177

(1) Related party purchase power agreements have been eliminated.

(2) Includes long term service agreements for the Lenzie Generating Station, Silverhawk Generating Station, Higgins Generating Station and the Tracy Generating Station.

(3) Capital Projects include the tenant improvement project for the Beltway Complex, an operations center in southern Nevada, Harry Allen Generating Station Combined Cycle Project, and Clark Generating Station Units 5-8 Dry Low Nox Burner Project.

Pension Plan and Other Post-Retirement Matters

NVE has a qualified pension plan and other postretirement benefits plan which cover substantially all employees of NVE, NPC and SPPC. The annual net benefit cost for the plans is expected to increase in 2009 by approximately $31.7 million compared to the 2008 cost of $31.5 million. As of December 31, 2008, the measurement date, the plans were under funded under the provisions of FAS 158. Refer to Note 11, Retirement Plan and Post-Retirement Benefits, of the Notes to Financial Statements. During 2008, NVE funded a total of $100 million to the trusts established for these plans. At the present time it is expected that additional funding will be required in 2009 to meet the minimum funding level requirements defined by the Pension Protection Act of 2006. NVE's funding requirements may change subject to market conditions; as a result, NVE is unable to predict what the funding amount may be in 2009. NVE is expected to fund approximately $70 million to the trusts in 2009.

Financing Transactions (NVE-Holding Company)

Debt Repurchase

In the fourth quarter of 2008, NVE repurchased approximately $20 million of the 8.625% Senior Notes and approximately $19 million of the 6.75% Senior Notes. NVE used cash on hand to pay the total consideration of approximately $34.7 million, including accrued interest. As of December 31, 2008, the outstanding balances for the 6.75% Senior Notes and 8.625% Senior Notes were $191.5 million and $230 million, respectively.

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Factors Affecting Liquidity

Effect of Holding Company Structure

As of December 31, 2008, NVE (on a stand-alone basis) has outstanding debt and other obligations including, but not limited to: $63.7 million of its unsecured 7.803% Senior Notes due 2012; $191.5 million of its unsecured 6.75% Senior Notes due 2017; and $230 million of its unsecured 8.625% Senior Notes due 2014.

Due to the holding company structure, NVE's right as a common shareholder to receive assets of any of its direct or indirect subsidiaries upon a subsidiary's liquidation or reorganization is junior to the claims against the assets of such subsidiary by its creditors. Therefore, NVE's debt obligations are effectively subordinated to all existing and future claims of the creditors of NPC and SPPC and its other subsidiaries, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders.

As of December 31, 2008, NVE, NPC, SPPC and their subsidiaries had approximately $5.3 billion of debt and other obligations outstanding, consisting of approximately $3.4 billion of debt at NPC, approximately $1.4 billion of debt at SPPC and approximately $485 million of debt at the holding company and other subsidiaries. Although NVE and the Utilities are parties to agreements that limit the amount of additional indebtedness they may incur, NVE and the Utilities retain the ability to incur substantial additional indebtedness and other liabilities.

Dividends from Subsidiaries

Since NVE is a holding company, substantially all of its cash flow is provided by dividends paid to NVE by NPC and SPPC on their common stock, all of which is owned by NVE. Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which impose limits on investment returns or otherwise impact the amount of dividends that the Utilities may declare and pay.

In addition, certain agreements entered into by the Utilities set restrictions on the amount of dividends they may declare and pay and restrict the circumstances under which such dividends may be declared and paid. As a result of the Utilities' credit rating on their senior secured debt at investment grade by S&P and Moody's, these restrictions are suspended and no longer in effect so long as the debt remains investment grade by both rating agencies. In addition to the restrictions imposed by specific agreements, the Federal Power Act prohibits the payment of dividends from "capital accounts." Although the meaning of this provision is unclear, the Utilities believe that the Federal Power Act restriction, as applied to their particular circumstances, would not be construed or applied by the FERC to prohibit the payment of dividends for lawful and legitimate business purposes from current year earnings, or in the absence of current year earnings, from other/additional paid-in capital accounts. If, however, the FERC were to interpret this provision differently, the ability of the Utilities to pay dividends to NVE could be jeopardized.

Credit Ratings

NVE, NPC and SPPC are rated by four Nationally Recognized Statistical Rating Organizations (NRSRO's): DBRS, Fitch, Moody's and S&P. The senior secured debt of NPC and SPPC is rated investment grade by all four rating organizations. As of December 31, 2008**,** the ratings are as follows:

		Rating Agency			
		DBRS	Fitch	Moody's	S&P
NVE	Sr. Unsecured Debt	BB (low)	BB-	Ba3	BB
NPC	Sr. Secured Debt	BBB (low)*	BBB-*	Baa3*	BBB*
NPC	Sr. Unsecured Debt	Not rated	BB	Not rated	BB+
SPPC	Sr. Secured Debt	BBB (low)*	BBB-*	Baa3*	BBB*

*Investment grade

S&P's, Moody's and DBRS's rating outlook for NVE, NPC and SPPC is Stable. Fitch's rating outlook for NVE, NPC and SPPC is Positive.

A security rating is not a recommendation to buy, sell or hold securities. Security ratings are subject to revision and withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Energy Supplier Matters

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With respect to NPC's and SPPC's contracts for purchased power, NPC and SPPC purchase and sell electricity with counterparties under the WSPP agreement, an industry standard contract that NPC and SPPC use as members of the WSPP. The WSPP contract is posted on the WSPP website.

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Under these contracts, a material adverse change (e.g., a credit rating downgrade) in NPC and SPPC may allow the counterparty to request adequate financial assurance, which, if not provided within three business days, could cause a default. A default must be declared within 30 days of the event, giving rise to the default becoming known. A default will result in a termination payment equal to the present value of the net gains and losses for the entire remaining term of all contracts between the parties aggregated to a single liquidated amount due within three business days following the date the notice of termination is received. The mark-to-market value, which is substantially based on quoted market prices, can be used to roughly approximate the termination payment and benefit at any point in time. The net mark-to-market value as of December 31, 2008 for all suppliers continuing to provide power under a WSPP agreement would approximate a $326.3 million payment or obligation to NPC. No amounts would be due to or from SPPC. These contracts qualify for the normal purchases scope exception of SFAS 133, and as such, are not required to be mark-to-market on the balance sheet. Refer to Note 9, Derivatives and Hedging Activities, of the Notes to Financial Statements for further discussion.

Gas Supplier Matters

With respect to the purchase and sale of natural gas, NPC and SPPC use several types of standard industry contracts. The natural gas contract terms and conditions are more varied than the electric contracts. Consequently, some of the contracts contain language similar to that found in the WSPP agreement and other agreements have unique provisions dealing with material adverse changes, which primarily means a credit rating downgrade below investment grade. Forward physical gas supplies are purchased under index based pricing terms and as such do not carry forward mark-to-market exposure. Because of creditworthiness concerns, most contracts and confirmations for natural gas purchases have been modified or separate agreements have been made to either shorten the normal payment due date or require payment in advance of delivery. At the present time, no counter-parties require payment in advance of delivery.

Gas transmission service is secured under FERC Tariffs or custom agreements. These service contracts and Tariffs require the user to establish and maintain creditworthiness to obtain service or otherwise post cash or a letter of credit to be able to receive service. Service contracts are subject to FERC approved tariffs, which, under certain circumstances, require the Utilities to provide collateral to continue receiving service. NPC has one transmission counterparty for which it is required to post cash collateral or a letter of credit in the event of credit rating downgrades. For this counterparty if NPC's senior secured ratings from both Moody's and S&P are below investment grade, the maximum collateral amount would be $46.1 million. If NPC's senior unsecured rating from both Moody's and S&P are below investment grade the maximum collateral requirement would be $11.5 million.

Financial Gas Hedges

The Utilities enter into certain hedging contracts with various counterparties to manage the gas price risk inherent in purchased power and fuel contracts. The contracts require that the Utilities maintain their Moody's and S&P Sr. Unsecured or equivalent ratings in place at the time the contracts were entered into. In the event that the Utilities Sr. Unsecured debt rating is downgraded by two out of the three rating agencies, the counterparties have the right to require the Utilities to post cash or a letter of credit to the extent the counterparties have mark-to-market exposure to the Utilities, subject to certain caps. As of December 31, 2008, the maximum amount of collateral the Utilities would be required to post under these agreements is approximately $280.9 million based on mark-to-market values, which are substantially based on quoted market prices. Of this amount, approximately $171.0 million would be required if the Utilities are downgraded one level and an additional amount of approximately $109.9 million would be required if the Utilities are downgraded two levels.

Ability to Issue Debt

NV Energy, Inc.

Certain debt of NVE (holding company) places restrictions on debt incurrence, liens and dividends, unless, at the time the debt is incurred, the ratio of cash flow to fixed charges for NVE's (consolidated) most recently ended four quarter period on a pro forma basis is at least 2 to 1. Under this covenant restriction, as of December 31, 2008, NVE (consolidated) would be allowed to incur up to $862 million of additional indebtedness.

Notwithstanding this restriction, under the terms of the debt, NVE (consolidated) would still be permitted to incur debt including, but not limited to, obligations incurred to finance property construction or improvement, certain intercompany indebtedness, or indebtedness incurred to finance capital expenditures, pursuant to the two Utilities' IRPs. NPC and SPPC would also be permitted to incur a combined total of up to $500 million in indebtedness and letters of credit under their respective revolving credit facilities.

If the applicable series of debt is upgraded to investment grade by both Moody's and S&P, these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes remain investment grade by both Moody's and S&P (see Credit Ratings above).

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Nevada Power Company

Ability to Issue Debt

NPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and revolving credit facility agreement, and the terms of certain NVE debt.

On February 4, 2009, the PUCN approved NPC's request for financing authority to issue up to $1.25 billion of long-term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facility of up to $1.3 billion, and authority to refinance up to approximately $471 million of long-term debt securities.

NPC's $600 million Second Amended and Restated Revolving Credit Agreement dated November 2005, and its supplemental Revolving Credit Agreement, dated January 5, 2009, each contain two financial maintenance covenants. The first requires NPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires NPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, NPC was in compliance with these covenants. In order to maintain compliance with these covenants, NPC is limited to $898 million of additional indebtedness.

All other financial covenants contained in NPC's revolving credit facility agreement and its financing agreements are suspended, as NPC's senior secured debt is rated investment grade. However, if NPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, NPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, NPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. As of December 31, 2008, NPC's own covenant restriction of $898 million is less restrictive than NVE's cap on additional consolidated indebtedness of $862 million. As such, NPC is limited by NVE's cap on additional indebtedness.

Ability to Issue General and Refunding Mortgage Securities

To the extent that NPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, NPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under NPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of NPC's properties in Nevada. As of December 31, 2008, $3.3 billion of NPC's General and Refunding Mortgage Securities were outstanding. NPC had the capacity to issue $1.2 billion of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

Property additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

NPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent NPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the Indenture.

Sierra Pacific Power Company

Ability to Issue Debt

SPPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and its revolving credit facility agreement, and the terms of certain NVE debt.

As of December 31, 2008, SPPC had approximately $495 million of PUCN financing authority, which expires on December 31, 2009.

SPPC's $350 million Amended and Restated Revolving Credit Agreement dated November 2005, contains two financial maintenance covenants. The first requires SPPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of

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each fiscal quarter, not to exceed 0.68 to 1. The second requires SPPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, SPPC was in compliance with these covenants. In order to maintain compliance with these covenants, SPPC is limited to $452 million of additional indebtedness.

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All other financial covenants contained in SPPC's revolving credit facility and financing agreements are suspended as SPPC's senior secured debt is rated investment grade. However, if SPPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, SPPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, SPPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. However, as of December 31, 2008, SPPC's own covenant restriction of $452 million is more restrictive than NVE's cap on additional consolidated indebtedness of $862 million unless NVE or NPC were to issue debt in excess of $410 million.

Ability to Issue General and Refunding Mortgage Securities

To the extent that SPPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, SPPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under SPPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of SPPC's properties in Nevada and California. As of December 31, 2008, $1.7 billion of SPPC's General and Refunding Mortgage Securities were outstanding. SPPC had the capacity to issue $599 million of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

Property additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

SPPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent SPPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the Indenture.

Cross Default Provisions

None of the Utilities' financing agreements contains a cross-default provision that would result in an event of default by that Utility upon an event of default by NVE or the other Utility under any of their respective financing agreements. Certain of NVE's financing agreements, however, do contain cross-default provisions that would result in event of default by NVE upon an event of default by the Utilities under their respective financing agreements. In addition, certain financing agreements of each of NVE and the Utilities provide for an event of default if there is a failure under other financing agreements of that entity to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay other indebtedness) provide for a cure period of 30-60 days from the occurrence of a specified event, during which time NVE or the Utilities may rectify or correct the situation before it becomes an event of default.

ENERGY SUPPLY (UTILITIES)

The energy supply function at the Utilities encompasses the reliable and efficient operation of the Utilities' owned generation, the procurement of all fuels and purchased power and resource optimization (i.e., physical and economic dispatch).

The Utilities face energy supply challenges for their respective load control areas. There is the potential for continued price volatility in each Utility's service territory, particularly during peak periods. A greater dependence on generation from the wholesale market subjects power prices to price volatilities due to available supply and gas prices. Both Utilities face load obligation uncertainty due to the potential for customer switching. Some counterparties in these areas have significant credit difficulties, representing credit risk to the Utilities. Finally, each Utility's own credit situation can have an impact on its ability to enter into transactions.

In response to these energy supply challenges, the Utilities have adopted an approach to managing the energy supply function that has three primary elements. The first element is a set of management guidelines to procuring and optimizing the supply portfolio that is consistent with the requirements of a load serving entity with a full requirements obligation. The second element is an energy risk management and risk control approach that ensures clear separation of roles between the day-to-day management of risks and compliance monitoring and control; and ensures clear distinction between policy setting (or planning) and execution. Lastly, the Utilities will pursue a process of ongoing regulatory involvement and acknowledgement of the resource portfolio management plans.

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Energy Supply Planning

Within the energy supply planning process, there are three key components covering different time frames:

1. the PUCN-approved long-term IRP filed every three years, which has a twenty-year planning horizon;
2. the ESP, approved by the PUCN, which is an intermediate term resource procurement and risk management plan that establishes the supply portfolio strategies within which intermediate term resource requirements will be met, has a one to three year planning horizon; and
3. tactical execution activities with a one-month to twelve-month focus.

The ESP operates in conjunction with the PUCN-approved twenty-year IRP. It serves as a guide for near-term execution and fulfillment of energy needs. When the ESP calls for executing contracts with a duration of more than three years, the IRP regulations require PUCN approval as part of the resource planning process.

In developing and executing ESPs, management guidelines followed by the Utilities include:

- Maintaining an ESP that balances the goals of minimizing costs, risks and price volatility (retail price stability), while maximizing reliability and predictability of supply;
- Investigating feasible commercial options to execute the ESP;
- Applying quantitative techniques and diligence commensurate with risk to evaluate and execute each transaction;
- Monitoring the portfolio against evolving market conditions and managing the resource optimization options; and
- Ensuring transparent and well-documented decisions and execution processes.

Energy Risk Management and Control

The Utilities' efforts to manage energy commodity (electricity, natural gas, coal and oil) price risk are governed by the BOD's revised and approved Enterprise Risk Management and Control Policy. That policy created the EROC and made that committee responsible for the overall policy direction of the Utilities' risk management and control efforts. That policy further instructed the EROC to oversee the development of appropriate risk management and control policies including the Energy Risk Management and Control Policy.

The Utilities' commodity risk management program establishes a control framework based on existing commercial practices. The program creates predefined risk thresholds and delineates management responsibilities and organizational relationships. The program requires that transaction accounting systems and procedures be maintained for systematically identifying, measuring, evaluating and responding to the variety of risks inherent in the Utilities' commercial activities. The program's control framework consists of a disclosure and reporting mechanism designed to keep management fully informed of the operation's compliance with portfolio and credit limits.

The Utilities, through the purchase and sale of financial instruments and physical products, maintain an energy risk management program that limits energy risk to levels consistent with ESPs approved by the Chief Executive Officer and the EROC.

Regulatory Issues

The Utilities' long-term IRPs are filed with the PUCN for approval every three years. Nevada law provides that resource additions approved by the PUCN in the resource planning process are deemed prudent for ratemaking purposes. NPC's last IRP was filed in June 2006 and received approval in November 2006. SPPC's last IRP was filed in June 2007 and received approval in December 2007. Between IRP filings, the Utilities are required to seek PUCN approval for modifications to their resource plans and for power purchases with terms of three years or greater by filing amendments to prior IRP filings. NPC's and SPPC's next IRP filings will be in 2009 and 2010, respectively.

The Utilities also seek regulatory input and acknowledgement of intermediate term ESPs. The Utilities feel this is necessary to ensure that the appropriate levels of risks are being mitigated at reasonable costs, the appropriate levels of risks are being retained in the portfolio, and decisions to manage risks with best available information at the point in time when decisions are made are subject to reasonable mechanisms for recovery in rates.

Intermediate Term ESPs

The Utilities update their intermediate term ESPs annually. In August 2008, both SPPC and NPC filed their ESP updates for the periods 2009-2010 and 2009 respectively. Both plans were approved by the EROC and the CEO prior to submission to the PUCN. The ESPs operate within the framework of the PUCN-approved 20-year IRPs and serve as a guide for near-term execution and fulfillment of energy needs. When the ESPs call for the execution of contracts of duration of more than three years, an amendment to the IRP is prepared and submitted for PUCN approval. The fuel, power procurement and risk management strategies contained in the ESPs filed in 2008 were found to

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be reasonable and prudent by the PUCN in December 2008. In August 2008, SPPC filed the Fourth Amendment to its 2007 IRP and NPC filed the Ninth Amendment to its 2006 IRP as they relate to the Carson Lake Geothermal Power Project.

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In October 2008, NPC acquired the Higgins Generating Station, a 598 MW (nominally rated) natural gas-fired, combined-cycle power plant located near Primm, NV, approximately 35 miles south of Las Vegas. For the remainder of their power needs, the PUCN-approved ESPs provide for a competitive acquisition process to secure the required resources. Both Utilities have issued RFPs and executed forward contracts for their resource needs for the summer of 2009. The portfolio mix consists of owned generating resources, forward contracts for power and peaking and seasonal capacity, or synthetic tolling based contracts (i.e., power prices indexed to gas prices), to meet the following requirements:

- Optimize the tradeoff between overall fuel and purchased power cost and market price and supply risk.
- Pursue in-region capacity to enhance long-term regional reliability.
- Represent the set of transactions/products available in the market.
- Reduce credit risk—in a market with some counter-parties in weak financial conditions.
- Procure to match a difficult load profile, to the extent possible.
- Hedge the gas price risk exposure in the fuel portfolio through the purchase of a set of risk management options.
- Manage energy price risk through ongoing intermediate and short-term optimization activities (e.g., optimizing the dispatch of NPC generation and/or buying directly from the market).

Both of the ESPs reflect the Utilities' strategies, embedded in their filed IRPs, to minimize supply and price risk through acquisition or construction of company owned generating resources in the intermediate term (e.g., peaking capacity at the Clark Generating Station; the Tracy Generating Station combined cycle addition), forward contracts to meet capacity needs in the shorter term, and pursuit of fuel diversity options such as coal and renewables in the longer term.

Long Term Purchased Power Activities

The Utilities update their long-term ESPs on an annual basis in concert with the preparation of their respective ESPs, which are described in the preceding section. As noted above, the ESPs serve as a guide for near-term execution and fulfillment of energy needs. When the ESPs call for contracts of duration more than three years, RFPs are issued, bids are evaluated, and contracts are executed with the successful bidders. Those contracts are submitted to the PUCN for approval through an amended IRP.

Currently, NPC has approximately 1,686 MWs of long term contracts for non-renewable resources with various providers, terms and expiration dates. SPPC currently has 278 MWs of long term contracts for non-renewable resources with various providers, terms and expiration dates.

Currently, NPC has long-term contracts for renewable resources with nameplate capacities of 404 MWs, of which 325 MWs are under construction, and SPPC has similar contracts for 192 MWs. Pursuant to those contracts, NPC and SPPC will receive renewable energy and associated PECs from solar, geothermal, hydroelectric, and biomass facilities.

Short-Term Resource Optimization Strategy

The Utilities' short-term resource optimization strategy involves both day-ahead (next day through the end of the current month) and real-time (next hour through the end of the current day) activities that require buying, selling and scheduling power resources to determine the most economical way to produce or procure the power resources needed to meet the retail customer load and operating reserve requirement. The Utilities commit and dispatch generating units based on the comparative economics of generation versus spot-market purchase opportunities. Any amount of excess capacity or energy is sold on the wholesale market, while any deficient capacity or energy position is filled by either buying on the spot market or utilizing available generating capacity.

The day-ahead resource optimization begins with an analysis of projected hourly loads, existing resources and operating reserve requirements. Firm forward take-or-pay contracts are scheduled and counted towards meeting the capacity needs of the day being pre-scheduled. The day-of resource optimization involves minimizing system production costs each hour by lowering or raising generating unit output or buying power and/or selling excess power in the wholesale market all in order to meet the system load requirement and operating reserve requirement. Any sale of excess power priced above the incremental cost of producing such power reduces the net production cost of operating the electrical system and thereby benefits the end use customer. The Utilities endeavor to reduce the electrical systems' net production cost by selling available excess energy when it exists.

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Real-time resource optimization requires an hourly determination of whether to increase or decrease the loading of on-line generating units, commit previously off-line generating units, un-commit on-line generating units, sell excess power, or purchase power in the real-time market to meet the companies' resource needs. In order to achieve the lowest production cost, the projected incremental or decremental cost of the next available generation resource options is compared to determine the lowest cost option.

NEVADA POWER COMPANY

RESULTS OF OPERATIONS

NPC recognized net income of $151.4 million in 2008 compared to net income of $165.7 million in 2007 and $224.5 million in 2006. In 2008 NPC paid dividends to NVE of approximately $54.9 million. In February 2009, NPC declared a dividend of approximately $22 million to NVE. Details of NPC's operating results are further discussed below.

Gross margin is presented by NPC in order to provide information that management believes aids the reader in determining how profitable the electric business is at the most fundamental level. Gross margin, which is a "non-GAAP financial measure" as defined in accordance with SEC rules, provides a measure of income available to support the other operating expenses of the business and is a key factor utilized by management in its analysis of its business.

NPC believes presenting gross margin allows the reader to assess the impact of NPC's regulatory treatment and its overall regulatory environment on a consistent basis. Gross margin, as a percentage of revenue, is primarily impacted by the fluctuations in electric and natural gas supply costs versus the fixed rates collected from customers. While these fluctuating costs impact gross margin as a percentage of revenue, they only impact gross margin amounts if the costs cannot be passed through to customers. Gross margin, which NPC calculates as operating revenues less fuel and purchased power costs, provides a measure of income available to support the other operating expenses of NPC. For reconciliation to operating income, see Note 2, Segment Information in the Notes to Financial Statements. Gross margin changes based on such factors as general base rate adjustments (which are required to be filed by statute every three years) and reflect NPC's strategy to increase self generation versus purchased power, which generates no gross margin.

The components of gross margin for the years ended December 31 (dollars in thousands):

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Operating Revenues:					
Electric	$2,315,427	-1.7 %	$2,356,620	10.9 %	$2,124,081
Energy Costs:					
Fuel for power generation	755,925	27.2 %	594,382	7.5 %	552,959
Purchased power	680,816	-1.1 %	688,606	-10.0 %	764,850
Deferral of energy costs - net	(6,947)	-103.0 %	233,166	152.6 %	92,322
	$1,429,794	-5.7 %	$1,516,154	7.5 %	$1,410,131
Gross Margin before reinstatement of Deferred Energy Costs	$885,633	5.4 %	$840,466	17.7 %	$713,950
Reinstatement of Deferred Energy Costs[1]	$-	N/A	$-	N/A	$178,825
Gross Margin after reinstatement of Deferred Energy Costs	$885,633	5.4 %	$840,466	-5.9 %	$892,775

[1]Gross Margin for the year ended December 31, 2006 increased significantly from prior periods primarily due to the reinstatement of deferred energy costs as discussed further in Note 3, Regulatory Actions of the Notes to Financial Statements.

NPC's gross margin increased for the year ended 2008 compared to the same period in 2007, primarily due to an increase in BTGR as a result of NPC's 2006 GRC, effective June 1, 2007 and increased customer growth partially offsetting these increases was a decrease in customer usage due to cooler weather and a change in customer usage patterns.

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NPC's gross margin before reinstatement of deferred energy cost increased for the year ended 2007 compared to the same period in 2006 primarily due to an increase in BTGR revenue, as discussed above, and an increase in customer growth.

The causes for significant changes in specific lines comprising the results of operations for NPC for the respective years ended are provided below (dollars in thousands except for amounts per unit).

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Electric Operating Revenue

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Electric Operating Revenues:					
Residential	$1,064,510	-3.4 %	$1,102,418	13.0 %	$975,568
Commercial	471,236	-2.0 %	480,613	8.6 %	442,477
Industrial	678,117	-0.9 %	684,221	8.3 %	631,762
Retail Revenues	2,213,863	-2.4 %	2,267,252	10.6 %	2,049,807
Other	101,564	13.6 %	89,368	20.3 %	74,274
Total Revenues	$2,315,427	-1.7 %	$2,356,620	10.9 %	$2,124,081
Retail sales in thousands of megawatt-hours (MWh)	21,381	-1.1 %	21,621	3.8 %	20,820
Average retail revenue per MWh	$103.54	-1.3 %	$104.86	6.5 %	$98.45

NPC's retail revenues decreased in 2008 compared to 2007 due to decreases in retail rates and decreases in customer usage as a result of cooler summer weather and changes in customer usage patterns. Retail rates decreased as a result of NPC's various BTER quarterly cases and Deferred Energy Cases partially offset by an increase in rates as a result of NPC's 2006 GRC, effective June 1, 2007, see Note 3, Regulatory Actions in the Notes to Financial Statements. In 2007, NPC experienced hotter summer weather, whereas in 2008, NPC experienced milder summer weather. Average residential, commercial, and industrial customers increased by 0.8%, 2.6% and 3.8%, respectively.

NPC's retail revenues increased in 2007 compared to 2006 due to increases in retail rates, customer growth and hotter summer weather. Retail rates increased as a result of NPC's various BTER and Deferred Energy Cases and NPC 2006 GRC, effective June 1, 2007 (see Note 3, Regulatory Actions of the Notes to Financial Statements). Average residential, commercial and industrial customers increased by 2.7%, 4.6% and 4.6%, respectively.

Electric Operating Revenues – Other increased in 2008 compared to 2007, primarily due to the elimination of the reclassification of revenues associated with the Mohave Generating Station, as a result of NPC's 2006 GRC which in 2007 were reclassified to Other Regulatory Assets as a result of the shut down of the Mohave Generating Station. For further discussion on the Mohave Generating Station, refer to Note 1, Summary of Significant Accounting Policies in the Notes to Financial Statements. Also contributing to the increase was transmission related revenue as a result of the Calpine settlement, as discussed further in Note 13, Commitments and Contingencies. This increase was partially offset by a decrease in energy usage by Public Authority customers due to their transitioning to DOS by purchasing their energy from other sources, as allowed by Nevada law under certain circumstances.

Electric Operating Revenues – Other increased in 2007 compared to 2006, primarily due to a decrease in the reclassification of revenues in 2007 associated with the Mohave Generating Station which have been reclassified to Other Regulatory Assets as a result of the shut down of the Mohave Generating Station. For further discussion on the Mohave Generating Station, refer to Note 1, Summary of Significant Accounting Policies in the Notes to Financial Statements. This increase was partially offset by a decrease in energy usage by Public Authority customers due to their transitioning to DOS by purchasing their energy from other sources, as allowed by Nevada law under certain circumstances.

Energy Costs

Energy Costs include Fuel for Generation and Purchased Power. Energy costs are dependent upon several factors which may vary by season or period. As a result, NPC's usage and average cost per MWh of Fuel for Generation versus Purchased Power to meet demand can vary significantly. Factors that may affect Energy Costs include, but are not limited to:

- Weather
- Generation efficiency
- Plant outages
- Total system demand
- Resource constraints
- Transmission constraints

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- Natural gas constraints,
- Long term contracts; and
- Mandated power purchases

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	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Energy Costs	$1,436,741	12.0 %	$1,282,988	-2.6 %	$1,317,809
Total System Demand	22,158	-3.8 %	23,030	2.8 %	22,408
Average cost per MWh	$64.84	16.4 %	$55.71	-5.3 %	$58.81

Energy Costs and the average cost per MWh increased for the year ended December 31, 2008 compared to the same period in 2007 primarily due to higher natural gas prices. Total system demand decreased primarily due to a decrease in customer usage as a result of cooler weather and a change in customer usage patterns.

Energy costs and the average cost per MWh decreased for the year ended December 31, 2007 as compared to 2006 primarily due to NPC's increased ability to generate its own power economically and a decrease in natural gas prices. The decrease in the average cost per MWh was partially offset by an increase in the average cost per MWh for purchased power due to hotter weather. NPC's generation capacity is not sufficient to meet total system demand, particularly during peak times, therefore it must purchase power which is on average typically more expensive than internal generation. Total system demand increased slightly as a result of hotter weather and customer growth.

Fuel for Power Generation

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Fuel for Power Generation	$755,925	27.2 %	$594,382	7.5 %	$552,959
Thousands of MWhs generated	14,968	3.1 %	14,520	19.4 %	12,160
Average fuel cost per MWh of Generated Power	$50.50	23.4 %	$40.94	-10.0 %	$45.47

Fuel for power generation costs and the average cost per MWh increased for the year ended December 31, 2008 compared to the same period in 2007 primarily due to higher natural gas prices partially offset by a decrease in the cost of hedging instruments. MWhs generated increased due to increased self generation as a result of the addition of the Clark Peaking Units and the acquisition of the Higgins Generating Station.

Fuel for power generation costs increased for the year ended December 31, 2007 compared to the same period in 2006 primarily due to an increase in volume. The additions of the Silverhawk Generating Station and the Lenzie Generating Station, which are highly efficient generating plants, greatly increased NPC's ability to generate power at economical rates. As a result volume has increased significantly in 2007 when compared to 2006. Also contributing to the increase in volume was a 2.8% growth in total system demand as a result of hotter weather and customer growth. The average cost per MWh decreased primarily due to lower natural gas prices and efficiency of the Lenzie Generating Station and the Silverhawk Generating Station.

Purchased Power

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Purchased Power	$680,816	-1.1 %	$688,606	-10.0 %	$764,850
Purchased power in thousands of MWhs	7,190	-15.5 %	8,510	-17.0 %	10,248
Average cost per MWh of Purchased power	$94.69	17.0 %	$80.92	8.4 %	$74.63

Purchased power costs decreased for the year ended December 31, 2008 compared to the same period in 2007 primarily due to a decrease in volume partially offset by higher natural gas prices. MWhs decreased primarily as a result of an increase in self generation and a

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decrease in total system demand. The average cost per MWh of purchased power for the year ended December 31, 2008 increased primarily due to higher natural gas prices partially offset by a decrease in the cost of hedging instruments.

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Purchased power costs decreased for the year ended December 31, 2007 compared to the same period in 2006 primarily due to a decrease in volume. The average cost per MWh increased due to fixed capacity charges associated with long term Qualified Facility contracts and other mid to long term contracts, coupled with a decrease in volume for the year. Also contributing to the increase in average cost of MWh was hotter weather, particularly during the third quarter 2007, which increased the demand for electricity and therefore required NPC to purchase additional power at peak rates.

Deferral of Energy Costs – Net

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Reinstatement of deferred energy	$-	N/A	$-	N/A	$(178,825)
Deferral of energy costs - net	(6,947)	-103.0 %	233,166	152.6 %	92,322
	$(6,947)	-103.0 %	$233,166	369.5 %	$(86,503)

Reinstatement of deferred energy represents the July 2006 decision by the Nevada Supreme Court which allowed NPC to recover $178.8 million of previously disallowed deferred energy costs. In March 2007, the PUCN approved the settlement agreement allowing NPC to recover such costs. Reference further discussion in Note 3, Regulatory Actions of the Notes to Financial Statements.

Deferral of energy costs – net represent the difference between actual fuel and purchased power costs incurred during the period and amounts recoverable through current rates. To the extent actual costs exceed amounts recoverable through current rates, the excess is recognized as a reduction in costs. Conversely to the extent actual costs are less than amounts recoverable through current rates, the difference is recognized as an increase in costs. Deferred energy costs – net also include the current amortization of fuel and purchased power costs previously deferred. See Note 1, Summary of Significant Accounting Policies, Deferral of Energy Costs of the Notes to Financial Statements for further detail of deferred energy balances.

Amounts for 2008, 2007 and 2006 include amortization of deferred energy costs of $132.6 million, $177.3 million and $120.5 million, respectively; and an under-collection of amounts recoverable in rates of $139.6 million in 2008, an over-collection of $55.8 million in 2007, and an under-collection of $28.2 million in 2006.

Allowance for Funds Used During Construction

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Allowance for other funds used during construction	$ 25,917	63.4 %	$15,861	34.9 %	$11,755
Allowance for borrowed funds used during construction	20,063	52.0 %	13,196	13.6 %	11,614
	$45,980	58.2 %	$29,057	24.3 %	$23,369

AFUDC increased for the year ended December 31, 2008 compared to 2007 primarily due to an increase in the CWIP balance due to the expansion of the Clark Peaking Units. One block was completed in July 2008 and the remaining two blocks were completed by the end of 2008.

AFUDC was higher in 2007 compared to 2006 primarily due to construction of the Clark Peaking Units partially offset by the completion of the Lenzie Blocks 1 and 2 in early spring of 2006.

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Other (Income) and Expenses

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Other operating expense	$249,236	7.1 %	$232,610	6.6 %	$218,120
Maintenance expense	$63,282	-6.2 %	$67,482	9.0 %	$61,899
Depreciation and amortization	$171,080	12.4 %	$152,139	7.5 %	$141,585
Interest charges on long-term debt	$180,672	10.2 %	$164,002	-4.2 %	$171,188
Interest charges-other	$26,213	9.9 %	$23,861	40.0 %	$17,038
Carrying charge for Lenzie	$-	N/A	$(16,080)	51.9 %	$(33,440)
Interest accrued on deferred energy	$(7,342)	-71.0 %	$(25,289)	-15.5 %	$(21,902)
Other income	$(16,631)	15.3 %	$(14,423)	-15.1 %	$(16,992)
Other expense	$10,221	-10.0 %	$11,352	33.9 %	$8,480

Other operating expense increased in 2008 compared to 2007, primarily due to the reversal of a reserve established for Enron legal fees in 2007. In March 2007, the PUCN granted recovery of these expenses, see Note 3, Regulatory Actions, of the Notes to Financial Statements for further discussion. Additionally, in 2007 certain consulting fees were reclassified to a regulatory asset, reducing expense. Also contributing to the increase in other operating expenses were higher costs for regulatory amortizations in 2008 as compared to the same period in 2007, as well as an increase in reserves for uncollectible accounts; partially offset by a decrease in claims and labor costs.

Other operating expense increased in 2007 compared to 2006 as a result of higher operating expenses for the Navajo Generating Station, operating costs associated with the Centennial Transmission line that was placed in service in 2007, increased costs for claims, legal fees and higher regulatory amortizations, partially offset by lower consulting fees and the reversal of Enron legal fees, which are now being recovered in rates as a result of NPC's Western Energy Crisis Rate Case, as discussed above. Additionally, in 2006, operating expenses were lower primarily as a result of the settlement of contingency fees associated with Enron in the second quarter and a reallocation of expenses to our joint facility partner which decreased other operating expenses.

Maintenance expense decreased in 2008 compared to 2007 due to a forced outage at the Harry Allen Generating Station and maintenance costs incurred for the Lenzie Generating Station in 2007; partially offset by a major turbine overhaul at the Clark Generating Station as well as major forced outages at the Reid Gardner Generating Station in 2008.

Maintenance expense increased for 2007 compared to 2006 mainly due to the operation of the Lenzie Generating Station Units 1 and 2, which were placed in service in January 2006 and April 2006, respectively, the timing of outages at the Reid Gardner Generating Station (forced outages and scheduled maintenance in 2007 and deferred maintenance in 2006) and forced outages at the Harry Allen Generating Station in 2007. Also contributing to the increase were costs incurred to implement new transmission compliance requirements. These expenses were partially offset by scheduled and forced outages at the Clark Generating Station in 2006 and deferred maintenance in 2007.

Depreciation and amortization increased for the year ended December 31, 2008 compared to the same period in 2007 primarily due to an increase in plant-in-service. Plant-in-service increased primarily as a result of the inclusion of the Lenzie Generating Station in depreciation, beginning June 2007, as a result of NPC's 2006 GRC, the completion of the Clark Peaking units in the latter part of 2008, and the purchase of the Higgins Generating Station in October of 2008. This increase was partially offset by deferred taxes for the Temporary Renewable Energy Development trust ("TRED trust").

Depreciation and amortization increased for the year ended December 31, 2007 compared to the same period in 2006 primarily due to the inclusion of the Lenzie Generating Station in depreciation, beginning June 2007, an adjustment for the Silverhawk Generating Station depreciation based on regulatory clarification, an increase to plant-in-service for the Harry Allen Generating Station No. 4 in May 2006, an increase to plant-in-service for Centennial Transmission Project in March 2007, partially offset by the overall reduction in depreciation rates, as ordered by the PUCN in NPC's 2006 GRC.

Interest charges on Long-Term Debt increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to the issuance of $500 million Series S General and Refunding Mortgage Notes in July 2008, the issuance of $350 million in Series R General and Refunding Mortgage Notes. This increase was partially offset by the redemption of the Series G General and Refunding Mortgage Notes of approximately $210.3 million in June 2007 and the remaining $17.2 million in August 2008.

Interest charges on Long-Term Debt decreased for the year ended December 31, 2007, compared to 2006 due primarily to various re-financings of debt in 2006 and 2007 at lower interest rates and a decrease in the use of the Revolving Credit Facility in 2007. Interest expense

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for the Revolving Credit Facility was approximately $6.5 million in 2007 compared to $12 million in 2006. See Note 6, Long-Term Debt of the Notes to Financial Statements for additional information regarding long-term debt.

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Interest charges-other increased for the year ended December 31, 2008, as compared to the same period in 2007, primarily due to interest charges related to IRS income tax settlements, as well as interest expense associated with refunds for construction advances. This expense was partially offset by lower interest associated with customer transmission deposits in 2008.

Interest charges-other increased for the year ended December 31, 2007, when compared to the same period in 2006, due to amortization of debt issuances and redemption costs, as well as additional interest associated with customer transmission deposits, and lease of property. See Note 6, Long-Term Debt of the Notes to Financial Statements, for additional information regarding long-term debt.

Carrying charges on the Lenzie Generating Station represent carrying charges earned on the incurred debt component of the acquisition and construction costs of the completed Lenzie Generating Station. The PUCN authorized NPC to accrue a carrying charge for the cost of acquisition and construction until the plant is included in rates. Carrying charges decreased for the year ended December 31, 2008, as compared to the same period in 2007, as a result of NPC's 2006 GRC, which includes the cost of the Lenzie Generating Station in rates. See Note 1, Summary of Significant Accounting Policies, of the Notes to Financial Statements for discussion of the accounting for the carrying charge for the Lenzie Generating Station and Note 3, Regulatory Actions of the Notes to Financial Statements for discussion of NPC's 2006 GRC.

Interest accrued on deferred energy decreased for the year ended December 31, 2008, when compared to the same period in 2007 primarily due to the reinstatement in 2007 of approximately $11.1 million, before taxes, for interest on deferred energy which was approved by the PUCN in 2007. See Note 3, Regulatory Actions of the Notes to Financial Statements for discussion. Also contributing to the decrease was lower deferred energy balances, partially offset by carrying charges associated with NPC's Western Energy Crisis Rate Case, which began June 1, 2007. Interest accrued on deferred energy increased for the year ended December 31, 2007, when compared to the same period in 2006, primarily due to the reinstatement of interest on deferred energy discussed above and carry charges associated with NPC's Western Energy Crisis Rate Case, partially offset by lower deferred energy balances. See Note 3, Regulatory Actions of the Notes to Financial Statements for further details of deferred energy balances.

Other income increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to carrying charges on energy conservation programs and the gain from the settlement with Calpine as discussed further in Note 13, Commitments and Contingencies in the Notes to Financial Statements. This income was partially offset by lower interest income in 2008 and the adjustment for and expiration of the amortization of gains associated with the disposition of property. Other income decreased for the year ended December 31, 2007, compared to the same period in 2006, due to lower interest income, and the adjustment for and expiration of the amortization of gains associated with the disposition of property.

Other expense decreased during for the year ended December 31, 2008, compared to the same period in 2007, primarily due to a decrease in deferred compensation costs and donations, partially offset by an increase in advertising costs.

Other expense increased for the year ended December 31, 2007 compared to the same period in 2006 due primarily to costs associated with the Energy Savings Project for the Clark County School District, as agreed upon in the Reid Gardner Consent Decree discussed in Note 13, Commitments and Contingencies of the Notes to Financial Statements.

ANALYSIS OF CASH FLOWS

NPC's cash flows decreased during the year ended December 31, 2008 compared to the same period in 2007 due to a decrease in cash from operating activities and an increase in cash used for investing activities, offset partially by an increase in cash from financing activities.

Cash From Operating Activities. The decrease in cash from operating activities was primarily due to increases in fuel and purchased power costs in excess of revenue collected in rates and a decrease in the collection of previously approved deferred energy costs. Also contributing to the decrease in cash from operating activities was the timing of payments to vendors, increases in expenditures for conservation programs, site studies and other regulatory activities in 2008. The decrease was partially offset by the settlement with Calpine, prepaid transmission revenue, a reduction in outstanding receivables and lower funding of retirement plans.

Cash Used By Investing Activities. Cash used by investing activities increased primarily due to the purchase of a 598 MW (nominally rated) natural gas fired, combined cycle generating station from Reliant Energy, Inc, now known as the Higgins Generating Station, for approximately $510 million, construction at the Harry Allen Generating Station, environmental compliance upgrades and increase in construction for infrastructure, offset partially by the closing stages of major construction activity for the peaking units at the Clark Generating Station, which began in 2007.

Cash From Financing Activities. Cash from financing activities increased due to the proceeds from the issuance of $500 million 6.5% General and Refunding Mortgage Notes, Series S, due 2018, draws on the long term revolving credit facility primarily for the purchase of the Higgins Generating Station and an investment of $147 million by NVE, partially offset by higher dividends paid to NVE.

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NPC's cash flows increased during the year ended December 31, 2007, when compared to the same period in 2006 due to an increase in cash from operating activities offset by a decrease in cash from financing activities and an increase in cash used by investing activities.

Cash From Operating Activities. Cash flows from operating activities increased during the year ended December 31, 2007 compared to the same period in 2006 primarily due to increased operating income (excluding Reinstated Deferred Energy). Operating income (excluding Reinstated Deferred Energy) increased primarily as a result of increases in rates due to NPC's GRC, the Western Energy Crisis Rate Case and the 2001 Deferred Energy Case as discussed in Note 3, Regulatory Actions of the Notes to Financial Statements. In addition, operating cash flow (excluding Reinstated Deferred Energy) increased as a result of a decrease in payments made to suppliers, the timing of payments, improved credit terms with suppliers resulting in a decrease in deposits and prepayments, a BTER rate which better reflected actual energy costs, a decrease in interest paid and the net settlement with Enron, offset by an increase in funding for retirement plans.

Cash Used By Investing Activities. Cash used by investing activities for the year ended December 31, 2007 increased compared to the same period in 2006. The increase is primarily due to 2007 expenditures for the Clark Peaking Units, the EEC and utility infrastructure to support the growth in the Las Vegas area, compared to expenditures for the Silverhawk and Lenzie Generating Stations in 2006.

Cash From Financing Activities. Cash flows from financing activities decreased for the year ended December 31, 2007 compared to the same period in 2006 due to a decrease in financing activities and capital contributions from NVE. Financing activities decreased as a result of the utilization of cash generated from operating activities.

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LIQUIDITY AND CAPITAL RESOURCES

Overall Liquidity

NPC's primary source of operating cash flows is electric revenues, including the recovery of previously deferred energy costs. Significant uses of cash flows from operations include the purchase of electricity and natural gas, other operating expenses, capital expenditures and the payment of interest on NPC's outstanding indebtedness. Operating cash flows can be significantly influenced by factors such as weather, regulatory outcome, and economic conditions.

Available Liquidity as of December 31, 2008 (in millions)

	NPC
Cash and Cash Equivalents	$28.6
Balance available on Revolving Credit Facility [1][2]	164.0
	$192.6

(1) NPC's available balance reflects management's estimate of a reduction in availability under its $600 million revolving credit facility of approximately $11.0 million as a result of the bankruptcy of a lending bank.

(2) As of February 20, 2009, NPC had approximately $289.7 million available under its revolving credit facilities, which reflects the reduction discussed under (1) above and outstanding letter of credits of $15.3 million. This balance includes the combined amount available under the multi-year revolving credit facility and the 364-day supplemental revolving credit facility, described below.

NPC attempts to maintain its cash and cash equivalents in highly liquid investments, such as United States treasury bills. In addition to cash on hand and the revolving credit facilities, NPC may issue debt up to $862 million on a consolidated basis, subject to certain limitations discussed below. NPC has no significant debt maturities in 2009 or 2010, except for the balances on its revolving credit facilities, which, as of February 20, 2009 is $374.1 million. On February 4, 2009, the PUCN approved NPC's request for financing authority to issue up to $1.25 billion of long-term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facilities of up to $1.3 billion, and authority to refinance up to approximately $471 million of long-term debt securities.

In 2008, NVE contributed capital to NPC of approximately $146.6 million for general corporate purposes. In 2008, NPC paid dividends to NVE of approximately $54.9 million.

NPC anticipates that it will be able to meet short-term operating costs, such as fuel and purchased power costs, with internally generated funds, including the recovery of deferred energy and the use of its revolving credit facilities. To manage liquidity needs as a result of seasonal peaks in fuel requirements, NPC may use hedging activities. In order to fund long-term capital requirements, NPC will likely meet such financial obligations with a combination of internally generated funds, the use of the revolving credit facilities, the issuance of long-term debt, and capital contributions from NVE.

NPC designs operating and capital budgets to control operating costs and capital expenditures. In addition to operating expenses, NPC has continuing commitments for capital expenditures for construction, improvement and maintenance of facilities.

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Detailed below are NPC's Capital Structure, Capital Requirements, Contractual Obligations, recently completed Financing Transactions and Factors Affecting Liquidity, including our ability to obtain debt on favorable terms.

Capital Structure

NPC's actual consolidated capital structure was as follows at December 31 (dollars in thousands):

	2008		2007	
	Amount	Percent of Total Capitalization	Amount	Percent of Total Capitalization
Current Maturities of Long-Term Debt	$8,691	0.1 %	$8,642	0.2 %
Long-Term Debt	3,385,106	56.2 %	2,528,141	51.4 %
Common Equity	2,627,567	43.7 %	2,376,740	48.4 %
Total	$6,021,364	100.0 %	$4,913,523	100.0 %

Capital Requirements

Construction Expenditures

NPC's cash requirement for construction expenditures for 2009 is projected to be $731.2 million. The majority of this requirement is for the construction of the 484 MW (nominally rated) Harry Allen Generating Station. NPC's cash requirements for construction expenditures for 2009 through 2013 are projected to be $2.2 billion. Cash used by investing activities for the years ended 2008, 2007 and 2006 were approximately $1.3 billion, $729 million, and $620 million, respectively. To fund future capital projects NPC may meet such financial obligations with a combination of internally generated funds, the use of its revolving credit facilities, the issuance of long-term debt, and if necessary, capital contributions from NVE.

Contractual Obligations

The table below provides NPC's consolidated contractual obligations that NPC expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt. Certain contracts contain variable factors which required NPC to estimate the obligation depending on the final variable amount. Actual amounts could differ. The table does not include estimated construction expenditures described above, except for major capital projects for which NPC has executed contracts by December 31, 2008. Additionally, at December 31, 2008, NPC has recorded a $48.5 million liability in accordance with FIN 48, all of which is classified as non-current. NPC is unable to make a reasonably reliable estimate of the period of cash payments to relevant tax authorities; consequently, none of the FIN 48 liability is included in the contractual obligations table below (dollars in thousands):

	Payment Due by Period						
	2009	2010	2011	2012	2013	Thereafter	Total
Long-Term Debt Maturities [(1)]	$-	$409,629	$364,000	$130,000	$-	$2,448,835	$3,352,464
Long-Term Debt Interest Payments	189,551	186,072	169,043	150,470	148,005	1,712,597	2,555,738
Purchased Power	306,459	347,614	399,369	420,594	430,237	5,158,546	7,062,819
Coal, Natural Gas and Transportation	415,086	90,590	57,040	73,926	73,799	944,739	1,655,180
Long-Term Service Agreements [(2)]	26,108	26,390	26,680	26,979	27,286	129,610	263,053
Capital Projects [(3)]	332,797	166,124	8,113	-	30,638	-	537,672
Operating Leases	11,249	9,100	6,678	6,353	6,312	52,517	92,209
Capital Leases	12,467	12,466	9,630	9,493	9,510	32,668	86,234
Total Contractual Cash Obligations	$1,293,717	$1,247,985	$1,040,553	$817,815	$725,787	$10,479,512	$15,605,369

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(1) Long Term Debt Maturities for 2010 includes amounts outstanding under NPC's $600 million Revolving Credit Facility.

(2) Includes long term service agreements for the Lenzie Generating Station, the Silverhawk Generating Station, and the Higgins Generating Station.

(3) Capital Projects include tenant improvement project for the Beltway Complex, an operations center in southern Nevada, Harry Allen Generating Station Combined Cycle Project, Goodsprings Energy Recovery project, and the Clark Generating Station Units 5-8 Dry Low Nox Burner project.

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Pension Plan and Other Post-Retirement Matters

NVE has a qualified pension plan and other postretirement benefits plan which cover substantially all employees of NVE, NPC and SPPC. The annual net benefit cost for the plans is expected to increase in 2009 by approximately $31.7 million compared to the 2008 cost of $31.5 million. As of December 31, 2008, the measurement date, the plans were under funded under the provisions of FAS 158. Refer to Note 11, Retirement Plan and Post-Retirement Benefits, of the Notes to Financial Statements. During 2008, NVE funded a total of $100 million to the trusts established for these plans. At the present time it is expected that additional funding will be required in 2009 to meet the minimum funding level requirements defined by the Pension Protection Act of 2006. NVE's funding requirements may change subject to market conditions; as a result, NVE is unable to predict what the funding amount may be in 2009. NVE is expected to fund approximately $70 million to the trusts in 2009.

Financing Transactions

General and Refunding Mortgage Notes, Series U

In January 2009, NPC issued and sold $125 million of its 7.375% General and Refunding Mortgage Notes, Series U due 2014**.** The net proceeds of the issuance were used to repay approximately $124 million of amounts outstanding under NPC's $600 million revolving credit facility.

Revolving Credit Facilities

In January 2009, NPC entered into a new $90 million supplemental revolving credit facility. The facility has a term of 364 days, and is secured by General and Refunding Mortgage bonds. This credit facility matures on January 3, 2010, and is in addition to NPC's existing $600 million revolving credit facility, which matures in November 2010.

General and Refunding Mortgage Notes, Series S

In July 2008, NPC issued and sold $500 million of its 6.5% General and Refunding Mortgage Notes, Series S, due 2018**.** The net proceeds of the issuance were used to repay $270 million of amounts outstanding under NPC's $600 million revolving credit facility and for general corporate purposes.

Redemption Notice

In July 2008, NPC provided a notice of redemption to the holders of all of its remaining 9.00% General and Refunding Mortgage Notes, Series G, for approximately $17.2 million. The notes were redeemed in August 2008, at 104.50% of the stated principal amount, plus accrued interest to the date of redemption. NPC used available cash on hand to redeem these notes.

Conversion of Coconino County Pollution Control Refunding Revenue Bonds and Clark County Pollution Control Revenue Bonds

In July 2008, NPC converted the $13 million principal amount Coconino County, Arizona Pollution Control Refunding Revenue Bonds Series 2006B bonds, due 2039 and the $15 million principal amount Clark County Nevada Pollution Control Revenue Bonds, Series 2000B due 2009, (collectively, the "Bonds") from auction rate securities to variable rate demand notes. The purpose of these conversions was to reduce interest costs and volatility associated with these Bonds. NPC purchased 100% of the Bonds with the use of its revolving credit facility and available cash, and are the sole holder of the Bonds until such time as NPC determines to reoffer the Pollution Control Bonds to investors. The Bonds remain outstanding and have not been retired or cancelled. However, as NPC is the sole holder of the Bonds, for financial reporting purposes the investment in the Bonds and the indebtedness will be offset for presentation purposes.

Factors Affecting Liquidity

Ability to Issue Debt

NPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and revolving credit facility agreement, and the terms of certain NVE debt.

On February 4, 2009, the PUCN approved NPC's request for financing authority to issue up to $1.25 billion of long-term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facility of up to $1.3 billion, and authority to refinance up to approximately $471 million of long-term debt securities.

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NPC's $600 million Second Amended and Restated Revolving Credit Agreement dated November 2005, and its supplemental Revolving Credit Agreement, dated January 5, 2009, each contain two financial maintenance covenants. The first requires NPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires NPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, NPC was in compliance with these covenants. In order to maintain compliance with these covenants, NPC is limited to $898 million of additional indebtedness.

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All other financial covenants contained in NPC's revolving credit facility agreement and its financing agreements are suspended, as NPC's senior secured debt is rated investment grade. However, if NPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, NPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, NPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. As of December 31, 2008, NPC's own covenant restriction of $898 million is less restrictive than NVE's cap on additional consolidated indebtedness of $862 million. As such, NPC is limited by NVE's cap on additional indebtedness.

Ability to Issue General and Refunding Mortgage Securities

To the extent that NPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, NPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under NPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of NPC's properties in Nevada. As of December 31, 2008, $3.3 billion of NPC's General and Refunding Mortgage Securities were outstanding. NPC had the capacity to issue $1.2 billion of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

Property Additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

NPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent NPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the Indenture.

Credit Ratings

NPC's senior secured debt is rated investment grade by four Nationally Recognized Statistical Rating Organizations: DBRS, Fitch, Moody's and S&P. As of December 31, 2008, the ratings are as follows:

		Rating Agency			
		DBRS	**Fitch**	**Moody's**	**S&P**
NPC	Sr. Secured Debt	BBB (low)*	BBB-*	Baa3*	BBB*
NPC	Sr. Unsecured Debt	Not rated	BB	Not rated	BB+

* Investment grade

S&P's, Moody's and DBRS's rating outlook for NPC is Stable. Fitch's rating outlook is Positive.

A security rating is not a recommendation to buy, sell or hold securities. Security ratings are subject to revision and withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Energy Supplier Matters

With respect to NPC's contracts for purchased power, NPC purchases and sells electricity with counterparties under the WSPP agreement, an industry standard contract that NPC uses as a member of the WSPP. The WSPP contract is posted on the WSPP website.

Under these contracts, a material adverse change (e.g., a credit rating downgrade) in NPC may allow the counterparty to request adequate financial assurance, which, if not provided within three business days, could cause a default. A default must be declared within 30 days of the event, giving rise to the default becoming known. A default will result in a termination payment equal to the present value of the net gains and losses for the entire remaining term of all contracts between the parties aggregated to a single liquidated amount due within three business days following the date the notice of termination is received. The mark-to-market value, which is substantially based on quoted market prices, can be used to roughly approximate the termination payment and benefit at any point in time. The net mark-to-market value as of December 31, 2008 for all suppliers continuing to provide power under a WSPP agreement would approximate a $326.3 million payment or obligation to NPC. These contracts qualify for the normal purchases scope exception of SFAS 133, and as such, are not required to be

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marked-to-market on the balance sheet. Refer to Note 9, Derivatives and Hedging Activities, of the Notes to Financial Statements for further discussion.

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Gas Supplier Matters

With respect to the purchase and sale of natural gas, NPC uses several types of standard industry contracts. The natural gas contract terms and conditions are more varied than the electric contracts. Consequently, some of the contracts contain language similar to that found in the WSPP agreement and other agreements have unique provisions dealing with material adverse changes, which primarily means a credit rating downgrade below investment grade. Forward physical gas supplies are purchased under index based pricing terms and as such do not carry forward mark-to-market exposure. Because of creditworthiness concerns, most contracts and confirmations for natural gas purchases have been modified or separate agreements have been made to either shorten the normal payment due date or require payment in advance of delivery. At the present time, no counter-parties require payment in advance of delivery.

Gas transmission service is secured under FERC Tariffs or custom agreements. These service contracts and Tariffs require the user to establish and maintain creditworthiness to obtain service or otherwise post cash or a letter of credit to be able to receive service. Service contracts are subject to FERC approved tariffs, which, under certain circumstances, require the Utilities to provide collateral to continue receiving service. NPC has one transmission counterparty for which it is required to post cash collateral or a letter of credit in the event of credit rating downgrades. For this counterparty if NPC's senior secured ratings from both Moody's and S&P are below investment grade, the maximum collateral amount would be $46.1 million. If NPC's senior unsecured rating from both Moody's and S&P are below investment grade the maximum collateral requirement would be $11.5 million.

Financial Gas Hedges

NPC enters into certain hedging contracts with various counterparties to manage the gas price risk inherent in purchased power and fuel contracts. The contracts require that NPC maintain its Moody's and S&P Sr. Unsecured or equivalent ratings in place at the time the contracts were entered into. In the event that NPC's Sr. Unsecured debt rating is downgraded by two out of the three rating agencies, the counterparties have the right to require NPC to post cash or a letter of credit to the extent the counterparties have mark-to-market exposure to NPC, subject to certain caps. As of December 31, 2008, the maximum amount of collateral NPC would be required to post under these agreements is approximately $193.1 million based on mark-to-market values, which are substantially based on quoted market prices. Of this amount, approximately $117.9 million would be required if NPC is downgraded one level and an additional amount of approximately $75.2 million would be required if NPC is downgraded two levels.

Cross Default Provisions

None of the financing agreements of NPC contains a cross-default provision that would result in an event of default by NPC upon an event of default by NVE or SPPC under any of its financing agreements. In addition, certain financing agreements of NPC provide for an event of default if there is a failure under other financing agreements of NPC to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay such other indebtedness when due) provide for a cure period of 30-60 days from the occurrence of a specified event during which time NPC may rectify or correct the situation before it becomes an event of default.

SIERRA PACIFIC POWER COMPANY

RESULTS OF OPERATIONS

SPPC recognized net income of $90.6 million for the year ended December 31, 2008, compared to net income of $65.7 million in 2007 and a net income of $57.7 million in 2006. In 2008, SPPC paid dividends to NVE of approximately $141.5 million and had approximately $96.8 million in dividends payable to NVE as of December 31, 2008. In 2009, SPPC paid $96.8 million for dividends declared prior to December 31, 2008, and declared an additional dividend of $12 million in February 2009. Details of SPPC's operating results are further discussed below.

Gross margin is presented by SPPC in order to provide information by segment that management believes aids the reader in determining how profitable the electric and gas businesses are at the most fundamental level. Gross margin, which is a "non-GAAP financial measure" as defined in accordance with SEC rules, provides a measure of income available to support the other operating expenses of the business and is utilized by management in its analysis of its business.

SPPC believes presenting gross margin allows the reader to assess the impact of SPPC's regulatory treatment and its overall regulatory environment on a consistent basis. Gross margin, as a percentage of revenue, is primarily impacted by the fluctuations in regulated electric and natural gas supply costs versus the fixed rates collected from customers. While these fluctuating costs impact gross margin as a percentage of revenue, they only impact gross margin amounts if the costs cannot be passed through to customers. Gross margin, which SPPC calculates as operating revenues less fuel and purchased power costs, provides a measure of income available to support the other operating expenses of SPPC. For reconciliation to operating income, see Note 2, Segment Information in the Notes to Financial Statements. Gross margin changes

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based on such factors as general base rate adjustments (which are required to be filed by statute every three years) and reflect SPPC's strategy to increase self generation versus purchased power, which generates no gross margin.

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The components of gross margin for the years ended December 31 (dollars in thousands):

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Operating Revenues:					
Electric	$1,002,674	-3.5 %	$1,038,867	1.8 %	$1,020,162
Gas	209,987	2.2 %	205,430	-2.2 %	210,068
	$1,212,661	-2.5 %	$1,244,297	1.1 %	$1,230,230
Energy Costs:					
Fuel for power generation	$283,342	16.6 %	$242,973	-1.9 %	$247,626
Purchased power	293,527	-15.7 %	348,299	1.1 %	344,590
Gas purchased for resale	170,468	13.0 %	150,879	-6.1 %	160,739
Deferral of energy costs – electric - net	1,291	-98.3 %	78,044	65.9 %	47,043
Deferral of energy costs – gas - net	(4,609)	-142.8 %	10,763	54.9 %	6,947
	$744,019	-10.5 %	$830,958	3.0 %	$806,945
Energy Costs by Segment:					
Electric	$578,160	-13.6 %	$669,316	4.7 %	$639,259
Gas	165,859	2.6 %	161,642	-3.6 %	167,686
	$744,019	-10.5 %	$830,958	3.0 %	$806,945
Gross Margin by Segment:					
Electric	$424,514	14.9 %	$369,551	3.0 %	$380,903
Gas	44,128	0.8 %	43,788	3.3 %	42,382
	$468,642	13.4 %	$413,339	2.3 %	$423,285

SPPC's electric gross margin increased for the year ended 2008, compared to the same period in 2007, primarily due to an increase in BTGR revenue as a result of SPPC's 2007 GRC, effective July 1, 2008, increased customer growth, and in 2007 a charge of approximately $14.2 million for deferred energy disallowed. See Note 3, Regulatory Actions of the Notes to Financial Statements. Partially offsetting these increases was a decrease in customer usage primarily due to cooler weather.

SPPC's electric gross margin decreased for the year ended 2007 compared to the same period in 2006, primarily due to deferred energy costs disallowed as discussed above and a decrease in revenue per MWh for commercial and industrial customers and usage per industrial customers. These decreases were partially offset by an increase to customer growth.

SPPC's gas gross margin increased for the year ended 2008, compared to the same period in 2007, primarily due to increased customer usage as a result of colder winter temperatures. SPPC's gas gross margin increased slightly for the year ended 2007, compared to the same period in 2006, primarily due to customer growth, partially offset by a decrease in usage by customers due to warmer weather, and a decrease in BTGR rates as a result of SPPC's gas GRC.

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The causes for significant changes in specific lines comprising the results of operations for the years ended are provided below (dollars in thousands except for amounts per unit):

Electric Operating Revenues

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Electric Operating Revenues:					
Residential	$340,972	3.2 %	$330,557	3.6 %	$319,140
Commercial	386,678	0.6 %	384,364	3.7 %	370,617
Industrial	240,711	-17.9 %	293,270	-2.0 %	299,163
Retail revenues	968,361	-4.0 %	1,008,191	1.9 %	988,920
Other	34,313	11.9 %	30,676	-1.8 %	31,242
Total Revenues	$1,002,674	-3.5 %	$1,038,867	1.8 %	$1,020,162
Retail sales in thousands of megawatt-hours (MWh)	8,560	-2.4 %	8,773	0.7 %	8,711
Average retail revenue per MWh	$113.13	-1.6 %	$114.92	1.2 %	$113.53

Retail revenues decreased for the year ended December 31, 2008 compared to the same period in 2007 primarily due to lower industrial revenue, decreases in retail rates, and decreased customer usage due to cooler summer temperatures. Industrial revenues decreased primarily due to a new retail service agreement with Newmont Mining Corporation beginning in June 2008. In addition, Cortez Mine transitioned to DOS effective November 1, 2008. Two large industrial customers also moved to DOS and standby service during the second quarter of 2007. Retail rates decreased as a result of SPPC's various BTER quarterly cases and the annual Deferred Energy case but were partially offset by increased BTGR as a result of the GRC effective July 1, 2008 (see Note 3, Regulatory Actions of the Notes to Financial Statements). These decreases were partially offset by increases in the average number of residential, commercial, and industrial customers (0.5%, 2.0% and 4.5% respectively).

In 2007, SPPC and Newmont Mining Corporation entered into a wholesale power sale agreement and a new form of retail service, whereby Newmont will sell the electrical output from it's generating plant to SPPC for at least 15 years under a long-term wholesale purchase power agreement and remain a retail customer of SPPC during at least that period under the terms of the retail service agreement and pursuant to a new rate schedule. The terms of these contracts became effective on June 1, 2008, at which point Newmont moved to a new retail service agreement at a reduced energy rate, which resulted in decreased electric revenues.

Retail revenues increased for the year ended December 31, 2007, compared to the same period in 2006, primarily due to customer growth and increases in retail rates. The average number of residential, commercial and industrial customers increased (1.6%, 3.0% and 5.4% respectively). Retail rates increased as a result of SPPC's various general, energy and deferred energy cases (see Note 3, Regulatory Actions of the Notes to Financial Statements). These increases were partially offset by lower industrial energy revenues and MWh's as a result of two large industrial customers moving to DOS and standby service.

Electric Operating Revenues - Other increased for the year ended December 31, 2008, compared to the same period in 2007, was primarily due to increased transmission wheeling revenue. Additionally, contributing to the increase was the recognition of BTGR impact charge as a result of Newmont Mining Corporation's transition discussed above. These increases were offset by a decrease in charges related to the departure of Barrick Gold Corporation from SPPC's system.

Electric Operating Revenues - Other decreased for the year ended December 31, 2007, compared to 2006, primarily due to a decrease in the amortization of impact charges resulting from Barrick Gold Corporation becoming a DOS customer.

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Gas Operating Revenues

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Gas Operating Revenues:					
Residential	$114,845	-2.6 %	$117,871	-2.4 %	$120,734
Commercial	52,163	-2.6 %	53,551	-1.4 %	54,316
Industrial	19,514	-3.1 %	20,145	-1.8 %	20,509
Retail revenues	186,522	-2.6 %	191,567	-2.0 %	195,559
Wholesale	20,956	88.5 %	11,116	-4.6 %	11,650
Miscellaneous	2,509	-8.7 %	2,747	-3.9 %	2,859
Total Revenues	$209,987	2.2 %	$205,430	-2.2 %	$210,068
Retail sales in thousands of Dth	15,070	1.2 %	14,893	-1.1 %	15,058
Average retail revenues per Dth	$12.38	-3.7 %	$12.86	-1.0 %	$12.99

Retail gas revenues decreased for the year ended December 31, 2008, as compared to the same period in 2007, primarily due to decreases in retail customer rates. Retail rates decreased as a result of SPPC's 2007 and 2008 Natural Gas and Propane Deferred Rate Case and BTER updates. See Note 3, Regulatory Actions of the Notes to Financial Statements. This decrease was partially offset by increased usage due to colder winter temperatures and growth in retail customers. The average number of retail customers increased by 1.2%.

Retail gas revenues decreased for the year ended December 31, 2007, compared to the same period in 2006, primarily due to warmer temperatures during 2007 and decreases in retail customer rates. Retail rates decreased as a result of SPPC's Gas GRC and 2006 and 2007 Natural Gas and Propane Deferred Rate Case and BTER updates. See Note 3, Regulatory Actions of the Notes to Financial Statements. Partially offsetting these decreases was the growth in retail customers. The average number of retail customers increased by 3.0%.

Wholesale revenues increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to increased availability of gas for wholesale sales during the second half of 2008. Wholesale revenues decreased in 2007, compared to 2006, primarily due to decreased availability of gas for wholesale sales.

Energy Costs

Energy Costs include Fuel for Generation and Purchased Power. These costs are dependent upon many factors which may vary by season or period. As a result, SPPC's usage and average cost per MWh of Fuel for Generation versus Purchased Power can vary significantly as the company meets the demands of the season. These factors include, but are not limited to:

- Weather
- Plant outages
- Total system demand
- Resource constraints
- Transmission constraints
- Gas transportation constraints
- Natural gas constraints
- Long term contracts
- Mandated power purchases; and
- Generation efficiency

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Energy Costs	$576,869	-2.4 %	$591,272	-0.2 %	$592,216
Total System Demand	9,180	-2.4 %	9,408	0.6 %	9,350
Average cost per MWh	$62.84	0.0 %	$62.85	-0.8 %	$63.34

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Energy costs decreased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to a decrease in total system demand. The average cost per MWh remained relatively stable in 2008 compared to 2007. The average cost per MWh for energy costs, self generation and purchased power can fluctuate considerably during the year. When hydro conditions are favorable it is more economical for SPPC to purchase more power relative to self generation. However, transmission capacity constraints limit the amount of power that SPPC can purchase and import into its service territory. In the third quarter 2008, SPPC's Tracy Generating Station expansion became commercially operable, thereby increasing SPPC's ability to self generate compared to prior years.

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Energy costs and the average cost per MWh remained relatively stable for the year ended December 31, 2007 compared to the same period in 2006.

Fuel for Power Generation

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Fuel for Power Generation	$283,342	16.6 %	$242,973	-1.9 %	$247,626
Thousands of MWhs generated	4,633	14.9 %	4,032	0.4 %	4,016
Average fuel cost per MWh of Generated Power	$61.16	1.5 %	$60.26	-2.3 %	$61.66

Fuel for power generation increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to an increase in the use of self generation with the expansion at the Tracy Generating Station and higher natural gas prices. The average fuel cost per MWh increased in 2008, compared to 2007, primarily due to higher natural gas prices, partially offset by a decrease in costs for hedging instruments and the use of the new Tracy Generating Station units which are more efficient generating units than SPPC had available in prior years.

Fuel for power generation and the average fuel cost per MWh decreased in 2007 compared to 2006. The decrease is primarily due to a decrease in natural gas costs in 2007 and higher cost for hedging instruments in 2006.

Purchased Power

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Purchased Power	$293,527	-15.7 %	$348,299	1.1 %	$344,590
Purchased power in thousands of MWh	4,547	-15.4 %	5,376	0.8 %	5,334
Average cost per MWh of Purchased Power	$64.55	-0.4 %	$64.79	0.3 %	$64.60

Purchased power costs decreased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to increased self generation with the expansion at the Tracy Generating Station. The average cost per MWh decreased slightly in 2008 compared to 2007 primarily due to the Newmont Mining Corporation contract, discussed under Electric Operating Revenues above, partially offset by higher natural gas prices.

Purchased power costs increased slightly for the year ended December 31, 2007, compared to the same period in 2006. Typically, in the first half of the year, SPPC is able to purchase hydro power at low prices; however, the availability of hydro power can fluctuate from year to year depending weather. In the first half of 2007, the availability of hydro power was lower compared to 2006, as such, purchased power costs were higher. This increase was partially offset by a decrease in purchased power costs in the second half of 2007 as a result of lower natural gas prices.

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Gas Purchased for Resale

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Gas Purchased for Resale	$170,468	13.0 %	$150,879	-6.1 %	$160,739
Gas Purchased for Resale (in thousands of Dth)	19,265	10.9 %	17,378	-0.6 %	17,491
Average Cost per Dth	$8.85	2.0 %	$8.68	-5.5 %	$9.19

The cost of gas purchased for resale and average cost per Dth increased for the year ended December 31, 2008, compared to the same period in 2007. The increase is primarily due to an increase in natural gas prices which were partially offset by a decrease in the costs associated with hedging instruments. The volume of gas purchased for resale increased in 2008 compared to 2007 primarily due to colder weather in 2008.

The cost of gas purchased for resale decreased for the year end December 31, 2007, compared to the same period in 2006. The decrease is primarily due to a decrease in natural gas prices which were partially offset by an increase in hedging instrument costs. The volume of gas purchased for resale decreased slightly in 2007 compared to 2006 primarily due to milder winter weather in the beginning of 2007.

Deferral of Energy Costs – Net

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Deferral of energy costs - electric - net	$1,291	-98.3 %	$78,044	65.9 %	$47,043
Deferral energy costs - gas - net	(4,609)	-142.8 %	10,763	54.9 %	6,947
Total	$(3,318)		$88,807		$53,990

Deferral of energy costs – net represents the difference between actual fuel and purchased power costs incurred during the period and amounts recoverable through current rates. To the extent actual costs exceed amounts recoverable through current rates, the excess is recognized as a reduction in costs. Conversely to the extent actual costs are less than amounts recoverable through current rates the difference is recognized as an increase in costs. Deferred energy costs – net also include the current amortization of fuel and purchased power costs previously deferred.

Deferral of energy costs - electric – net for 2008, 2007 and 2006 reflect amortization of deferred energy costs of $16.3 million, $44.1 million and $46.3 million, respectively; and an under-collection of amount recoverable in rates of $15 million in 2008, and an over-collection of $19.7 million and $0.7 million, in 2007 and 2006 respectively. See Note 1, Summary of Significant Accounting Policies, Deferral of Energy Costs of the Notes to Financial Statements for further detail of deferred energy balances. In addition, the amount for 2007 includes the November 2007 disallowance of $14.2 million by the PUCN of deferred settlement costs incurred to resolve claims arising from the Western Energy Crisis. Reference Note 3, Regulatory Actions of the Notes to Financial Statements.

Deferral of energy costs - gas - net for 2008, 2007 and 2006 reflect amortization of deferred energy costs of $1 million, $0.7 million and $6.3 million, respectively; and an under-collection of amount recoverable in rates of $3.6 million in 2008, and an over-collection of $10.1 million and $0.6 million in 2007 and 2006, respectively.

Allowance for Funds Used During Construction

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Allowance for other funds used during construction	$12,524	-21.5 %	$15,948	146.5 %	$6,471
Allowance for borrowed funds used during construction	9,464	-25.9 %	12,771	132.0 %	5,505

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$21,988	-23.4	%	$28,719	139.8	%	$11,976

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AFUDC was lower for the year ended December 31, 2008 compared to the same period in 2007 primarily due to the completion of the Tracy Generating Station in July of 2008, which resulted in a decrease in the CWIP balance.

AFUDC increased for the year ended December 31, 2007 compared to the same period in 2006 primarily due to an increase in the CWIP balance due to the expansion of the Tracy Generating Station which started in late 2005.

Other (Income) and Expenses

	2008		2007		2006
	Amount	Change from Prior Year	Amount	Change from Prior Year	Amount
Other operating expense	$141,064	-0.9 %	$142,348	0.7 %	$141,350
Maintenance expense	$30,787	-2.4 %	$31,553	0.8 %	$31,273
Depreciation and amortization	$89,528	7.4 %	$83,393	-4.5 %	$87,279
Interest charges on long-term debt	$76,256	13.0 %	$67,502	-6.1 %	$71,869
Interest charges-other	$5,920	-1.4 %	$6,004	16.8 %	$5,142
Interest accrued on deferred energy	$2,087	-341.3 %	$(865)	-85.6 %	$(5,996)
Other income	$(12,819)	58.4 %	$(8,091)	-14.0 %	$(9,412)
Other expense	$8,318	-1.5 %	$8,441	0.2 %	$8,422

Other operating expense decreased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to a disallowance by the PUCN of deferred settlement costs incurred to resolve claims arising from the Western Energy Crisis in November 2007. Also contributing to the decrease in other operating expense were lower cost for claims and legal fees, as well as, a reduction in bad debt expense and lower labor costs; partially offset by higher regulatory amortizations.

Other operating expense increased slightly in 2007 compared to 2006, primarily due to an increase in legal claims, higher regulatory amortizations and in 2006, operating expenses were lower primarily as a result of the settlement of contingency fees associated with Enron in the second quarter.

Maintenance expense decreased for 2008 compared to 2007 due to outages in 2007 at the Valmy Generating Station for turbine and boiler tube repairs; partially offset by higher maintenance expense for the Tracy Generating Station placed in service July 2008.

Maintenance expense increased slightly in 2007 compared to 2006 primarily due to new transmission regulations, partially offset by lower maintenance cost for Ft. Churchill Generating Station due to planned outages in 2006 and delayed outages for 2007.

Depreciation and amortization increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to the completion of the Tracy Generating Station in July of 2008. This increase was partially offset by deferred taxes for the TRED trust.

Depreciation and amortization decreased for the year ended 2007 compared to the same period in 2006 due to retirement of plant assets as approved by the PUCN in SPPC's general electric and gas rate cases in June 2006. Also contributing to the decrease was a reduction in depreciation rates as ordered by the PUCN in SPPC's general electric and gas rate cases in June 2006.

Interest charges on long-term debt increased for the year ended December 31, 2008, compared to the same period in 2007, primarily due to the issuance of $250 million Series Q General and Refunding Mortgage Notes in September 2008, and the issuance of the $325 million Series P General and Refunding Mortgage Notes in June 2007. These amounts were partially offset by the redemption of $99 million Series A General and Refunding Mortgage Bonds in June 2008, and the redemption of the $221 million Series A General and Refunding Mortgage Bonds in June 2007.

Interest charges on long-term debt for the year ended December 31, 2007 decreased from 2006 primarily due to various re-financings of debt in 2006 at lower interest rates, redemption of debt, and the refinancing of $80 million Water Facilities Refunding Revenue Bonds from fixed to variable rate in April 2007. These re-financings and redemptions were partially offset by the issue of $300 million Series M notes in March 2006 and the issue of $325 million Series P notes in June 2007.

Interest charges-other for the year ended December 31, 2008 was comparable to the same period in 2007. Interest charges-other for the year ended December 31, 2007 increased compared to the same period in 2006 due to higher amortization costs related to new debt issues in 2006 and 2007

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Interest accrued on deferred energy costs decreased for the year ended December 31, 2008, compared to the same period in 2007, due to over collected deferred energy costs in 2008. Interest accrued on deferred energy costs for the year ended December 31, 2007 decreased compared to the same period in 2006 primarily due to lower deferred energy balances during 2007. See Note 3, Regulatory Actions of the Notes to Financial Statements for further details of deferred energy balances.

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Other income increased for the year ended December 31, 2008 compared to the same period in 2007, primarily due to the reinstatement of previously disallowed costs associated with Pinon Pine, as discussed in Note 3, Regulatory Actions of the Notes to Financial Statements, and the settlement with Calpine, as discussed further in Note 13, Commitments and Contingencies of the Notes to Financial Statements. This increase was partially offset by lower interest income on investments and a refund of expenses in 2007. Other income decreased for the year ended December 31, 2007, compared to the same period in 2006 due to the expiration of the amortization of gains associated with the disposition of property and lower interest income in 2007, offset by a refund of expenses.

Other expense decreased slightly during the year ended December 31, 2008, when compared to the same period in 2007, due primarily to development costs in 2007 associated with an information technology system conversion project, offset by higher advertising costs and donations in 2008. Other expense for the year ended December 31, 2007 was comparable to the same period in 2006.

ANALYSIS OF CASH FLOWS

SPPC's Cash flows decreased for the year ended December 31, 2008, compared to the same period in 2007, due to a decrease in cash flows from operating activities and cash from financing activities partially offset by a decrease in cash used in investing activities.

Cash From Operating Activities. The decrease in cash from operating activities was primarily due to increases in fuel and purchased power costs in excess of revenue collected in rates and a decrease in the collection of previously approved deferred energy costs. Also contributing to the decrease in cash from operating activities was the timing of payments to vendors and increased funding of retirement plans.

Cash Used By Investing Activities. Cash used by investing activities decreased primarily due to the closing stages of major construction activity at the Tracy Generating Station, which began in 2006.

Cash From Financing Activities. The decrease in cash from financing activities is primarily due to dividend payments to NVE of approximately $142 million and a reduction in investment from NVE, partially offset by the issuance of $250 million 5.45%, General and Refunding Mortgage Notes, Series Q due 2013 and draws on the long term revolving credit facility.

Cash flows decreased for the year ended December 31, 2007, compared to the same period in 2006, due to an increase in cash used by investing activities and a decrease in cash from operating activities, partially offset by an increase in cash from financing activities.

Cash From Operating Activities. Cash from operating activities decreased for the year ended December 31, 2007, as compared to the same period in 2006, as a result of a decrease in cash from accounts receivable and an increase in payments for pension and other post retirement benefits, offset by an increase in accrued interest related to the issuance of SPPC's 6.75% General and Refunding Mortgage Notes, Series P, a reduction in prepayments for energy in 2006 and the net settlement with Enron in 2006. The decrease in cash from accounts receivable is primarily due to $49.7 million affiliated accounts receivable related to tax sharing agreements which were outstanding at December 31, 2005 and settled in 2006, offset by increased customer payments.

Cash Used By Investing Activities. Cash used by investing activities increased during the year ended December 31, 2007, compared to the same period in 2006, primarily due to construction costs associated with the expansion of the Tracy Generating Station and utility infrastructure to support growth.

Cash From Financing Activities. Cash from financing activities increased during the year ended December 31, 2007, compared to the same period in 2006, primarily due to the issuance of $325 million of SPPC's 6.75% General and Refunding Mortgage Notes, Series P, a reduction in the redemption of debt and preferred stock and dividends paid to NVE in 2006.

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LIQUIDITY AND CAPITAL RESOURCES

Overall Liquidity

SPPC's primary source of operating cash flows is electric revenues, including the recovery of previously deferred energy costs. Significant uses of cash flows from operations include the purchase of electricity and natural gas, other operating expenses, capital expenditures and the payment of interest on SPPC's outstanding indebtedness. Operating cash flows can be significantly influenced by factors such as weather, regulatory outcome and economic conditions.

Available Liquidity as of December 31, 2008 (in millions)

	SPPC
Cash and Cash Equivalents	$21.4
Balance available on Revolving Credit Facility [1][2]	162.0
	$183.4

(1) SPPC's available balance reflects management's estimate of a reduction in availability under its $350 million revolving credit facility of approximately $18.0 million as a result of the bankruptcy of a lending bank.

(2) As of February 20, 2009, SPPC had approximately $110.6 million available under its $350 million revolving credit facility, which reflects the reduction discussed under (1) above and outstanding letter of credits of $17.1 million.

SPPC attempts to maintain its cash and cash equivalents in highly liquid investments, such as United States treasury bills. In addition to cash on hand and the revolving credit facility, SPPC may issue debt up to $452 million on a consolidated basis, subject to certain limitations discussed below. SPPC has no debt maturing in 2009 or 2010, except for the balance on its revolving credit facility, which as of February 20, 2008 is $204.7 million.

In 2008, NVE contributed capital to SPPC of approximately $20 million for general corporate purposes. In 2008, SPPC paid dividends to NVE of approximately $141.5 million.

SPPC anticipates that it will be able to meet short-term operating costs, such as fuel and purchased power costs, with internally generated funds, including the recovery of deferred energy and the use of its revolving credit facility. To manage liquidity needs as a result of seasonal peaks in fuel requirements, SPPC may use hedging activities. In order to fund long-term capital requirements, SPPC will likely meet such financial obligations with a combination of internally generated funds, the use of the revolving credit facility, the issuance of long-term debt and capital contributions from NVE.

SPPC designs operating and capital budgets to control operating costs and capital expenditures. In addition to operating expenses, SPPC has continuing commitments for capital expenditures for construction, improvement and maintenance of facilities.

Detailed below are SPPC's Capital Structure, Capital Requirements, Contractual Obligations, recently completed Financing Transactions and Factors Affecting Liquidity, including our ability to obtain debt on favorable terms.

Capital Structure

SPPC's actual consolidated capital structure was as follows at December 31 (dollars in thousands):

	2008		2007	
	Amount	**Percent of Total Capitalization**	**Amount**	**Percent of Total Capitalization**
Current Maturities of Long-Term Debt	$600	0.0 %	$101,643	4.6 %
Long-Term Debt	1,395,987	61.4 %	1,084,550	49.6 %
Common Equity	877,961	38.6 %	1,001,840	45.8 %
Total	$2,274,548	100.0 %	$2,188,033	100.0 %

Capital Requirements

Construction Expenditures

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SPPC's cash construction expenditures for 2009 are projected to be $189.3 million. SPPC's cash construction expenditures for 2009 through 2013 are projected to be $873.9 million. Cash construction expenditures for the years ended 2008, 2007 and 2006 were approximately $207.8 million, $393.2 million and $284.4 million, respectively. To fund future capital projects SPPC may meet such financial obligations with a combination of internally generated funds, the use of its revolving credit facility and if necessary, the issuance of long-term debt and/or capital contributions from NVE.

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Contractual Obligations

The table below provides SPPC's consolidated contractual obligations that SPPC expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt. Certain contracts contain variable factors which required SPPC to estimate the obligation depending on the final variable amount. Actual amounts could differ. The table does not include estimated construction expenditures described above, except for major capital projects for which SPPC has executed contracts by December 31, 2008. Additionally, at December 31, 2008, SPPC recorded a $40.2 million liability in accordance with FIN 48, all of which is classified as non-current. SPPC is unable to make a reasonably reliable estimate of the period of cash payments to relevant tax authorities; consequently, none of the FIN 48 liability is included in the contractual obligations table below (dollars in thousands):

	Payment Due by Period						
	2009	2010	2011	2012	2013	Thereafter	Total
Long-Term Debt Maturities [1]	$600	$152,912	$-	$100,000	$250,000	$883,500	$1,387,012
Long-Term Debt Interest Payments	71,956	71,318	71,318	66,891	65,068	801,233	1,147,784
Purchased Power	126,847	188,451	237,668	253,886	260,250	4,015,875	5,082,977
Coal, Natural Gas and Transportation	281,930	92,835	58,524	43,438	42,981	246,518	766,226
Long-Term Service Agreements	5,240	5,240	5,240	5,240	5,240	40,209	66,409
Operating Leases	11,564	9,826	2,700	2,515	2,508	37,339	66,452
Total Contractual Cash Obligations	$498,137	$520,582	$375,450	$471,970	$626,047	$6,024,674	$8,516,860

(1) Long Term Debt Maturities for 2010 includes amounts outstanding under SPPC's Revolving Credit Facility.

Pension Plan and Other Post-Retirement Matters

NVE has a qualified pension plan and other post retirement benefits plan which cover substantially all employees of NVE, NPC and SPPC. The annual net benefit cost for the plans is expected to increase in 2009 by approximately $31.7 million compared to the 2008 cost of $31.5 million. As of December 31, 2008, the measurement date, the plans were under funded under the provisions of FAS 158. Refer to Note 11, Retirement Plan and Post-Retirement Benefits, of the Notes to Financial Statements. During 2008, NVE funded a total of $100 million to the trusts established for these plans. At the present time it is expected that additional funding will be required in 2009 to meet the minimum funding level requirements defined by the Pension Protection Act of 2006. NVE's funding requirements may change subject to market conditions; as a result, NVE is unable to predict what the funding amount may be in 2009. NVE is expected to fund approximately $70 million to the trusts in 2009.

Financing Transactions

Revolving Credit Facility

SPPC's existing $350 million revolving credit facility has a maturity date of November 2010.

Conversion of Washoe County Water Facilities Refunding Revenue Bonds

In January 2009, SPPC converted the $40 million principal amount, Washoe County, Nevada Water Facilities Refunding Revenue Bonds Series 2007A bonds, due 2036 (the "Water Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Water Bonds on that date, with the use of its revolving credit facility and available cash, and will remain the sole holder of the Water Bonds, until such time as SPPC determines to reoffer the Water Bonds to investors. These Water Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Water Bonds, for financial reporting purposes the investment in the Water Bonds and the indebtedness will be offset for presentation purposes.

Conversion of Humboldt County Pollution Control Refunding Revenue Bonds Series 2006

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In October 2008, SPPC converted the $49.8 million principal amount, Humboldt County, Nevada Pollution Control Refunding Revenue Bonds Series 2006 bonds, due 2029 (the "Pollution Control Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Pollution Control Bonds on that date, with the use of its revolving credit facility and available cash, and are the sole holder of the Pollution Control Bonds until such time as SPPC determines to reoffer the Pollution Control Bonds to investors. The Pollution Control Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Pollution Control Bonds, for financial reporting purposes the investment in the Pollution Control Bonds and the indebtedness will be offset for presentation purposes.

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General and Refunding Mortgage Notes, Series Q

In September 2008, SPPC issued and sold $250 million of its 5.45% General and Refunding Mortgage Notes, Series Q, due 2013**.** The net proceeds of the issuance were used to repay $238 million of amounts outstanding under SPPC's revolving credit facility and for general corporate purposes.

Conversion of Washoe County Water Facilities Refunding Revenue Bonds

In July 2008, SPPC converted the $40 million principal amount, Washoe County, Nevada Water Facilities Refunding Revenue Bonds Series 2007B bonds, due 2036 (the "Water Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Water Bonds on that date, with the use of its revolving credit facility and available cash, and will remain the sole holder of the Water Bonds, until such time as SPPC determines to reoffer the Water Bonds to investors. These Water Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Water Bonds, for financial reporting purposes the investment in the Water Bonds and the indebtedness will be offset for presentation purposes.

Maturity of General and Refunding Mortgage Bonds, Series A

In June 2008, the 8.00% General and Refunding Mortgage Bonds, Series A, in the aggregate principal amount of approximately $99.2 million, matured. SPPC paid for the maturing debt plus interest with the use of $90 million from its revolving credit facility plus cash on hand.

Factors Affecting Liquidity

Ability to Issue Debt

SPPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and its revolving credit facility agreement, and the terms of certain NVE debt.

As of December 31, 2008, SPPC had approximately $495 million of PUCN financing authority, which expires on December 31, 2009.

SPPC's $350 million Amended and Restated Revolving Credit Agreement dated November 2005, contains two financial maintenance covenants. The first requires SPPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires SPPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, SPPC was in compliance with these covenants. In order to maintain compliance with these covenants, SPPC is limited to $452 million of additional indebtedness.

All other financial covenants contained in SPPC's revolving credit facility and financing agreements are suspended as SPPC's senior secured debt is rated investment grade. However, if SPPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, SPPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, SPPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. However, as of December 31, 2008, SPPC's own covenant restriction of $452 million is more restrictive than NVE's cap on additional consolidated indebtedness of $862 million unless NVE or NPC were to issue debt in excess of $410 million.

Ability to Issue General and Refunding Mortgage Securities

To the extent that SPPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, SPPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under SPPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of SPPC's properties in Nevada. As of December 31, 2008, $1.7 billion of SPPC's General and Refunding Mortgage Securities were outstanding. SPPC had the capacity to issue $599 million of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

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Property Additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

SPPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent SPPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the Indenture.

Credit Ratings

SPPC's senior secured debt is rated investment grade by four Nationally Recognized Statistical Rating Organizations: DBRS, Fitch, Moody's and S&P. As of December 31, 2008, the ratings are as follows:

		Rating Agency			
		DBRS	Fitch	Moody's	S&P
SPPC	Sr. Secured Debt	BBB (low)*	BBB-*	Baa3*	BBB*

* Investment grade

S&P's, Moody's and DBRS's rating outlook for SPPC is Stable. Fitch's rating outlook is Positive.

A security rating is not a recommendation to buy, sell or hold securities. Security ratings are subject to revision and withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Energy Supplier Matters

With respect to SPPC's contracts for purchased power, SPPC purchases and sells electricity with counterparties under the WSPP agreement, an industry standard contract that SPPC uses as a member of the WSPP. The WSPP contract is posted on the WSPP website.

Under these contracts, a material adverse change (e.g., a credit rating downgrade) in SPPC may allow the counterparty to request adequate financial assurance, which, if not provided within three business days, could cause a default. A default must be declared within 30 days of the event, giving rise to the default becoming known. A default will result in a termination payment equal to the present value of the net gains and losses for the entire remaining term of all contracts between the parties aggregated to a single liquidated amount due within three business days following the date the notice of termination is received. The mark-to-market value, which is substantially based on quoted market prices, can be used to roughly approximate the termination payment and benefit at any point in time. Under the net mark-to-market value as of December 31, 2008 for all suppliers continuing to provide power under a WSPP agreement no amounts would be due to or from SPPC. These contracts qualify for the normal purchases scope exception of SFAS 133, and as such, are not required to be mark-to-market on the balance sheet. Refer to Note 9, Derivatives and Hedging Activities, of the Notes to Financial Statements for further discussion.

Gas Supplier Matters

With respect to the purchase and sale of natural gas SPPC uses several types of standard industry contracts. The natural gas contract terms and conditions are more varied than the electric contracts. Consequently, some of the contracts contain language similar to that found in the WSPP agreement and other agreements have unique provisions dealing with material adverse changes, which primarily means a credit rating downgrade below investment grade. Forward physical gas supplies are purchased under index based pricing terms and as such do not carry forward mark-to-market exposure. Because of creditworthiness concerns, most contracts and confirmations for natural gas purchases have been modified or separate agreements have been made to either shorten the normal payment due date or require payment in advance of delivery. At the present time, no counter-parties require payment in advance of delivery.

Gas transmission service is secured under FERC Tariffs or custom agreements. These service contracts and Tariffs require the user to establish and maintain creditworthiness to obtain service or otherwise post cash or a letter of credit to be able to receive service. Service contracts are subject to FERC approved tariffs, which, under certain circumstances, require the Utilities to provide collateral to continue receiving service.

Financial Gas Hedges

SPPC enters into certain hedging contracts with various counterparties to manage the gas price risk inherent in purchased power and fuel contracts. The contracts require that SPPC maintain its Moody's and S&P Sr. Unsecured or equivalent ratings in place at the time the contracts were entered into. In the event that SPPC's Sr. Unsecured debt rating is downgraded by two out of the three rating agencies, the counterparties have the right to require SPPC to post cash or a letter of credit to the extent the counterparties have mark to market exposure

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to SPPC, subject to certain caps. As of December 31, 2008, the maximum amount of collateral SPPC would be required to post under these agreements is approximately $87.8 million based on mark-to-market values, which are substantially based on quoted market prices. Of this amount, approximately $53.1 million would be required if SPPC is downgraded one level and an additional amount of approximately $34.7 million would be required if SPPC is downgraded two levels.

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Cross Default Provisions

None of the financing agreements of SPPC contains a cross-default provision that would result in an event of default by SPPC upon an event of default by NVE or SPPC under any of its financing agreements. In addition, certain financing agreements of SPPC provide for an event of default if there is a failure under other financing agreements of SPPC to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay such other indebtedness when due) provide for a cure period of 30-60 days from the occurrence of a specified event during which time SPPC may rectify or correct the situation before it becomes an event of default.

REGULATORY PROCEEDINGS (UTILITIES)

NVE is a "holding company" under the Public Utility Holding Company Act of 2005 (PUHCA 2005). As a result, NVE and all of its subsidiaries (whether or not engaged in any energy related business) are required to maintain books, accounts and other records in accordance with FERC regulations and to make them available to the FERC, the PUCN and CPUC. In addition, the PUCN, CPUC or the FERC have the authority to review allocations of costs of non-power goods and administrative services among NVE and its subsidiaries. The FERC has the authority generally to require that rates subject to its jurisdiction be just and reasonable and in this context would continue to be able to, among other things, review transactions between NVE, NPC and/or SPPC and/or any other affiliated company.

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the CPUC with respect to rates, standards of service, siting of and necessity for generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to electric distribution and transmission operations. NPC and SPPC submit IRPs to the PUCN for approval.

Under federal law, the Utilities are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

As a result of regulation, many of the fundamental business decisions of the Utilities, as well as the ROR they are permitted to earn on their utility assets, are subject to the approval of governmental agencies.

The Utilities are required to file annual electric and gas DEAA cases on March 1 as mandated by the 2007 Nevada Legislature, quarterly BTER Updates for the Utilities' electric and gas departments, and triennial GRCs in Nevada. A DEAA case is filed to recover/ refund any under/over collection of prior energy costs and the BTER Updates recover current energy costs. As of December 31, 2008, NPC's and SPPC's balance sheets included approximately $281.5 million and credit of $26.7 million, respectively, of deferred energy costs of which $150.9 million and credits of $45.9 million had been previously approved for collection over various periods. The remaining amounts will be requested in future DEAA filings. A GRC filing is to set rates to recover operation and maintenance expenses, depreciation, taxes and provide a return on invested capital. Refer to Note 3, Regulatory Actions, of the Notes to Financial Statements for further information on significant regulatory matters and deferred energy and regulatory asset and liability balances.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of December 31, 2008, NVE, NPC and SPPC have evaluated their risk related to financial instruments whose values are subject to market sensitivity. Such instruments are fixed and variable rate debt. Fair market value is determined using quoted market price for the same or similar issues or on the current rates offered for debt of the same remaining maturities (dollars in thousands).

December 31, 2008

	Expected Maturity Date							
	2009	**2010**	**2011**	**2012**	**2013**	**Thereafter**	**Total**	**Fair Value**
Long-Term Debt								
NVE								
Fixed Rate	$-	$-	$-	$63,670	$-	$421,539	$485,209	$427,348
Average Interest Rate	-	-	-	7.80 %	-	7.77 %	7.78 %	
NPC								
Fixed Rate	$-	$-	$364,000	$130,000	$-	$2,269,335	$2,763,335	$2,531,977
Average Interest Rate	-	-	8.14 %	6.50 %	-	6.35 %	6.60 %	
Variable Rate	$-	$409,629	$-	$-	$-	$179,500	$589,129	$589,129
Average Interest Rate	-	2.32 %	-	-	-	5.92 %	3.42 %	
SPPC								
Fixed Rate	$600	$-	$-	$100,000	$250,000	$625,000	$975,600	$899,098
Average Interest Rate	6.40 %	-	-	6.25 %	5.45 %	6.39 %	6.13 %	
Variable Rate	$-	$152,912	$-	$-	$-	$258,500	$411,412	$411,412
Average Interest Rate	-	2.15 %	-	-	-	5.72 %	4.39 %	
Total Debt	$600	$562,541	$364,000	$293,670	$250,000	$3,753,874	$5,224,685	$4,858,964

December 31, 2007

	Expected Maturity Date							
	2008	**2009**	**2010**	**2011**	**2012**	**Thereafter**	**Total**	**Fair Value**
Long-Term Debt								
NVE								
Fixed Rate	$-	$-	$-	$-	$63,670	$460,539	$524,209	$544,587
Average Interest Rate	-	-	-	-	7.80 %	7.77 %	7.77 %	
NPC								
Fixed Rate	$12	$-	$-	$364,000	$130,000	$1,786,579	$2,280,591	$2,354,641
Average Interest Rate	8.17 %	-	-	8.14 %	6.50 %	6.34 %	6.64 %	
Variable Rate	$-	$15,000	$-	$-	$-	$192,500	$207,500	$207,500
Average Interest Rate	-	4.33 %	-	-	-	4.05 %	4.07 %	
SPPC								
Fixed Rate	$101,643	$600	$-	$-	$100,000	$625,000	$827,243	$842,654
Average Interest Rate	7.96 %	6.40 %	-	-	6.25 %	6.39 %	6.57 %	
Variable Rate	$-	$-	$-	$-	$-	$348,250	$348,250	$348,250
Average Interest Rate	-	-	-	-	-	3.86 %	3.86 %	
Total Debt	$101,655	$15,600	$-	$364,000	$293,670	$3,412,868	$4,187,793	$4,297,632

Commodity Price Risk

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Commodity price increases due to changes in market conditions are recovered through the deferred energy mechanism. Although the Utilities actively manage energy commodity (electric, natural gas, coal and oil) price risk through their procurement strategies, the ability to recover commodity price changes through future rates substantially mitigates commodity price risk. However, the Utilities are subject to cash flow risk due to changes in the value of their open positions and are subject to regulatory risk because the PUCN may disallow recovery for any costs that it considers imprudently incurred. The Utilities mitigate both risk associated with its open positions and regulatory risk through prudent energy supply practices which include the use of long-term fuel supply agreements, long-term purchase power agreements and derivative instruments such as forwards, options and swaps to meet the anticipated fuel and power requirements. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of the Utilities' purchased power procurement strategies.

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Credit Risk

The Utilities monitor and manage credit risk with their trading counterparties. Credit risk is defined as the possibility that a counterparty to one or more contracts will be unable or unwilling to fulfill its financial or physical obligations to the Utilities because of the counterparty's financial condition. The Utilities' credit risk associated with trading counterparties was approximately $334.3 million as of December 31, 2008, which increased significantly from December 31, 2007 as a result of the addition of a 10-year tolling agreement with Dynegy Power Marketing for the entire output of the 570 MW Griffith Energy facility executed during the second quarter of 2008. In the event that the trading counterparties are unable to deliver under their contracts, it may be necessary for the Utilities to purchase alternative energy at a higher market price.

Pursuant to rules and tariffs governing the extension of electric service to residential and commercial real estate developments the Utilities' have made certain electric system investments which may be affected by the current real estate and credit markets. The Utilities are exposed to credit risk in the event that developers are unable to satisfy their obligations to complete these projects. At the present time, the Utilities' credit risk related to the recovery of these investments is not believed to be significant.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
NV Energy, Inc.
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of NV Energy, Inc. (formerly Sierra Pacific Resources) and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income (loss), common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a) (2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of NV Energy, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
Nevada Power Company
Las Vegas, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of Nevada Power Company and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income (loss), common shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a) (2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Nevada Power Company and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder of
Sierra Pacific Power Company
Reno, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of Sierra Pacific Power Company and subsidiaries (the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income (loss), common shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2008. Our audits also included the financial statement schedule listed in the Index at Item 15(a) (2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sierra Pacific Power Company and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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NV ENERGY, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	December 31,	
	2008	**2007**
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$10,358,843	$8,468,711
Less accumulated provision for depreciation	2,659,219	2,526,379
	7,699,624	5,942,332
Construction work-in-progress	610,667	1,068,666
	8,310,291	7,010,998
Investments and other property, net	25,189	31,061
Current Assets:		
Cash and cash equivalents	54,359	129,140
Accounts receivable less allowance for uncollectible accounts:		
2008- $32,695, 2007-$36,061	415,856	434,359
Deferred energy costs - electric (Note 3)	50,436	75,948
Materials, supplies and fuel, at average cost	125,391	117,483
Risk management assets (Note 9)	16,118	22,286
Current income taxes receivable	5,487	-
Deferred income taxes	49,996	43,295
Other	52,633	45,909
	770,276	868,420
Deferred Charges and Other Assets:		
Deferred energy costs - electric (Note 3)	231,027	205,030
Regulatory assets	1,415,436	1,052,202
Regulatory asset for pension plans	413,544	133,984
Risk management assets (Note 9)	9,959	12,429
Other	170,258	150,626
	2,240,224	1,554,271
TOTAL ASSETS	$11,345,980	$9,464,750
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholders' equity	$3,131,186	$2,996,575
Long-term debt	5,266,982	4,137,864
	8,398,168	7,134,439
Current Liabilities:		
Current maturities of long-term debt	9,291	110,285
Accounts payable	400,084	357,867
Accrued expenses	131,720	112,841
Current income taxes payable	-	3,544
Risk management liabilities (Note 9)	313,846	39,509
Other	114,442	94,933
	969,383	718,979
Commitments and Contingencies (Note 13)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	920,481	852,630
Deferred investment tax credit	25,923	28,895
Accrued retirement benefits	288,841	77,525
Risk management liabilities	53,403	7,369

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Regulatory liabilities	361,337	332,471
Other	328,444	312,442
	1,978,429	1,611,332
TOTAL CAPITALIZATION AND LIABILITIES	$11,345,980	$9,464,750

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NV ENERGY, INC.
CONSOLIDATED INCOME STATEMENTS
(Dollars in Thousands, Except Per Share Amounts)

	Year Ended December 31,		
	2008	**2007**	**2006**
OPERATING REVENUES:			
Electric	$3,318,101	$3,395,487	$3,144,243
Gas	209,987	205,430	210,068
Other	25	43	1,639
	3,528,113	3,600,960	3,355,950
OPERATING EXPENSES:			
Operation:			
Fuel for power generation	1,039,267	837,355	800,585
Purchased power	974,343	1,036,905	1,109,440
Gas purchased for resale	170,468	150,879	160,739
Deferral of energy costs - electric - net	(5,656)	311,210	139,365
Deferral of energy costs - gas - net	(4,609)	10,763	6,947
Reinstatement of deferred energy	-	-	(178,825)
Other	394,019	379,446	367,198
Maintenance	94,069	99,035	93,172
Depreciation and amortization	260,608	235,532	228,875
Taxes:			
Income taxes	76,751	75,155	91,571
Other than income	53,525	50,113	48,086
	3,052,785	3,186,393	2,867,153
OPERATING INCOME	475,328	414,567	488,797
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	38,441	31,809	18,226
Interest accrued on deferred energy	5,255	26,154	27,898
Carrying charge for Lenzie	-	16,080	33,440
Gain on sale of investment	-	1,369	62,927
Other income	34,278	24,580	37,123
Other expense	(24,955)	(25,076)	(23,497)
Income taxes	(18,603)	(12,400)	(54,034)
	34,416	62,516	102,083
Total Income Before Interest Charges	509,744	477,083	590,880
INTEREST CHARGES:			
Long-term debt	297,271	273,985	294,488
Other	33,113	31,770	33,719
Allowance for borrowed funds used during construction	(29,527)	(25,967)	(17,119)
	300,857	279,788	311,088
Preferred stock dividend requirements of subsidiary and premium on redemption	-	-	2,341
NET INCOME APPLICABLE TO COMMON STOCK	$208,887	$197,295	$277,451
Amount per share basic and diluted - (Note #)			
Net Income applicable to common stock	$0.89	$0.89	$1.33
Weighted Average Shares of Common Stock Outstanding - basic	234,031,750	222,180,440	208,531,134
Weighted Average Shares of Common Stock Outstanding - diluted	234,585,004	222,554,024	209,020,896
Dividends Declared Per Share of Common Stock	$0.34	$0.16	$-

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NV ENERGY, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	Year Ended December 31,		
	2008	**2007**	**2006**
NET INCOME APPLICABLE TO COMMON STOCK	$208,887	$197,295	$277,451
OTHER COMPREHENSIVE INCOME (LOSS)			
Minimum pension liability adjustment (Net of taxes of ($1,132) in 2006)	-	-	2,106
Change in SFAS 158 liability and amortization (Net of taxes $284 and $1,250 in 2008 and 2007, respectively)	(492)	(2,323)	-
OTHER COMPREHENSE INCOME (LOSS)	(492)	(2,323)	2,106
COMPREHENSIVE INCOME	$208,395	$194,972	$279,557

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NV ENERGY, INC.
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
(Dollars in Thousands)

	December 31,		
	2008	**2007**	**2006**
Common Stock:			
Balance at Beginning of Year	$233,739	$221,030	$200,792
Stock issuance/exchange, CSIP, DRP, ESPP and other	578	12,709	20,238
Balance at end of year	234,317	233,739	221,030
Other Paid-In Capital:			
Balance at Beginning of Year	2,684,845	2,483,244	2,220,896
Premium on issuance/exchange of common stock	-	190,808	260,600
Common Stock issuance costs	(90)	(298)	(857)
Stock purchase and dividend reinvestment	2,141	504	-
Tax Benefit from stock option exercises	365	891	-
CSIP, DRP, ESPP and other	7,531	9,696	2,605
Balance at End of Year	2,694,792	2,684,845	2,483,244
Retained Earnings (Deficit):			
Balance at Beginning of Year	83,859	(78,432)	(355,883)
Adjustments to beginning balances: FAS 158 in 2008 (Net of taxes of ($2,514)) and FIN 48 in 2007	(4,669)	487	-
Net Income applicable to Common Stock	208,887	197,295	277,451
Common stock dividends declared	(79,640)	(35,491)	-
Balance at End of Year	208,437	83,859	(78,432)
Accumulated Other Comprehensive Income (Loss):			
Balance at Beginning of Year	(5,868)	(3,545)	(5,651)
Minimum pension liability adjustment (Net of taxes of ($1,132) in 2006)	-	-	2,106
Change in SFAS 158 liability and amortization (Net of taxes $284 and $1,250 in 2008 and 2007, respectively).	(492)	(2,323)	-
Balance at End of Year	(6,360)	(5,868)	(3,545)
Total Common Shareholders' Equity at End of Year	$3,131,186	$2,996,575	$2,622,297

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NV ENERGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended December 31,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income applicable to common stock	$208,887	$197,295	$277,451
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	260,608	235,532	228,875
Deferred taxes and deferred investment tax credit	52,060	79,337	136,026
AFUDC	(38,441)	(31,809)	(18,226)
Amortization of energy costs, net of deferrals	2,717	309,587	127,495
Reinstatement of deferred energy	-	-	(178,825)
Carrying charge on Lenzie plant	-	(16,080)	(33,440)
Reinstated interest on deferred energy	-	(11,076)	-
Gain on sale of investment	-	(1,369)	(62,927)
Other, net	100,482	71,543	53,561
Changes in certain assets and liabilities:			
Accounts receivable	39,776	(19,276)	(43,214)
Materials, supplies and fuel	(7,908)	(13,725)	(15,312)
Other current assets	(6,724)	1,639	24,050
Accounts payable	(12,028)	42,958	(2,739)
Payment to terminating supplier	-	-	(65,368)
Proceeds from claim on terminating supplier	-	-	41,365
Accrued retirement benefits	(79,242)	(75,820)	(3,393)
Other current liabilities	40,747	22,475	2,356
Risk management assets and liabilities	(4,924)	10,088	(5,950)
Other deferred assets	(51,874)	498	(9,071)
Other regulatory assets	(67,460)	(45,864)	(29,962)
Other deferred liabilities	22,238	(2,112)	6,690
Net Cash from Operating Activities	458,914	753,821	429,442
CASH FLOWS USED BY INVESTING ACTIVITIES:			
Additions to utility plant (excluding equity related to AFUDC)	(1,535,503)	(1,165,517)	(967,793)
Customer advances for construction	(11,981)	8,230	17,348
Contributions in aid of construction	62,521	32,165	38,792
Proceeds from sale of Investment	-	1,935	99,730
Investments and other property - net	4,301	2,810	8,423
Net Cash used by Investing Activities	(1,480,662)	(1,120,377)	(803,500)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Change in restricted cash and investments	-	-	3,612
Proceeds from issuance of long-term debt	2,135,151	1,246,383	2,491,883
Retirement of long-term debt	(1,114,226)	(1,044,866)	(2,407,745)
Redemption of preferred stock	-	-	(51,366)
Sale of Common Stock	5,756	213,339	281,554
Proceeds from exercise of stock options	-	548	1,040
Dividends paid	(79,714)	(35,417)	(1,945)
Net Cash from Financing Activities	946,967	379,987	317,033
Net Increase (Decrease) in Cash and Cash Equivalents	(74,781)	13,431	(57,025)
Beginning Balance in Cash and Cash Equivalents	129,140	115,709	172,734
Ending Balance in Cash and Cash Equivalents	$54,359	$129,140	$115,709
Supplemental Disclosures of Cash Flow Information:			

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Cash paid during period for:			
Interest	$284,044	$267,082	$338,665
Income taxes	$10,677	$9,727	$4,726

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NV ENERGY, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands, Except Per Share Amounts)

	December 31, 2008	December 31, 2007
Common Shareholder's Equity:		
Common stock, $1.00 par value, authorized 350 million; issued and outstanding 2008: 234,317,000 shares; issued and outstanding 2007: 233,739,000 shares issued and outstanding	$234,317	$233,739
Other paid-in capital	2,694,792	2,684,845
Retained Earnings	208,437	83,859
Accumulated other comprehensive Income (Loss)	(6,360)	(5,868)
Total Common Shareholders' Equity	3,131,186	2,996,575
Long-Term Debt:		
Secured Debt		
Debt Secured by General and Refunding Mortgage Securities		
Nevada Power Company		
8.25% NPC Series A due 2011	350,000	350,000
6.50% NPC Series I due 2012	130,000	130,000
9.00% NPC Series G due 2013	-	17,244
5.875% NPC Series L due 2015	250,000	250,000
5.95% NPC Series M due 2016	210,000	210,000
6.65% NPC Series N due 2036	370,000	370,000
6.50% NPC Series O due 2018	325,000	325,000
6.75% NPC Series R due 2037	350,000	350,000
6.50% NPC Series S due 2018	500,000	-
Subtotal	2,485,000	2,002,244
Sierra Pacific Power Company		
8.00% SPPC Series A due 2008	-	99,243
6.25% SPPC Series H due 2012	100,000	100,000
6.00% SPPC Series M due 2016	300,000	300,000
6.75% SPPC Series P due 2037	325,000	325,000
5.45% SPPC Series Q due 2013	250,000	-
Subtotal	975,000	824,243
Variable Rate Instruments		
Nevada Power Company		
NPC PCRB Series 2000B due 2009	-	15,000
NPC IDRB Series 2000A due 2020	100,000	100,000
NPC PCRB Series 2006 due 2036	39,500	39,500
NPC PCRB Series 2006A due 2032	40,000	40,000
NPC PCRB Series 2006B due 2039	-	13,000
Revolving Credit Facility	409,629	-
Subtotal	589,129	207,500
Sierra Pacific Power Company		
SPPC PCRB Series 2006 due 2029	-	49,750
SPPC PCRB Series 2006A due 2031	58,700	58,700
SPPC PCRB Series 2006B due 2036	75,000	75,000
SPPC PCRB Series 2006C due 2036	84,800	84,800
SPPC WFRB Series 2007A due 2036	40,000	40,000
SPPC WFRB Series 2007B due 2036	-	40,000
Revolving Credit Facility	152,912	-
Subtotal	411,412	348,250
Unsecured Debt		
Revenue Bonds		
Nevada Power Company		
5.30% NPC Series 1995D due 2011	14,000	14,000

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5.45% NPC Series 1995D due 2023	6,300	6,300
5.50% NPC Series 1995C due 2030	44,000	44,000
5.60% NPC Series 1995A due 2030	76,750	76,750
5.90% NPC Series 1995B due 2030	85,000	85,000
5.90% NPC Series 1997A due 2032	52,285	52,285
Subtotal	278,335	278,335

The accompanying notes are an integral part of the financial statements.

(Continued)

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NV ENERGY, INC.
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	December 31, 2008	December 31, 2007
Other Notes		
NV ENERGY		
7.803% NVE Senior Notes due 2012	63,670	63,670
8.625% NVE Notes due 2014	230,039	250,039
6.75% NVE Senior Notes due 2017	191,500	210,500
Subtotal, excluding current portion	485,209	524,209
Unamortized bond premium and discount, net	(2,677)	(1,068)
Obligations under capital leases	54,265	61,424
Current maturities	(9,291)	(110,285)
Other, excluding current portion	600	3,012
Total Long-Term Debt	5,266,982	4,137,864
TOTAL CAPITALIZATION	$8,398,168	$7,134,439

The accompanying notes are an integral part of the financial statements.

(Concluded)

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NEVADA POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	December 31,	
	2008	**2007**
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$6,884,033	$5,571,492
Less accumulated provision for depreciation	1,500,502	1,407,334
	5,383,531	4,164,158
Construction work-in-progress	514,096	576,127
	5,897,627	4,740,285
Investments and other property, net	19,701	19,544
Current Assets:		
Cash and cash equivalents	28,594	37,001
Accounts receivable less allowance for uncollectible accounts:		
2008- $30,621 , 2007-$30,392	238,379	274,242
Deferred energy costs - electric (Note 3)	50,436	75,948
Materials, supplies and fuel, at average cost	74,103	68,671
Risk management assets (Note 9)	11,724	16,078
Intercompany income taxes receivable	20,695	-
Deferred income taxes	2,682	2,383
Other	34,657	28,352
	461,270	502,675
Deferred Charges and Other Assets:		
Deferred energy costs - electric (Note 3)	231,027	205,030
Regulatory assets	971,354	706,903
Regulatory asset for pension plans	187,894	86,909
Risk management assets (Note 9)	7,346	9,069
Other	127,928	106,954
	1,525,549	1,114,865
TOTAL ASSETS	$7,904,147	$6,377,369
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	$2,627,567	$2,376,740
Long-term debt	3,385,106	2,528,141
	6,012,673	4,904,881
Current Liabilities:		
Current maturities of long-term debt	8,691	8,642
Accounts payable	262,552	231,205
Accounts payable, affiliated companies	32,901	32,706
Accrued expenses	80,069	63,330
Dividends declared	-	10,907
Current income taxes payable	-	3,544
Intercompany Income taxes payable	-	15,403
Risk management liabilities (Note 9)	222,856	26,982
Other	72,762	50,902
	679,831	443,621
Commitments and Contingencies (Note 13)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	635,523	585,168
Deferred investment tax credit	10,001	11,169

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Accrued retirement benefits	103,023	25,693
Risk management liabilities (Note 9)	35,241	5,116
Regulatory liabilities	188,709	178,419
Other	239,146	223,302
	1,211,643	1,028,867
TOTAL CAPITALIZATION AND LIABILITIES	$7,904,147	$6,377,369

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NEVADA POWER COMPANY
CONSOLIDATED INCOME STATEMENTS
(Dollars in Thousands)

	Year Ended December 31,		
	2008	**2007**	**2006**
OPERATING REVENUES:			
Electric	$2,315,427	$2,356,620	$2,124,081
OPERATING EXPENSES:			
Operation:			
Fuel for power generation	755,925	594,382	552,959
Purchased power	680,816	688,606	764,850
Deferral of energy costs - net	(6,947)	233,166	92,322
Other	249,236	232,610	218,120
Reinstatement of deferred energy	-	-	(178,825)
Maintenance	63,282	67,482	61,899
Depreciation and amortization	171,080	152,139	141,585
Taxes:			
Income taxes	58,014	61,108	91,781
Other than income	32,069	29,823	28,118
	2,003,475	2,059,316	1,772,809
OPERATING INCOME	311,952	297,304	351,272
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	25,917	15,861	11,755
Interest accrued on deferred energy	7,342	25,289	21,902
Carrying charge for Lenzie	-	16,080	33,440
Other income	16,631	14,423	16,992
Other expense	(10,221)	(11,352)	(8,480)
Income taxes	(13,368)	(17,244)	(25,729)
	26,301	43,057	49,880
Total Income Before Interest Charges	338,253	340,361	401,152
INTEREST CHARGES:			
Long-term debt	180,672	164,002	171,188
Other	26,213	23,861	17,038
Allowance for borrowed funds used during construction	(20,063)	(13,196)	(11,614)
	186,822	174,667	176,612
NET INCOME	$151,431	$165,694	$224,540

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NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	Year Ended December 31,		
	2008	**2007**	**2006**
NET INCOME	$151,431	$165,694	$224,540
OTHER COMPREHENSIVE INCOME (LOSS)			
Minimum pension liability adjustment (Net of taxes of ($520) in 2006)	-	-	965
Change in SFAS 158 liability and amortization (Net of taxes $207 and $487 in 2008 and 2007, respectively)	(393)	(905)	-
OTHER COMPREHENSE INCOME (LOSS)	(393)	(905)	965
COMPREHENSIVE INCOME	$151,038	$164,789	$225,505

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NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(Dollars in Thousands)

	December 31,		
	2008	**2007**	**2006**
Common Stock:			
Balance at Beginning of Year and End of Year	$1	$1	$1
Other Paid-In Capital:			
Balance at Beginning of Year	2,107,582	2,042,369	1,808,848
Transfer of pension assets	-	-	33,521
Capital contribution from parent	146,600	65,000	200,000
Tax Benefit from stock option exercises	-	213	-
Balance at End of Year	2,254,182	2,107,582	2,042,369
Retained Earnings (Deficit):			
Balance at Beginning of Year	272,435	132,201	(43,422)
Adjustments to beginning balances: FAS 158 in 2008 (Net of taxes of ($1,514)) and FIN 48 in 2007	(2,811)	207	-
Income for the year	151,431	165,694	224,540
Common stock dividends declared	(44,000)	(25,667)	(48,917)
Balance at End of Year	377,055	272,435	132,201
Accumulated Other Comprehensive (Loss):			
Balance at Beginning of Year	(3,278)	(2,373)	(3,338)
Minimum pension liability adjustment (Net of taxes of ($520) in 2006)	-	-	965
Change in SFAS 158 liability and amortization (Net of taxes $207 and $487 in 2008 and 2007, respectively	(393)	(905)	-
Balance at End of Year	(3,671)	(3,278)	(2,373)
Total Common Shareholder’s Equity at End of Year	$2,627,567	$2,376,740	$2,172,198

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NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended December 31,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$151,431	$165,694	$224,540
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	171,080	152,139	141,585
Deferred taxes and deferred investment tax credit	45,039	56,868	107,392
AFUDC	(25,917)	(15,861)	(11,755)
Amortization of energy costs, net of deferrals	4,211	218,992	74,413
Reinstatement of deferred energy	-	-	(178,825)
Carrying charge on Lenzie plant	-	(16,080)	(33,440)
Reinstated interest on deferred energy	-	(11,076)	-
Other, net	73,209	38,821	25,783
Changes in certain assets and liabilities:			
Accounts receivable	35,863	(29,619)	(35,191)
Materials, supplies and fuel	(5,432)	(7,916)	(13,919)
Other current assets	(6,305)	(1,395)	5,421
Accounts payable	(47,424)	60,269	(2,431)
Payment to terminating supplier	-	-	(37,410)
Proceeds from claim on terminating supplier	-	-	26,391
Accrued retirement benefits	(32,413)	(46,067)	(11,853)
Other current liabilities	38,598	11,267	5,083
Risk management assets and liabilities	(3,622)	3,673	(2,219)
Other deferred assets	(51,172)	(2,164)	(9,474)
Other regulatory assets	(50,347)	(31,790)	(22,817)
Other deferred liabilities	24,063	18,873	8,907
Net Cash from Operating Activities	320,862	564,628	260,181
CASH FLOWS USED BY INVESTING ACTIVITIES:			
Additions to utility plant (excluding equity related to AFUDC)	(1,314,697)	(750,275)	(658,686)
Customer advances for construction	(13,121)	(1,150)	10,417
Contributions in aid of construction	52,261	19,576	21,241
Investments and other property - net	2,690	2,768	7,363
Net Cash used by Investing Activities	(1,272,867)	(729,081)	(619,665)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	1,437,412	724,391	1,687,726
Retirement of long-term debt	(585,507)	(596,339)	(1,554,521)
Additional investment by parent company	146,600	65,000	200,000
Dividends paid	(54,907)	(28,231)	(35,769)
Net Cash from Financing Activities	943,598	164,821	297,436
Net Increase (Decrease) in Cash and Cash Equivalents	(8,407)	368	(62,048)
Beginning Balance in Cash and Cash Equivalents	37,001	36,633	98,681
Ending Balance in Cash and Cash Equivalents	$28,594	$37,001	$36,633
Supplemental Disclosures of Cash Flow Information:			
Cash paid during period for:			
Interest	$170,281	$164,704	$190,023
Income taxes	$15,535	$6,760	$4,714

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NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands, Except Per Share Amounts)

	December 31,	
	2008	**2007**
Common Shareholder's Equity:		
Common stock, $1.00 par value, 1,000 shares authorized, issued and Outstanding	$1	$1
Other paid-in capital	2,254,182	2,107,582
Retained Earning	377,055	272,435
Accumulated other comprehensive Income (Loss)	(3,671)	(3,278)
Total Common Shareholder's Equity	2,627,567	2,376,740
Long-Term Debt:		
Secured Debt		
Debt Secured by General and Refunding Mortgage Securities		
8.25% Series A due 2011	350,000	350,000
6.50% Series I due 2012	130,000	130,000
9.00% Series G due 2013	-	17,244
5.875% Series L due 2015	250,000	250,000
5.95% Series M due 2016	210,000	210,000
6.65% Series N due 2036	370,000	370,000
6.50% Series O due 2018	325,000	325,000
6.75% Series R due 2037	350,000	350,000
6.50% Series S due 2018	500,000	-
Subtotal	2,485,000	2,002,244
Variable Rate Instruments		
PCRB Series 2000B due 2009	-	15,000
IDRB Series 2000A due 2020	100,000	100,000
PCRB Series 2006 due 2036	39,500	39,500
PCRB Series 2006A due 2032	40,000	40,000
PCRB Series 2006B due 2039	-	13,000
Revolving Credit Facility	409,629	-
Subtotal	589,129	207,500
Unsecured Debt		
Revenue Bonds		
5.30% Series 1995D due 2011	14,000	14,000
5.45% Series 1995D due 2023	6,300	6,300
5.50% Series 1995C due 2030	44,000	44,000
5.60% Series 1995A due 2030	76,750	76,750
5.90% Series 1995B due 2030	85,000	85,000
5.90% Series 1997A due 2032	52,285	52,285
Subtotal	278,335	278,335
Unamortized bond premium and discount, net	(12,932)	(12,732)
Obligations under capital leases	54,265	61,424
Current maturities	(8,691)	(8,642)
Other, excluding current portion	-	12
Total Long-Term Debt	3,385,106	2,528,141
TOTAL CAPITALIZATION	$6,012,673	$4,904,881

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	December 31,	
	2008	**2007**
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$3,474,810	$2,897,219
Less accumulated provision for depreciation	1,158,717	1,119,045
	2,316,093	1,778,174
Construction work-in-progress	96,571	492,539
	2,412,664	2,270,713
Investments and other property, net	411	570
Current Assets:		
Cash and cash equivalents	21,411	23,807
Accounts receivable less allowance for uncollectible accounts:		
2008- $2,073; 2007 - $5,669	177,401	160,014
Materials, supplies and fuel, at average cost	51,252	48,799
Risk management assets (Note 9)	4,394	6,208
Intercompany income taxes receivable	64,932	-
Deferred income taxes	12,253	17,728
Other	17,631	17,255
	349,274	273,811
Deferred Charges and Other Assets:		
Regulatory assets	444,082	345,299
Regulatory asset for pension plans	218,550	43,778
Risk management assets (Note 9)	2,613	3,360
Other	34,951	38,993
	700,196	431,430
TOTAL ASSETS	$3,462,545	$2,976,524
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	$877,961	$1,001,840
Long-term debt	1,395,987	1,084,550
	2,273,948	2,086,390
Current Liabilities:		
Current maturities of long-term debt	600	101,643
Accounts payable	109,410	94,722
Accounts payable, affiliated companies	17,433	19,288
Accrued expenses	37,787	34,122
Dividends declared	96,800	5,333
Intercompany income taxes payable	-	2,479
Risk management liabilities (Note 9)	90,990	12,527
Other	41,680	43,957
	394,700	314,071
Commitments and Contingencies (Note 13)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	287,251	267,801
Deferred investment tax credit	15,922	17,726
Accrued retirement benefits	180,209	48,025
Risk management liabilities (Note 9)	18,162	2,253
Regulatory liabilities	172,628	154,052
Other	119,725	86,206

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	793,897	576,063
TOTAL CAPITALIZATION AND LIABILITIES	$3,462,545	$2,976,524

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED INCOME STATEMENTS
(Dollars in Thousands)

	Year Ended December 31,		
	2008	**2007**	**2006**
OPERATING REVENUES:			
Electric	$1,002,674	$1,038,867	$1,020,162
Gas	209,987	205,430	210,068
	1,212,661	1,244,297	1,230,230
OPERATING EXPENSES:			
Operation:			
Fuel for power generation	283,342	242,973	247,626
Purchased power	293,527	348,299	344,590
Gas purchased for resale	170,468	150,879	160,739
Deferral of energy costs - electric - net	1,291	78,044	47,043
Deferral of energy costs - gas - net	(4,609)	10,763	6,947
Other	141,064	142,348	141,350
Maintenance	30,787	31,553	31,273
Depreciation and amortization	89,528	83,393	87,279
Taxes:			
Income taxes	31,806	29,991	23,570
Other than income	21,304	20,097	19,796
	1,058,508	1,138,340	1,110,213
OPERATING INCOME	154,153	105,957	120,017
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	12,524	15,948	6,471
Interest (expense) accrued on deferred energy	(2,087)	865	5,996
Other income	12,819	8,091	9,412
Other expense	(8,318)	(8,441)	(8,422)
Income taxes	(5,797)	3,982	(4,259)
	9,141	20,445	9,198
Total Income Before Interest Charges	163,294	126,402	129,215
INTEREST CHARGES:			
Long-term debt	76,256	67,502	71,869
Other	5,920	6,004	5,142
Allowance for borrowed funds used during construction	(9,464)	(12,771)	(5,505)
	72,712	60,735	71,506
NET INCOME	90,582	65,667	57,709
Preferred stock dividend and premium on redemption	-	-	2,341
EARNINGS APPLICABLE TO COMMON STOCK	$90,582	$65,667	$55,368

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	Year Ended December 31,		
	2008	**2007**	**2006**
NET INCOME APPLICABLE TO COMMON STOCK	$90,582	$65,667	$57,709
OTHER COMPREHENSIVE INCOME (LOSS)			
Minimum pension liability adjustment (Net of taxes of ($462) in 2006)	-	-	861
Change in SFAS 158 liability and amortization (Net of taxes $126 and $620 in 2008 and 2007, respectively)	(234)	(1,153)	-
OTHER COMPREHENSIVE INCOME (LOSS)	(234)	(1,153)	861
COMPREHENSIVE INCOME	$90,348	$64,514	$58,570

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(Dollars in Thousands)

	December 31,		
	2008	**2007**	**2006**
Common Stock:			
Balance at Beginning of Year and End of Year	$4	$4	$4
Other Paid-In Capital:			
Balance at Beginning of Year	1,000,595	935,453	810,103
Transfer of Goodwill	-	-	18,888
Transfer of pension assets	-	-	31,462
Capital contribution from parent	20,000	65,000	75,000
Tax Benefit from stock option exercises	365	142	-
Balance at End of Year	1,020,960	1,000,595	935,453
Retained Earnings (Deficit):			
Balance at Beginning of Year	3,325	(49,789)	(80,538)
Adjustments to beginning balances: FAS 158 in 2008 (Net of taxes of ($857)) and FIN 48 in 2007	(1,592)	280	-
Income before preferred dividends	90,582	65,667	57,709
Preferred stock redemption	-	-	(1,366)
Preferred stock dividends declared	-	-	(975)
Common stock dividends declared	(233,000)	(12,833)	(24,619)
Balance at End of Year	(140,685)	3,325	(49,789)
Accumulated Other Comprehensive Income (Loss):			
Balance at Beginning of Year	(2,084)	(931)	(1,792)
Minimum pension liability adjustment (Net of taxes of ($462) in 2006)	-	-	861
Change in SFAS 158 liability and amortization (Net of taxes $126 and $620 In 2008 and 2007, respectively	(234)	(1,153)	-
Balance at End of Year	(2,318)	(2,084)	(931)
Total Common Shareholder’s Equity at End of Year	$877,961	$1,001,840	$884,737

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	Year Ended December 31,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$90,582	$65,667	$57,709
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	89,528	83,393	87,279
Deferred taxes and deferred investment tax credit	24,598	(36,713)	(39,361)
AFUDC	(12,524)	(15,948)	(6,471)
Amortization of energy costs, net of deferrals	(1,494)	90,595	53,082
Other, net	22,872	29,451	23,457
Changes in certain assets and liabilities:			
Accounts receivable	(59,701)	10,092	36,171
Materials, supplies and fuel	(2,453)	(5,809)	(1,382)
Other current assets	(376)	2,839	18,204
Accounts payable	(574)	15,010	19,670
Payment to terminating supplier	-	-	(27,958)
Proceeds from claim on terminating supplier	-	-	14,974
Accrued retirement benefits	(47,923)	(25,248)	8,781
Other current liabilities	3,673	11,196	(925)
Risk management assets and liabilities	(1,302)	6,415	(3,731)
Other deferred assets	(702)	2,662	403
Other regulatory assets	(17,113)	(14,074)	(7,145)
Other deferred liabilities	31,536	(5,349)	(2,320)
Net Cash from Operating Activities	118,627	214,179	230,437
CASH FLOWS USED BY INVESTING ACTIVITIES:			
Additions to utility plant (excluding equity related to AFUDC)	(220,806)	(415,242)	(309,107)
Customer advances for construction	1,140	9,380	6,931
Contributions in aid of construction	10,260	12,590	17,551
Investments and other property - net	1,611	39	233
Net Cash used by Investing Activities	(207,795)	(393,233)	(284,392)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Change in restricted cash and investments	-	-	3,612
Proceeds from issuance of long-term debt	697,739	521,992	804,157
Retirement of long-term debt	(489,434)	(423,155)	(742,514)
Redemption of preferred stock	-	-	(51,366)
Investment by parent company	20,000	65,000	75,000
Dividends paid	(141,533)	(14,236)	(19,827)
Net Cash from Financing Activities	86,772	149,601	69,062
Net Increase (Decrease) in Cash and Cash Equivalents	(2,396)	(29,453)	15,107
Beginning Balance in Cash and Cash Equivalents	23,807	53,260	38,153
Ending Balance in Cash and Cash Equivalents	$21,411	$23,807	$53,260
Supplemental Disclosures of Cash Flow Information:			
Cash paid during period for:			
Interest	$72,443	$59,496	$83,327
Income taxes	$19	$64	$12
Noncash Activities:			
Transfer of Regulatory Asset	$-	$-	$18,888

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SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands, Except Per Share Amounts)

	December 31,	
	2008	**2007**
Common Shareholder's Equity:		
Common stock, $3.75 par value, 20,000,000 shares authorized, 1,000 shares issued and outstanding	$4	$4
Other paid-in capital	1,020,960	1,000,595
Retained Deficit	(140,685)	3,325
Accumulated other comprehensive Income (Loss)	(2,318)	(2,084)
Total Common Shareholder's Equity	877,961	1,001,840
Long-Term Debt:		
Secured Debt		
Debt Secured by General and Refunding Mortgage Securities		
8.00% Series A due 2008	-	99,243
6.25% Series H due 2012	100,000	100,000
6.00% Series M due 2016	300,000	300,000
6.75% Series P due 2037	325,000	325,000
5.45% Series Q due 2013	250,000	-
Subtotal	975,000	824,243
Variable Rate Instruments		
PCRB Series 2006 due 2029	-	49,750
PCRB Series 2006A due 2031	58,700	58,700
PCRB Series 2006B due 2036	75,000	75,000
PCRB Series 2006C due 2036	84,800	84,800
WFRB Series 2007A due 2036	40,000	40,000
WFRB Series 2007B due 2036	-	40,000
Revolving Credit Facility	152,912	-
Subtotal	411,412	348,250
Unsecured Debt		
Unamortized bond premium and discount, net	9,575	10,700
Current maturities	(600)	(101,643)
Other, excluding current portion	600	3,000
Total Long-Term Debt	1,395,987	1,084,550
TOTAL CAPITALIZATION	$2,273,948	$2,086,390

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies for both utility and non-utility operations are as follows:

Basis of Presentation

The consolidated financial statements include the accounts of NV Energy, Inc. and its wholly-owned subsidiaries, Nevada Power Company, Sierra Pacific Power Company, Tuscarora Gas Pipeline Company, which was dissolved in 2008, Sierra Pacific Communications, Lands of Sierra, Inc., Sierra Energy Company dba e·three, Sierra Pacific Energy Company, Sierra Water Development Company and Sierra Gas Holding Company. All significant intercompany balances and intercompany transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities. These estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the reporting period. Actual results could differ from these estimates.

NPC is an operating public utility that provides electric service in Clark County in southern Nevada. The assets of NPC represent approximately 70% of the consolidated assets of NVE at December 31, 2008. NPC provides electricity to approximately 827,000 customers in the communities of Las Vegas, North Las Vegas, Henderson, Searchlight, Laughlin and adjoining areas, including Nellis Air Force Base. Service is also provided to the Department of Energy's Nevada Test Site in Nye County. The consolidated financial statements of NVE include NPC's wholly-owned subsidiary, NEICO.

SPPC is an operating public utility that provides electric service in northern Nevada and northeastern California. SPPC also provides natural gas service in the Reno/Sparks area of Nevada. The assets of SPPC represent approximately 30% of the consolidated assets of NVE at December 31, 2007. SPPC provides electricity to approximately 366,000 customers in a 50,000 square mile service area including western, central, and northeastern Nevada, including the cities of Reno, Sparks, Carson City, and Elko, and a portion of eastern California, including the Lake Tahoe area. SPPC also provides natural gas service in Nevada to approximately 149,000 customers in an area of about 800 square miles in the Reno and Sparks areas. The consolidated financial statements of SPPC include the accounts of SPPC's wholly-owned subsidiaries, PPC, PPIC, GPSF-B, SPPC Funding LLC, and Sierra Pacific Power Capital I.

The Utilities' accounts for electric operations and SPPC's accounts for gas operations are maintained in accordance with the Uniform System of Accounts prescribed by the FERC.

TGPC was a partner in a joint venture that developed, constructed and operates a natural gas pipeline serving the expanding gas market in the Reno area and certain northeastern California markets. TGPC accounted for its joint venture interest under the equity method. In December 2006, TGPC substantially sold its partnership interest in the joint venture.

Reclassifications

Certain financial statement line items of prior year's information have been re-grouped or reclassified to conform with current year presentation. The re-groupings or reclassifications have not affected previously reported results of operations or common shareholders' equity.

Regulatory Accounting and Other Regulatory Assets

The Utilities' rates are currently subject to the approval of the PUCN and, in the case of SPPC, rates are also subject to the approval of the CPUC and are designed to recover the cost of providing generation, transmission and distribution services. As a result, the Utilities qualify for the application of SFAS 71, issued by the FASB. This statement recognizes that the rate actions of a regulator can provide reasonable assurance of the existence of an asset and requires the deferral of incurred costs that would otherwise be charged to expense where it is probable that future revenue will be provided to recover these costs. SFAS 71 prescribes the method to be used to record the financial transactions of a regulated entity. The criteria for applying SFAS 71 include the following: (i) rates are set by an independent third party regulator; (ii) regulated rates are designed to recover the specific costs of the regulated products or services; and (iii) it is reasonable to assume that rates are set at levels that recovered costs can be charged to and collected from customers. Management periodically assesses whether the requirements for application of SFAS 71 are satisfied.

Regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. If at any time the incurred costs no longer meet these criteria, these costs are charged to earnings. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections, except for cost of removal which represents the

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cost of removing future electric and gas assets. Management believes the existing regulatory assets are probable of recovery either because the Utilities received prior PUCN approval or due to regulatory precedent set for similar circumstances. Included in Note 3, Regulatory Actions, are details of other regulatory assets and liabilities, and their current regulatory treatment.

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Deferral of Energy Costs

Nevada and California statutes permit regulated utilities to adopt deferred energy accounting procedures. The intent of these procedures is to ease the effect on customers of fluctuations in the cost of purchased gas, fuel, and purchased power.

Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates that excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet in accordance with the provisions of SFAS 71. Conversely, a liability is recorded to the extent fuel and purchased power costs recoverable through current rates exceed actual fuel and purchased power costs. These excess amounts are reflected in adjustments to rates and recorded as revenue or expense in future time periods, subject to PUCN review.

Nevada law requires the Utilities file annual DEAA applications and provides that the PUCN may not allow the recovery of any costs for purchased fuel or purchased power "that were the result of any practice or transaction that was undertaken, managed or performed imprudently by the electric utility." Nevada law also specifies that fuel and purchased power costs include all costs incurred to purchase fuel, to purchase capacity, and to purchase energy. The Utilities also record and are eligible under the statute to recover a carrying charge on such deferred balances. See Note 3, Regulatory Actions for details regarding deferred energy balances.

Utility Plant

The cost of additions, including betterments and replacements of units of property, are charged to utility plant. When units of property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage proceeds, are charged to accumulated depreciation. The cost of current repairs and minor replacements are charged to maintenance expense when incurred, with the exception of long term service agreements. These agreements may have annual payment amounts for repairs which could vary over the life of the agreement between maintenance expense and amounts to be capitalized. To ensure consistency in annual expense for rate making purposes, the amounts to be charged to maintenance expense are smoothed over the life of the contract, with an offset to a regulatory asset or liability account. Amounts prepaid for capital expenditure are recorded in a prepaid asset account.

In addition to direct labor and material costs, certain other direct and indirect costs are capitalized. The indirect construction overhead costs capitalized are based upon the following cost components: the cost of time spent by administrative and supervision employees in planning and directing construction; property taxes; employee benefits including such costs as pensions, post retirement and post employment benefits, vacations and payroll taxes; and an AFUDC which includes the cost of debt and equity capital associated with construction activity.

AFUDC

As part of the cost of constructing utility plant, the Utilities capitalize AFUDC. AFUDC represents the cost of borrowed funds and, where appropriate, the cost of equity funds used for construction purposes in accordance with rules prescribed by the FERC and the PUCN. AFUDC is capitalized in the same manner as construction labor and material costs, however, with an offsetting credit to "other income" for the portion representing the cost of equity funds; and as a reduction of interest charges for the portion representing borrowed funds. Recognition of this item as a cost of utility plant is in accordance with established regulatory ratemaking practices. Such practices are intended to permit the Utility to earn a fair return on, and recover in rates charged for utility services, all capital costs. This is accomplished by including such costs in the rate base and in the provision for depreciation. NPC's AFUDC rate used during 2008 and 2007 was 9.06% and 9.03% during 2006. SPPC's AFUDC rates used during 2008, 2007 and 2006 were 8.54%, 8.60% and 8.97%, respectively. As specified by the PUCN, certain projects may be assigned a lower or higher AFUDC rate due to specific interest-rate financings directly associated with those projects.

Depreciation

Substantially all of the Utilities' plant is subject to the ratemaking jurisdiction of the PUCN or the FERC, and, in the case of SPPC, the CPUC. Depreciation expense is calculated using the straight-line composite method over the estimated remaining service lives of the related properties, which approximates the anticipated physical lives of these assets in most cases. NPC's depreciation provision, as authorized by the PUCN and stated as a percentage of the average depreciable property balances for those years, was approximately 2.56%, 2.66%, and 3.15% during 2008, 2007 and 2006, respectively. SPPC's depreciation provision for 2008, 2007 and 2006, as authorized by the PUCN and stated as a percentage of the average cost of depreciable property, was approximately 2.77%, 3.01% and 3.08%, respectively.

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Impairment of Long-Lived Assets

NVE, NPC and SPPC evaluate on an ongoing basis the recoverability of its assets for impairments whenever events or changes in circumstance indicate that the carrying amount may not be recoverable as described in SFAS 144.

Cash and Cash Equivalents

Cash is comprised of cash on hand and working funds. Cash equivalents consist of high quality investments in money market funds and do not have any withdrawal restrictions.

Federal Income Taxes

NVE and its subsidiaries file a consolidated federal income tax return. Current income taxes are allocated based on NVE's and each subsidiary's respective taxable income or loss and tax credits as if each subsidiary filed a separate return. NVE accounts for income taxes in accordance with SFAS 109. SFAS 109 requires recognition of deferred tax liabilities and assets for the future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

In prior years, the Utilities reduced rates to reflect the current tax benefits associated with recognizing certain tax deductions sooner than when the expenses were recognized for financial reporting purposes. A regulatory asset has been recorded for these amounts to reflect the future increases in income taxes payable that will be recovered from customers when these temporary differences reverse. The Utilities have been fully normalized since 1987. AFUDC-Equity is recorded on an after-tax basis. Accordingly, a regulatory asset is recorded when AFUDC-Equity is recognized. This regulatory asset reverses as the related plant is depreciated, resulting in an increase to the tax provision.

The Utilities also have recorded a regulatory liability for the obligation to reduce rates charged customers for deferred taxes recovered from customers in prior years at corporate tax rates higher than the current tax rates. The reduction in rates charged customers will occur as the temporary differences resulting in the excess deferred tax liabilities reverse.

Deferred investment tax credits are being amortized over the estimated service lives of the related properties. Investment tax credits are no longer available to the Utilities.

Revenues

Operating revenues include billed and unbilled utility revenues. The accrual for unbilled revenues represents amounts owed to the Utilities for service provided to customers for which the customers have not yet been billed. These unbilled amounts are also included in accounts receivable.

Revenues related to the sale of energy are recorded based on meter reads, which occur on a systematic basis throughout a month, rather than when the service is rendered or energy is delivered. At the end of each month, the energy delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenues are calculated. These estimates of unbilled sales and revenues are based on the ratio of billable days versus unbilled days, amount of energy procured and generated during that month, historical customer class usage patterns and the Utilities' current tariffs. Accounts receivable as of December 31, 2008, include unbilled receivables of $103 million and $76 million for NPC and SPPC, respectively. Accounts receivable as of December 31, 2007, include unbilled receivables of $106 million and $79 million for NPC and SPPC, respectively.

Asset Retirement Obligations

SFAS 143 provides accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. Under the standard, these liabilities are recognized at fair value as incurred and capitalized as part of the cost of the related tangible long-lived assets. Accretion of the liabilities due to the passage of time is classified as an operating expense. Retirement obligations associated with long-lived assets included within the scope of SFAS 143 are those for which a legal obligation exists under enacted laws, statutes written or oral contracts, including obligations arising under the doctrine of promissory estoppel. NVE, NPC and SPPC adopted SFAS 143 on January 1, 2003.

Management's methodology to assess its legal obligation included an inventory of assets by company, system and components and a review of rights of way and easements, regulatory orders, leases and federal, state, and local environmental laws. Management identified a legal obligation to retire generation plant assets specified in land leases for NPC's jointly-owned Navajo Generating Station and the newly

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acquired Higgins Generating Station. Provisions of the lease require the lessees to remove the facilities upon request of the lessors at the expiration of the leases.

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In March, 2005, the FASB issued FIN 47 as clarification to SFAS 143. FIN 47 was effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005, for calendar-year enterprises). FIN 47 clarified the term conditional retirement obligation as used in SFAS 143 as well as when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation.

Similar to the methodology used to assess legal obligations under SFAS 143, management reviewed the inventory of assets by system and components, as well as rights of way and easements, regulatory orders, leases and federal, state, and local environmental laws. Management has determined evaporative ponds, dry ash landfills, fuel storage tanks, asbestos and oils treated with Poly Chlorinated Biphenyl to have met the conditional asset retirement obligations of FIN 47.

The following table presents a reconciliation of the beginning and ending aggregate carrying amounts of asset retirement obligation for the years presented below (dollars in thousands):

	NVE		NPC		SPPC	
	2008	2007	2008	2007	2008	2007
Balance at January 1	$53,462	$18,194	$46,270	$12,895	$7,192	$5,299
Liabilities incurred in current period	3,424	32,867	3,162	32,867	262	-
Liabilities settled in current period	(4,160)	-	(4,160)	-	-	-
Accretion expense	2,904	1,879	2,503	1,488	401	391
Revision in estimated cash flows	1,997	522	2,441	(980)	(444)	1,502
Balance at December 31	$57,627	$53,462	$50,216	$46,270	$7,411	$7,192

Cost of Removal

In addition to the legal asset retirement obligations booked under SFAS 143 and FIN 47, the Utilities have accrued for the cost of removing non-legal retirement obligations of other electric and gas assets, in accordance with accepted accounting practices. The amounts of such accruals included in regulatory liabilities in 2008 are approximately $174.3 million and $150.5 million for NPC and SPPC, respectively. In 2007, the amounts were approximately $161.7 million and $129.6 million.

Variable Interest Entities

In December 2003, the FASB issued a revised FIN 46 (R), which elaborates on Accounting Research Bulletin No. 51, "Consolidated Financial Statements." Among other requirements, FIN 46 (R) provides that a variable interest entity be consolidated by the enterprise that is the primary beneficiary of the variable interest entity. As of December 2003, NVE, NPC and SPPC adopted FIN 46 (R) for special purpose entities. In 2004, NVE, NPC and SPPC adopted FIN 46 (R) and the various amendments and interpretations for all variable interest entities. To identify potential variable interests, management reviewed long term purchase power contracts, including contracts with QFs, jointly owned facilities and partnerships that are not consolidated. The Utilities identified seven QFs with long-term purchase power contracts that are variable interests. However, the Utilities are not required at this time to consolidate these QFs under the scope exception provided for in FIN 46 (R) due to the inability to obtain information necessary to (1) determine whether the entity is a variable interest entity, (2) determine whether the enterprise is the variable interest entity's primary beneficiary, or (3) perform the accounting required to consolidate the variable interest entity for which it is determined to be the primary beneficiary. The Utilities have requested financial information from these QFs but have not been successful in obtaining the information. The Utilities' maximum exposure to loss is limited to the cost of replacing these purchase power contracts if the QFs are unable to deliver power. However, the Utilities believe their exposure is mitigated as they would likely recover these costs through their deferred energy accounting mechanism. The Utilities have not identified any other significant variable interests that require consolidation as of December 31, 2008.

Franchise Fees and Universal Energy Charges

NPC and SPPC, as agents for some state and local governments collect from customers franchise fees and universal energy charges (UEC) levied by the state or local governments on our customers. NPC and SPPC do not record these fees or charges as revenue or expense.

Recent Pronouncements

SFAS 157

Effective January 1, 2008, NVE and the Utilities adopted the provisions of SFAS 157 related to its financial assets and liabilities and nonfinancial assets and liabilities measured at fair value on a recurring basis. In February 2008, the FASB issued FSP 157-2, which deferred the effective date for certain portions of SFAS 157 related to nonrecurring measurements of nonfinancial assets and liabilities. NVE and the

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Utilities will be required to adopt those provisions of SFAS 157 beginning January 1, 2009, but do not expect the adoption to have a material impact on the consolidated financial statements. In October 2008, the FASB issued FSP 157-3. FSP 157-3 is effective immediately. NVE and the Utilities considered the guidance in FSP 157-3 and have determined that the adoption did not have a material impact on the consolidated financial statements.

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SFAS 159

In February 2007, the FASB issued SFAS 159, which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of the statement is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The provisions of SFAS 159 are effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. SFAS 159 was effective for SPR and the Utilities beginning January 1, 2008. The adoption of SFAS 159 did not have a material impact on the consolidated financial statements.

SFAS 161

In March 2008, the FASB issued SFAS 161, an amendment of FASB 133. The purpose of SFAS 161 is to provide more adequate disclosure about how derivative and hedging activities affect an entity's financial position, financial performance and cash flows. The provisions of SFAS 161 are effective for fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. SFAS 161 was effective for NVE and the Utilities beginning January 1, 2009. NVE and the Utilities do not expect the adoption of SFAS 161 to have a significant impact on their disclosure requirements.

FSP 132(R) -1

In December 2008, the FASB issued FSP 132(R)-1, requiring enhanced disclosures about plan assets of a defined benefit pension or other postretirement plan. The provisions of FSP 132(R)-1 that amend SFAS 132 are effective for fiscal years ending after December 15, 2009. NVE and the Utilities will likely be required to include additional disclosure; however, FSP 132(R)-1 will not impact NVE and the Utilities results of operations or financial position.

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NOTE 2. SEGMENT INFORMATION

The Utilities operate three regulated business segments (as defined by SFAS 131); which are NPC electric, SPPC electric and SPPC natural gas service. Electric service is provided to Las Vegas and surrounding Clark County by NPC, and northern Nevada and the Lake Tahoe area of California by SPPC. Natural gas services are provided by SPPC in the Reno-Sparks area of Nevada. Other segment information includes segments below the quantitative thresholds for separate disclosure.

Operational information of the different business segments is set forth below based on the nature of products and services offered. NVE evaluates performance based on several factors, of which, the primary financial measure is business segment gross margin. Gross margin, which the Utilities calculate as operating revenues less fuel, purchased power, and deferred energy costs, provides a measure of income available to support the other operating expenses of the Utilities. Operating expenses are provided by segment in order to reconcile to operating income as reported in the consolidated financial statements. SPPC's deferred energy costs-net for the year ended December 31, 2007 include $14.2 million of disallowed energy costs. NPC's operating income for the year ended December 31, 2006 includes the reinstatement of deferred energy costs of $178.8 million, which is not reflected in its respective gross margin (dollars in thousands):

December 31, 2008	NPC Electric	SPPC Electric	SPPC Gas	SPPC Reconciling Eliminations[1]	SPPC Total	NVE Other	NVE Consolidated
Operating Revenues	$2,315,427	$1,002,674	$209,987		$1,212,661	$25	$ 3,528,113
Energy Costs:							
Fuel for power generation	755,925	283,342	-		283,342		1,039,267
Purchased Power	680,816	293,527	-		293,527		974,343
Gas purchased for resale	-	-	170,468		170,468		170,468
Deferred energy costs - net	(6,947)	1,291	(4,609)		(3,318)		(10,265)
	1,429,794	578,160	165,859		744,019	-	2,173,813
Gross Margin	$885,633	$424,514	$44,128		$468,642	$25	$ 1,354,300
Other	249,236				141,064	3,719	394,019
Maintenance	63,282				30,787		94,069
Depreciation and amortization	171,080				89,528		260,608
Taxes:							
Income taxes	58,014				31,806	(13,069)	76,751
Other than income	32,069				21,304	152	53,525
Operating Income	$311,952				$154,153	$9,223	$ 475,328
Assets	$7,904,147	$3,111,649	$315,095	$ 35,801	$3,462,545	$(20,712)	$ 11,345,980
Capital expenditures	$1,314,697	$202,011	$18,795		$220,806		$ 1,535,503

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December 31, 2007	NPC Electric	SPPC Electric	SPPC Gas	SPPC Reconciling Eliminations[1]	SPPC Total	NVE Other	NVE Consolidated
Operating Revenues	$2,356,620	$1,038,867	$205,430		$1,244,297	$43	$3,600,960
Energy Costs:							
Fuel for power generation	594,382	242,973	-		242,973		837,355
Purchased Power	688,606	348,299	-		348,299		1,036,905
Gas purchased for resale	-	-	150,879		150,879		150,879
Deferred energy costs - net	233,166	78,044	10,763		88,807		321,973
	1,516,154	669,316	161,642		830,958	-	2,347,112
Gross Margin	$840,466	$369,551	$43,788		$413,339	$43	$1,253,848
Other	232,610				142,348	4,488	379,446
Maintenance	67,482				31,553	-	99,035
Depreciation and amortization	152,139				83,393	-	235,532
Taxes:							
Income taxes	61,108				29,991	(15,944)	75,155
Other than income	29,823				20,097	193	50,113
Operating Income	$297,304				$105,957	$11,306	$414,567
Assets	$6,377,369	$2,665,943	$273,220	$ 37,361	$2,976,524	$110,857	$9,464,750
Capital expenditures	$750,275	$379,692	$35,550		$415,242		$1,165,517

December 31, 2006	NPC Electric	SPPC Electric	SPPC Gas	SPPC Reconciling Eliminations[1]	SPPC Total	NVE Other	NVE Consolidated
Operating Revenues	$2,124,081	$1,020,162	$210,068		$1,230,230	$1,639	$3,355,950
Energy Costs:							
Fuel for power generation	552,959	247,626			247,626		800,585
Purchased Power	764,850	344,590			344,590		1,109,440
Gas purchased for resale	-	-	160,739		160,739		160,739
Deferred energy costs - net	92,322	47,043	6,947		53,990		146,312
	1,410,131	639,259	167,686		806,945	-	2,217,076
Gross Margin	$713,950	$380,903	$42,382		$423,285	$1,639	$1,138,874
Reinstatement of deferred energy costs	(178,825)				-	-	(178,825)
Other	218,120				141,350	7,728	367,198
Maintenance	61,899				31,273	-	93,172
Depreciation and amortization	141,585				87,279	11	228,875
Taxes:							

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Income taxes	91,781				23,570	(23,780)	91,571
Other than income	28,118				19,796	172	48,086
Operating Income	$351,272				$120,017	$17,508	$488,797
Assets	$5,987,515	$2,476,483	$275,294	$ 56,060	$2,807,837	$36,724	$8,832,076
Capital expenditures	$658,686	$279,985	$29,122		$309,107		$967,793

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(1) The reconciliation of segment assets at December 31, 2008, 2007, and 2006 to the consolidated total includes the following unallocated amounts:

	2008	2007	2006
Cash	$21,411	$23,807	$53,260
Deferred charges-other	14,390	13,554	2,800
	$35,801	$37,361	$56,060

NOTE 3. REGULATORY ACTIONS

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the CPUC with respect to rates, standards of service, siting of and necessity for generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to electric distribution and transmission operations. Additionally, under federal law, the Utilities are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission.

As a result of regulation, the Utilities are required to file annual electric and gas DEAA cases on March 1, quarterly BTER updates for the Utilities' electric and gas departments and triennial GRCs. A DEAA case is filed to recover/refund any under/over collection of prior energy costs and the BTER updates recover current energy costs. A GRC filing is to set rates to recover operation and maintenance expenses, depreciation, taxes and provide a return on invested capital. Detailed below are Deferred Energy Costs which relate to the DEAA and BTER filings and further below are other regulatory assets and liabilities which primarily relate to the GRCs. Additionally, significant pending or settled rate cases are discussed below.

The following deferred energy costs were included in the consolidated balance sheets as of the dates shown (dollars in thousands):

	December 31, 2008			
Description	NPC Electric	SPPC Electric	SPPC Gas	NVE Total
Nevada Deferred Energy				
Cumulative Balance requested in 2008 DEAA[1]	$35,500	$(21,043)	$(11,382)	$3,075
2008 Amortization	(89,659)	(13,100)	993	(101,766)
2008 Deferred Energy Costs [2]	130,597	14,330	1,656	146,583
Subtotal – Deferred Energy Balance @ December 31, 2008 - NV	$76,438	(19,813)	(8,733)	47,892
Cumulative CPUC balance	-	1,890	-	1,890
Subtotal – Deferred Energy Balance @ December 31, 2008 - Total	$76,438	$(17,923)	$(8,733)	$49,782
Western Energy Crisis Rate Case (effective 6/07, 3 years)	41,704	-	-	41,704
Reinstatement of deferred energy (effective 6/07, 10 years)	163,321	-	-	163,321
Total	$281,463	$(17,923)	$(8,733)	$254,807
Current Assets				
Deferred energy costs – electric	50,436	-	-	50,436
Deferred Assets				
Deferred energy costs - electric	231,027	-	-	231,027
Other Current Liabilities	-	(17,923)	(8,733)	(26,656)
Total	$281,463	$(17,923)	$(8,733)	$254,807

(1) Reflects ordered adjustments.
(2) These costs to be requested in 2009 DEAA filings on 2/27/2009.

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Description	December 31, 2007 NPC Electric	SPPC Electric	SPPC Gas	NVE Total
Nevada Deferred Energy				
Cumulative Balance requested in 2007 DEAA	$229,971	$35,432	$(112)	$265,291
2007 Amortization	(148,361)	(38,872)	(702)	(187,935)
2007 Deferred Energy Costs	(45,385)	(17,501)	(10,555)	(73,441)
Subtotal – Deferred Energy Balance @ December 31, 2007 - NV	$36,225	$(20,941)	$(11,369)	$3,915
Cumulative CPUC balance	-	3,368	-	3,368
Subtotal – Deferred Energy Balance @ December 31, 2007 - Total	$36,225	$(17,573)	$(11,369)	$7,283
Western Energy Crisis Rate Case [(1)] (effective 6/07, 3 years)	65,344	-	-	65,344
Reinstatement of deferred energy [(2)] (effective 6/07, 10 years)	179,409	-	-	179,409
Total	$280,978	$(17,573)	$(11,369)	$252,036
Current Assets				
Deferred energy costs – electric	75,948	-	-	75,948
Deferred Assets				
Deferred energy costs - electric	205,030	-	-	205,030
Other Current Liabilities	-	(17,573)	(11,369)	(28,942)
Total	$280,978	$(17,573)	$(11,369)	$252,036

(1) NPC's Western Energy Crisis Rate Case is discussed below.
(2) Reinstatement of Deferred Energy is discussed below.

As discussed in Note 1, Summary of Significant Accounting Policies, regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. If at any time the incurred costs no longer meet these criteria, these costs are charged to earnings. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections, except for cost of removal which represents the cost of removing future electric and gas assets. Management regularly assesses whether the regulatory assets are probable of future recovery by considering actions of regulators, current laws related to regulation, applicable regulatory environment changes and the status of any current and pending or potential deregulation legislation. Detailed below are Other Regulatory Assets and Liabilities included in the balance sheet of NVE, NPC and SPPC and their current regulatory treatment.

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NV ENERGY, INC.
OTHER REGULATORY ASSETS AND LIABILITIES

(dollars in thousands)	AS OF DECEMBER 31, 2008					
	Remaining	Receiving Regulatory Treatment		Pending		As of December 31, 2007
DESCRIPTION	Amortization Period	Earning a Return(1)	Not Earning a Return	Regulatory Treatment (2)	2008 Total	Total
Regulatory assets						
Loss on reacquired debt	Term of Related Debt	$87,381	$-	$-	$87,381	$100,271
Income taxes	various	-	264,779	-	264,779	267,848
Risk management		-	360,000	-	360,000	26,067
Lenzie Generating Station	2042	-	41,673	35,943	77,616	80,284
Mohave Generating Station and deferred costs	2015	19,166	-	(76)	19,090	18,224
Clark Generating Station Units 1-3	Various thru 2011	6,434	-	12,255	18,689	16,145
PPC	Various thru 2029	32,093	9,421	1,439	42,953	40,629
Plant assets	Various thru 2031	2,513	-	458	2,971	3,014
Asset retirement obligations			-	43,812	43,812	36,498
Nevada divestiture costs	2012	14,955	-	-	14,955	19,469
Merger transition/transaction costs	2016	-	21,096	-	21,096	25,006
Merger severance/relocation	2016	-	11,640	-	11,640	13,762
Merger goodwill	2046	-	277,531	-	277,531	285,365
California restructure costs	Thru 2009	-	220	-	220	1,040
Conservation programs	Thru 2014	33,465	-	92,475	125,940	73,201
Renewable energy programs	2009	4,042	-	-	4,042	5,841
Legal costs			-	6,044	6,044	7,138
Peabody coal costs			-	17,126	17,126	17,406
Legal fees-Western Energy Crisis	2010	1,788	-	-	1,788	5,259
Union contract OPEB change	2017	-	-	10,155	10,155	3,702
Other costs	Thru 2017	785	2,290	4,533	7,608	6,033
Subtotal		$202,622	$988,650	$224,164	$1,415,436	$1,052,202
Pensions-SFAS 158		-	413,544	-	413,544	133,984
Total regulatory assets		$202,622	$1,402,194	$224,164	$1,828,980	$1,186,186
Regulatory Liabilities						
Cost of removal	Various	$324,721	$-	$-	$324,721	$291,274
Income taxes	various	-	25,479	-	25,479	28,445
Gain on property sales	2010	1,184	-	-	1,184	1,829
SO2 allowances	Various thru 2014	696	-	-	696	746
Plant liability		-	-	-	-	259
Impact charge		-	-	-	-	711
Depreciation-customer advances	2011	3,951		4,003	7,954	8,745
Domestic production tax deduction		-	-	943	943	380
Other		-	-	360	360	82
Total regulatory liabilities		$330,552	$25,479	$5,306	$361,337	$332,471

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NEVADA POWER COMPANY
OTHER REGULATORY ASSETS AND LIABILITIES

(dollars in thousands)	AS OF DECEMBER 31, 2008					
	Remaining	Receiving Regulatory Treatment		Pending		As of December 31, 2007
DESCRIPTION	Amortization Period	Earning a Return(1)	Not Earning a Return	Regulatory Treatment (2)	2008 Total	Total
Regulatory Assets						
Loss on reacquired debt	Term of Related Debt	$55,659	$-	$-	$55,659	$67,414
Income taxes	various	-	169,506	-	169,506	165,257
Risk management		-	252,884	-	252,884	17,186
Lenzie Generating Station	2042	-	41,673	35,943	77,616	80,284
Mohave Generating Station	2015	19,166		(76)	19,090	18,224
Clark Generating Station Units 1-3	2011	6,434		12,255	18,689	16,145
Asset retirement obligations		-		38,847	38,847	32,059
Nevada divestiture costs	2012	9,078	-	-	9,078	11,872
Merger transition/transaction costs	2014	-	14,655	-	14,655	17,446
Merger severance/relocation	2014	-	5,356	-	5,356	6,377
Merger goodwill	2044	-	174,486	-	174,486	179,436
Conservation programs	2013	25,544	-	79,064	104,608	60,222
Renewable energy programs	2009	1,932	-		1,932	2,957
Legal costs	2013	-	-	6,044	6,044	7,138
Peabody coal costs		-	-	17,126	17,126	17,406
Legal fees-Western Energy Crisis	2010	1,788	-	-	1,788	2,801
Other costs	2009	162	1,214	2,614	3,990	4,679
Subtotal		$119,763	$659,774	$191,817	$971,354	$706,903
Pensions-SFAS 158		-	187,894	-	187,894	86,909
Total regulatory assets		$119,763	$847,668	$191,817	$1,159,248	$793,812
Regulatory Liabilities						
Cost of removal	Various	$174,262	$-	$-	$174,262	$161,690
Income taxes	Various		8,713	-	8,713	10,038
Gain on property sales	2008		-	-	-	1,829
SO2 allowances	Various thru 2014	696	-	-	696	746
Depreciation-customer advances			-	3,735	3,735	3,736
Domestic production tax deduction			-	943	943	380
Other		-	-	360	360	-
Total regulatory liabilities		$174,958	$8,713	$5,038	$188,709	$178,419

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SIERRA PACIFIC POWER COMPANY
OTHER REGULATORY ASSETS AND LIABILITIES

(dollars in thousands)	AS OF DECEMBER 31, 2008					
	Remaining	Receiving Regulatory Treatment		Pending		As of
DESCRIPTION	Amortization Period	Earning a Return(1)	Not Earning a Return	Regulatory Treatment (2)	2008 Total	December 31, 2007 Total
Regulatory assets						
Loss on reacquired debt	Term of Related Debt	$31,722	$-	$-	$31,722	$32,857
Income taxes	various	-	95,273	-	95,273	102,591
Risk management		-	107,116	-	107,116	8,881
Piñon Pine	Various thru 2029	32,093	9,421	1,439	42,953	40,629
Plant assets	Various thru 2031	2,513		458	2,971	3,014
Asset retirement obligations				4,965	4,965	4,439
Nevada divestiture costs	2012	5,877	-	-	5,877	7,597
Merger transition/transaction costs	2016	-	6,441	-	6,441	7,560
Merger severance/relocation	2016	-	6,284	-	6,284	7,385
Merger goodwill	2046	-	103,045	-	103,045	105,929
California restructure costs	Thru 2009		220	-	220	1,040
Conservation programs	Thru 2014	7,921	-	13,411	21,332	12,979
Renewable energy programs	2009	2,110	-		2,110	2,884
Union contract OPEB change	2017		-	10,155	10,155	3,702
Legal fees-Western Energy Crisis			-		-	2,458
Other costs	Various thru 2017	623	1,076	1,919	3,618	1,354
Subtotal		$82,859	$328,876	$32,347	$444,082	$345,299
Pensions-SFAS 158		-	218,550	-	218,550	43,778
Total regulatory assets		$82,859	$547,426	$32,347	$662,632	$389,077
Regulatory Liabilities						
Cost of removal	Various	$150,459	$-	$-	$150,459	$129,584
Income taxes	Various		16,766	-	16,766	18,407
Gain on property sales	2010	1,184	-	-	1,184	-
Plant liability		-	-		-	259
Impact charge		-	-		-	711
Depreciation-customer advances	2011	3,951	-	268	4,219	5,009
Other		-	-	-	-	82
Total regulatory liabilities		$155,594	$16,766	$268	$172,628	$154,052

(1) Earning a Return includes either a carrying charge on the asset/liability balance, or a return as a component of weighted cost of capital.
(2) Pending regulatory treatment includes either amounts which have prior regulatory precedent or have been approved and are subject to prudency review.

Pending Regulatory Actions

Nevada Power Company and Sierra Pacific Power Company

Ely Energy Center

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On February 9, 2009, NVE and the Utilities announced their intention to postpone plans to construct the EEC due to increasing environmental and economic uncertainties until such time as carbon sequestration becomes commercially viable, which is not expected for at least a decade. NVE and the Utilities still plan to proceed with the construction of the EN-ti line, which will link NPC's and SPPC's transmission systems in the southern and northern portions of the state, allowing for the transfer of energy, including renewable resources, between the Utilities. The Utilities will seek approval from the PUCN to accelerate its development of the EN-ti line. The PUCN had previously approved the Utilities spending on the EEC up to $130 million, of which the Utilities have spent and recorded as an other deferred asset approximately $71.1 million including amounts related to the En-ti line as of December 31, 2008, as such, management expects full recovery of the amounts expended through December 31, 2008.

Nevada Power Company

NPC General Rate Case

In December 2008, NPC filed its statutorily required GRC. In this GRC, NPC is requesting the following:

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- Increase in general rates by $323.9 million, approximately a 14.95% increase;
- ROE and ROR of 11.0% and 8.88%, respectively;
- Authorization to recover the costs of major plant additions including the purchase of the 598 MW (nominally rated) combined cycle Higgins Generating Station, construction of 600 MW (nominally rated) peaking units at the Clark Generating Station, an upgrade to the emission control systems on existing units at the Clark Generating Station, installation of environmental equipment upgrades at the Reid Gardner Generating Station and new transmission and distribution projects;
- CWIP in rate base for the construction of a 500 MW (nominally rated) combined cycle unit at the existing Harry Allen site;
- Implementation of a low-income rate discount for customers;
- Delay the rate effective date from July 1, 2009 to September 1, 2009. The delay in the rate effective date is contingent on PUCN approval to track and defer the revenues that NPC would otherwise collect during this sixty day period in a regulatory asset account and permit that NPC be allowed to record a carrying charge. NPC would seek authority to amortize this regulatory asset in its next GRC filing, currently scheduled for December 2011.

If approved, the new rates would be effective September 1, 2009.

Sierra Pacific Power Company

SPPC California General Rate Case

In July 2008, SPPC filed a GRC. SPPC requested the following:

- Increase in general rates of $6.6 million, approximately an 8.1% increase;
- ROE and ROR of 11.4% and 8.81%, respectively;
- Authorization to recover the costs of major plant additions, which include the new Tracy 541 MW (nominally rated) Generating Station, distribution plant additions and an increase to the California Energy Efficiency Program;
- A two-part mechanism to recover changes in non-energy cost adjustment clause costs incurred during the two years between rate cases.

If approved, the new rates would be effective April 1, 2009.

Settled Regulatory Actions

Nevada Power Company

NPC 2008 Deferred Energy Rate Case and BTER Update

In February 2008, NPC filed applications to create a new DEAA rate and to update the going forward BTER. In these applications, NPC requested to decrease rates by $116.3 million, a decrease of 5.04% while recovering $36 million of deferred fuel and purchased power costs. The going forward BTER became effective April 1, 2008. The PUCN issued its order in September 2008 setting the DEAA rate for all customers at $0.00 per kWh effective October 1, 2008. The PUCN found that NPC's purchases of fuel and power were prudent and approved those costs for the test period.

Sierra Pacific Power Company

SPPC Nevada Gas DEAA and BTER Update

In December 2007, SPPC filed for the authority to implement quarterly BTER adjustments for its natural gas and liquefied propane gas services. The authority was approved in January 2008, and as a result, in February 2008, SPPC filed applications to create a new DEAA rate and to update the going forward BTER. In these applications SPPC requested to decrease rates by $9.9 million, a decrease of 5.53%, while refunding an over collection of $11.4 million in deferred natural gas and liquid propane costs. The going forward BTER became effective April 1, 2008. The PUCN issued its order in October 2008 setting the DEAA rate at $0.00 per therm effective October 1, 2008 and approving SPPC's purchases of natural gas and propane for the test period as prudent.

SPPC Nevada Electric DEAA and BTER Update

In February 2008, SPPC filed applications to create a new DEAA rate and to update the going forward BTER. In these applications SPPC requested to decrease rates by $42.1 million, a decrease of 4.57%, while refunding an over collection of $20.9 million in deferred fuel and purchased power costs. The going forward BTER became effective April 1, 2008. The PUCN issued its order in October 2008 setting the

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DEAA rate at $0.00 per kWh effective October 1, 2008. The PUCN found that SPPC's purchases of fuel and power were prudent and approved those costs for the test period.

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SPPC California Energy Cost Adjustment Clause

In April 2008, SPPC filed to decrease rates by $12.2 million, a decrease of 15.2%. The CPUC approved the filing in August 2008. The rates requested in this filing were effective September 1, 2008.

SPPC Nevada 2007 GRC

In December 2007, SPPC filed its statutorily required electric GRC. The filing requested a ROE and ROR of 11.5% and 8.73%, respectively, and an increase to general revenues of $110.8 million.

The PUCN issued its order in June 2008, with rates effective July 1, 2008. The PUCN order resulted in the following significant items:

- Increase in general rates of $87.1 million, a 10.45% increase;
- ROE and ROR of 10.6% and 8.41%, respectively;
- Authorization to recover the costs of the new 541 MW (nominally rated) Tracy Generating Station; and
- Authorization to recover the projected operating and maintenance costs associated with the new Tracy Generating Station.

SPPC Nevada 2003 GRC

In its 2003 GRC, SPPC sought recovery of its unreimbursed costs associated with the Piñon Pine Coal Gasification Demonstration Project (the "Project"). The Project represented experimental technology tested pursuant to a Department of Energy (DOE) Clean Coal Technology initiative. Under the terms of the Project agreement, SPPC and DOE agreed to each fund 50% of construction costs of the Project. SPPC's participation in the Project had received PUCN approval as part of SPPC's 1993 IRP. While the conventional portion of the plant, a gas-fired combined cycle unit, was installed and performed as planned, the coal gasification unit never became fully operational. After numerous attempts to re-engineer the coal gasifier, the technology was determined to be unworkable.

In its order of May 25, 2004, the PUCN disallowed $43 million of unreimbursed costs associated with the Project. As a result, these amounts were expensed in 2004. SPPC filed a Petition for Judicial Review with the Second Judicial District Court of Nevada (District Court) in June 2004 (CV04-01434). On January 25, 2006, the District Court vacated the PUCN's disallowance in SPPC's 2003 GRC and remanded the case back to the PUCN for further review as to whether the costs were justly and reasonably incurred ("the Order"). On March 27, 2006, the PUCN appealed the Order to the Nevada Supreme Court (the "Supreme Court") and filed a motion to stay the Order pending the appeal to the Supreme Court. On June 12, 2006, the District Court granted the PUCN's motion to stay the Order. The Supreme Court dismissed the appeal in September 2006. Requests for rehearing were denied in late December 2006, and on January 18, 2007 the matter was remitted back to the District Court, which, consistent with the Order, remanded the matter back to the PUCN for further review.

On March 18, 2008, the PUCN issued an order to place $5.8 million (Nevada jurisdiction) of the previously disallowed $43 million unreimbursed costs in a regulatory asset account without a carrying charge. As a result of this order and in accordance with SFAS 90, SPPC recognized approximately $4.3 million in income for the year ended December 31, 2008. The remaining difference of $1.5 million will be recognized over an approximate six year period. The time for any party to appeal the PUCN's decision ended in June 2008 and no appeals were filed.

NPC 2007 Western Energy Crisis Rate Case

In January 2007, NPC filed an application to recover $83.6 million in deferred legal and settlement costs incurred to resolve claims associated with power supply contracts terminated during the Western Energy Crisis. This application requested to begin amortizing the costs over a four-year period beginning June 1, 2007.

In March 2007, the PUCN approved a negotiated settlement where NPC is authorized to recover the $83.6 million plus carrying charges over a three-year period beginning June 1, 2007, which differed from the four-year period requested in the application.

NPC 2001 Deferred Energy Case

In November 2001, NPC made a deferred energy filing with the PUCN seeking repayment for purchased fuel and power costs accumulated between March 1, 2001, and September 30, 2001, as required by law. The application sought to establish a rate to repay purchased fuel and power costs of $922 million and to spread the recovery of the deferred costs, together with a carrying charge, over a period of not more than three years.

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In March 2002, the PUCN issued its Order on the application, allowing NPC to recover $478 million over a three-year period, but disallowing $434 million of deferred purchased fuel and power costs and $30.9 million in carrying charges consisting of $10.1 million in carrying charges accrued through September 2001 and $20.8 million in carrying charges accrued from October 2001 through February 2002. The Order stated that the disallowance was based on alleged imprudence in incurring the disallowed costs. NPC and the BCP both sought individual review of the PUCN Order in the First District Court of Nevada (the District Court). The District Court affirmed the PUCN's decision. Both NPC and the BCP filed Notices of Appeal with the Nevada Supreme Court.

In July 2006, the Supreme Court of Nevada issued a ruling reversing $178.8 million of the PUCN's disallowance which was part of the NPC's 2001 Deferred Energy Case. The decision directed the District Court to remand the matter back to the PUCN to determine the appropriate rate schedule.

In March 2007, the PUCN approved a stipulation that authorizes NPC to recover in rates $189.9 million over ten years beginning on June 1, 2007, with no additional carrying charges. The $189.9 million represents Nevada's jurisdictional portion of the $178.8 million disallowance plus carrying charges of $11.1 million from the date the costs were incurred to the date of disallowance by the PUCN.

NPC 2006 General Rate Case

In November 2006, NPC filed its statutorily required electric GRC and further updated the filing in February 2007. The filing requested an ROE and ROR of 11.4% and 9.39% and an increase to general revenues of $156.4 million.

The PUCN issued its order in May 2007, with rates effective as of June 1, 2007. The PUCN order resulted in the following significant items:

- increase in general rates of $120.1 million, a 5.66% increase;
- ROE and ROR of 10.7% and 9.06%, respectively;
- authorized 100% recovery of unamortized 1999 NPC / SPPC merger costs;
- authorized incentive rate making for the Lenzie Generating Station;
- authorized recovery of accumulated cost and savings, including the net book value of the Mohave Generating Station over an eight year period, see Note 1, Significant Accounting Policies for further discussion of the Mohave Generating Station.

Carrying Charge on the Lenzie Generating Station

In 2004, the PUCN granted NPC's request to designate the Lenzie Generating Station as a critical facility and allowed a 2% enhanced ROE to be applied to the Lenzie Generating Station construction costs expended after acquisition. The order allowed for an additional 1% enhanced ROE if the two Lenzie Generating Station units were brought on line early. In addition, the PUCN granted NPC's request to begin accumulating a carrying charge as a regulatory asset including the 3% enhanced ROE (collectively referred to as "carrying charges"), until the plant is included in rates. Units 1 and 2 were declared commercially operable in January 2006 and April 2006, respectively, qualifying for the incentive ROE treatment.

Through June 30, 2007, NPC had accumulated approximately $57.6 million in carrying charges; however, $7.9 million of this amount was not recorded for financial reporting purposes as it represents equity carrying costs that are not recognized until collected through rates. NPC did not record a separate carrying charge component related to the Lenzie Generating Station during 2008 as the plant is in rate base effective June 1, 2007 as discussed below.

In May 2007, the PUCN issued its order on NPC's 2006 GRC authorizing recovery of the carrying charges, effective as of June 1, 2007. NPC was authorized to recover over a 35 year period $30.3 million of the carrying charges calculated through the certification period ending October 31, 2006. Beginning June 1, 2007, NPC began recognizing its full return on the Lenzie Generating Station through rates rather than as a separate carrying charge component. NPC has requested recovery of the remaining $27.3 million of carrying charges calculated subsequent to the certification period in its 2008 GRC.

Mohave Generating Station

NPC owns approximately 14% of the Mohave Generating Station. Southern California Edison is the operating partner of the Mohave Generating Station.

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When operating, the Mohave Generating Station obtained all of its coal supply from a mine in northeast Arizona on lands of the Navajo Nation and the Hopi Tribe (the Tribes). This coal was delivered from the mine to the Mohave Generating Station by means of a coal slurry pipeline, which requires water that is obtained from groundwater wells located on lands of the Tribes in the mine vicinity.

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The Grand Canyon Trust and Sierra Club filed a lawsuit in the U.S. District Court, District of Nevada in February 1998 against the owners (including NPC) of the Mohave Generating Station, alleging violations of the Clean Air Act regarding emissions of sulfur dioxide and particulates. An additional plaintiff, National Parks and Conservation Association, later joined the suit. In 1999, the plant owners and plaintiffs filed a settlement with the court, which resulted in a consent decree, approved by the court in November 1999. The consent decree established emission limits for sulfur dioxide and opacity and required installation of air pollution controls for sulfur dioxide, nitrogen oxides, and particulate matter. Pursuant to the decree, the Mohave Generating Station Units 1 and 2 ceased operations as of January 2006 as the new emission limits were not met. Due to the lack of resolution regarding continual availability of the coal and water supply with the Tribes, the Owners did not proceed with the Consent Decree.

In December 2005, the Owners of the Mohave Generating Station suspended operation, pending resolution of these issues. However, in June 2006, majority stake holder Southern California Edison announced it would no longer participate in the efforts to return the plant to service. As a result, NPC decided it is not economically feasible to continue its participation in the project. In September 2006, Salt River's co-tenancy agreement expired and the operating agreement between the Owners expired in July 2006. The Owners are negotiating an extension of both agreements including a process that addresses how Owners may sell or assign their right, title, interest and obligations in the Mohave Generating Station.

In NPC's 2006 GRC, the PUCN approved the recovery of the net book value of the plant and costs and savings related to the plant through the certification period of October 31, 2006. The balance to be recovered, over the eight year period, is approximately $19.2 million as of December 31, 2008 and is recorded in Other Regulatory Assets. All costs incurred subsequent to the certification period are accumulated in Other Regulatory Assets. NPC is seeking recovery of approximately $2.1 million in its GRC for those costs.

FERC Matters

California Wholesale Spot Market Refunds

NPC and SPPC are participants in a FERC proceeding wherein California parties have been authorized to recalculate, or mitigate, the prices they paid for wholesale spot market power between October 2, 2000 and June 20, 2001. Both of the Utilities made spot market sales that are eligible for mitigation, therefore the Utilities expect to pay refunds resulting from the recalculated energy prices. Parties have contested the FERC's decision to limit the timeframe for the recalculations and a Ninth Circuit court decision remanded a related issue to the FERC, therefore NPC and SPPC are not able to determine the eventual magnitude of refunds that may result from this FERC process. NPC and SPPC are actively participating in this docket to ensure their interests are represented.

Nevada Power Company

Based on the FERC's orders to date, NPC believes the recalculated energy prices for NPC sales to the California Independent System Operator (CAISO) and the bankrupt California Power Exchange (CALPX) would result in an approximate $19 million refund. The FERC has also allowed for energy sellers to provide cost justification in the event the recalculated energy prices fall below sellers' costs. NPC developed and filed a cost based filing, which justified a $6 million reduction to the estimated refunds resulting in a $13 million refund.

CAISO and CALPX currently owe NPC approximately $19 million for power delivered during the same timeframe for which NPC had fully reserved for in 2001. As such, if NPC is ordered to pay CAISO and CALPX the refunds discussed above, NPC would apply such payments towards NPC's receivable of $19 million from CAISO and CALPX.

Sierra Pacific Power Company

Based on the FERC's orders to date, SPPC believes the recalculated energy prices for sales to the CAISO and CALPX during the October 2, 2000 to June 20, 2001 timeframe would result in a $4 million refund.

CAISO and CALPX currently owe SPPC approximately $1 million for power delivered during the same timeframe and SPPC recorded a reserve against the $1 million receivable in 2001. In 2004, SPPC recorded an additional $3 million liability for this item.

NOTE 4. INVESTMENTS IN SUBSIDIARIES AND OTHER PROPERTY

Investments in subsidiaries and other property consisted of (dollars in thousands):

NV Energy, Inc.

	December 31,

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	2008	2007
Cash Value-Life Insurance	$2,456	$2,401
Non-utility property of NEICO	5,238	5,136
Non-utility property of SPC [(1)]	4,130	10,000
Property not designated for utility use	12,418	12,577
Other non-utility property	947	947
	$25,189	$31,061

(1) SPC, a wholly owned subsidiary of NVE, had an impairment charge of its long haul network assets of $5.9 million (before taxes).

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Nevada Power Company

	December 31,	
	2008	2007
Cash Value-Life Insurance	$2,456	$2,401
Non-utility property of NEICO	5,238	5,136
Property not designated for utility use	12,007	12,007
	$19,701	$19,544

Sierra Pacific Power Company

	December 31,	
	2008	2007
Property not designated for utility use	$411	$570

NOTE 5. JOINTLY OWNED FACILITIES

At December 31, 2008, NPC and SPPC owned the following undivided interests in jointly owned electric utility facilities:

	% Owned		Plant in Service	Accumulated Depreciation	Net Plant in Service	CWIP
NPC						
Navajo Generating Station	11.3	%	$245,047	$130,071	$114,976	$34
Reid Gardner Generating Station No. 4	32.2	%	177,940	104,409	73,531	907
Silverhawk Generating Station	75.1	%	243,616	31,891	211,725	25
			$666,603	$266,371	$400,232	$966
SPPC						
Valmy Generating Station	50.0	%	$315,574	$196,473	$119,101	$2,278

The amounts for the Navajo Generating Station, operated by the Salt River, include NPC's share of transmission systems, general plant equipment and NPC's share of the jointly owned railroad which delivers coal to the plant. Each participant provides its own financing for all these jointly owned facilities. NPC's share of the operating expenses for these facilities is included in the corresponding operating expenses in its Consolidated Statement of Operations.

Reid Gardner Generating Station Unit No. 4 is owned by the CDWR (67.8%) and NPC (32.2%). NPC is operating agent. Contractually, NPC is entitled to receive 25 MW of base load capacity and 232 MW of peaking capacity. Operationally, Unit No. 4 subject to heat input at 257 MW is entitled to use 100% of the unit's peaking capacity for 1500 hours each year and is entitled to 9.6% of the first 250 MW of capacity and associated energy.

NPC is the operator of the Silverhawk Generating Station, which is jointly owned with SNWA. NPC's owns 75% and its share of direct operation and maintenance expenses is included in its accompanying Consolidated Statement of Operations.

SPPC and Idaho Power Company each own an undivided 50% interest in the Valmy Generating Station, with each company being responsible for financing its share of capital and operating costs. SPPC is the operating agent of the plant for both parties. SPPC's share of direct operation and maintenance expenses for the Valmy Generating Station are in included in its accompanying Consolidated Statement of Operations.

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NOTE 6. LONG-TERM DEBT

As of December 31, 2008, NPC's, SPPC's and NVE's aggregate annual amount of maturities for long-term debt (including obligations related to capital leases) for the next five years and thereafter are shown below (dollars in thousands):

	NPC	SPPC	NVE Holding Co. and Other Subs.	NVE Consolidated
2009	$7,218	$600	$-	$7,818
2010	417,633	152,912	-	570,545
2011	369,924	-	-	369,924
2012	136,448	100,000	63,670	300,118
2013	7,146	250,000	-	257,146
	938,369	503,512	63,670	1,505,551
Thereafter	2,468,360	883,500	421,539	3,773,399
	3,406,729	1,387,012	485,209	5,278,950
Unamortized Premium(Discount) Amount	(12,932)	9,575	680	(2,677)
Total	$3,393,797	$1,396,587	$485,889	$5,276,273

Substantially all utility plant is subject to the liens of NPC's and SPPC's indentures under which their respective General and Refunding Mortgage bonds are issued.

Nevada Power Company

General and Refunding Mortgage Notes, Series U

In January 2009, NPC issued and sold $125 million of its 7.375% General and Refunding Mortgage Notes, Series U due 2014**.** The net proceeds of the issuance were used to repay approximately $124 million of amounts outstanding under NPC's revolving credit facility.

General and Refunding Mortgage Notes, Series S

In July 2008, NPC issued and sold $500 million of its 6.5% General and Refunding Mortgage Notes, Series S, due 2018**.** The net proceeds of the issuance were used to repay $270 million of amounts outstanding under NPC's revolving credit facility and for general corporate purposes.

6.75% General and Refunding Mortgage Notes, Series R

In June 2007, NPC issued and sold $350 million of its 6.750% General and Refunding Mortgage Notes, Series R, due July 1, 2037. The Series R Notes were issued pursuant to a registration statement previously filed with the SEC. The net proceeds from the issuance were used to fund the purchase of the tendered Series G Notes (discussed below), repay amounts outstanding under NPC's revolving credit facility, and for general corporate purposes.

Redemptions

Tender Offer for General and Refunding Mortgage Notes, Series G

In June 2007, NPC settled its cash tender offer for its 9.00% General and Refunding Mortgage Notes, Series G, due 2013. Those holders who tendered their notes were entitled to receive a purchase price of $1,079.75 per $1,000 principal amount of Series G Notes. Approximately $210.3 million of the $227.5 million Series G Notes outstanding were validly tendered and accepted by NPC. Approximately $17.2 million aggregate principal amount of the 9.00% General and Refunding Mortgage Bonds remained outstanding.

In August 2008, NPC redeemed the remaining approximately $17.2 million 9.00% General and Refunding Mortgage Notes, Series G, at 104.50% of the stated principal amount, plus accrued interest to the date of redemption. NPC used available cash on hand to redeem these notes.

Conversions

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Conversion of Coconino County Pollution Control Refunding Revenue Bonds and Clark County Pollution Control Revenue Bonds

In July 2008, NPC converted the $13 million principal amount Coconino County, Arizona Pollution Control Refunding Revenue Bonds Series 2006B bonds, due 2039 and the $15 million principal amount Clark County Nevada Pollution Control Revenue Bonds, Series 2000B due 2009, (collectively, the "Bonds") from auction rate securities to variable rate demand notes. The purpose of these conversions was to reduce interest costs and volatility associated with these Bonds. NPC purchased 100% of the Bonds with the use of its revolving credit facility and available cash, and are the sole holder of the Bonds until such time as NPC determines to reoffer the Pollution Control Bonds to investors. The Bonds remain outstanding and have not been retired or cancelled. However, as NPC is the sole holder of the Bonds, for financial reporting purposes the investment in the Bonds and the indebtedness is offset for presentation purposes.

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Revolving Credit Facilities

In April 2006, NPC increased the size of its revolving credit facility from $350 million to $600 million. The facility provides additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of December 31, 2008, NPC had $15.5 million of letters of credit outstanding and had $409.6 million in borrowings outstanding under the $600 million revolving credit facility. In January 2009, NPC entered into an additional $90 million supplemental revolving credit facility. The facility has a term of 364 days, and is secured by General and Refunding Mortgage bonds. This credit facility matures on January 3, 2010, and is in addition to NPC's existing $600 million revolving credit facility, which matures in November 2010. As of February 20, 2009, NPC had $15.3 million of letters of credit outstanding and had $374.1 million borrowed under the $600 million revolving credit facility.

The NPC Credit Agreements contain two financial maintenance covenants. The first requires that NPC maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires that NPC maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, NPC was in compliance with these covenants.

The NPC Credit Agreement provides for an event of default if there is a failure under NPC's other financing agreements to meet certain payment terms or to observe other covenants that would result in an acceleration of payments due.

The NPC Credit Agreement places certain restrictions on debt incurrence, liens and dividends. These restrictions are discussed in Note 8, Debt Covenant and Other Restrictions.

Sierra Pacific Power Company

General and Refunding Mortgage Notes, Series Q

In September 2008, SPPC issued and sold $250 million of its 5.45% General and Refunding Mortgage Notes, Series Q, due 2013**.** The net proceeds of the issuance were used to repay $238 million of amounts outstanding under SPPC's revolving credit facility and for general corporate purposes.

6.75% General and Refunding Mortgage Notes, Series P

In June, 2007, SPPC issued and sold $325 million of its 6.75% General and Refunding Mortgage Notes, Series P, due July 1, 2037. The Series P Notes were issued pursuant to a registration statement previously filed with the SEC. The net proceeds from the issuance were used to fund the purchase of the tendered Series A Notes (discussed below), repay amounts outstanding under SPPC's revolving credit facility and for general corporate purposes.

Washoe County Water Facilities Refunding Revenue Bonds

In April 2007, on behalf of SPPC, Washoe County, Nevada (Washoe County) issued $80 million aggregate principal amount of its Water Facilities Refunding Revenue Bonds, Series 2007A and B, due March 1, 2036 (the "Water Bonds").

In connection with the issuance of the Water Bonds, SPPC entered into financing agreements with Washoe County, pursuant to which Washoe County loaned the proceeds from the sales of the Water Bonds to SPPC. SPPC's payment obligations under the financing agreements are secured by SPPC's General and Refunding Mortgage Notes, Series O.

The Water Bonds initial rates, as determined by auction on April 25, 2007, were 3.85%. The method of determining the interest rate on the Water Bonds may be converted from time to time so that such Bonds would thereafter bear interest at a daily, weekly, flexible, auction or term rate as designated.

The proceeds of the offerings were used to refund the $80 million aggregate principal amount of 5.00% Washoe County Water Facilities Revenue Bonds, Series 2001.

Redemptions

Tender Offer for General and Refunding Mortgage Notes, Series A

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In June 2007, SPPC settled its cash tender offer, for its 8.00% General and Refunding Mortgage Notes, Series A, due 2008. Those holders who tendered their notes by the expiration date were entitled to receive a purchase price of $1,022.10 per $1,000 principal amount of Series A Notes. Approximately $220.8 million of the $320 million Series A Notes outstanding were validly tendered and accepted by SPPC, and $99.2 million aggregate principal amount of the 8.00% General and Refunding Mortgage Notes remained outstanding.

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Conversions

Conversion of Washoe County Water Facilities Refunding Revenue Bonds

In January 2009, SPPC converted the $40 million principal amount, Washoe County, Nevada Water Facilities Refunding Revenue Bonds Series 2007A bonds, due 2036 (the "Water Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Water Bonds on that date, with the use of its revolving credit facility and available cash, and will remain the sole holder of the Water Bonds until such time as SPPC determines to reoffer the Water Bonds to investors. These Water Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Water Bonds, for financial reporting purposes the investment in the Water Bonds and the indebtedness is offset for presentation purposes."

Conversion of Humboldt County Pollution Control Refunding Revenue Bonds Series 2006

In October 2008, SPPC converted the $49.8 million principal amount, Humboldt County, Nevada Pollution Control Refunding Revenue Bonds Series 2006 bonds, due 2029 (the "Pollution Control Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Pollution Control Bonds on that date, with the use of its revolving credit facility and available cash, and are the sole holder of the Pollution Control Bonds until such time as SPPC determines to reoffer the Pollution Control Bonds to investors. The Pollution Control Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Pollution Control Bonds, for financial reporting purposes the investment in the Pollution Control Bonds and the indebtedness is offset for presentation purposes.

Conversion of Washoe County Water Facilities Refunding Revenue Bonds

In July 2008, SPPC converted the $40 million principal amount, Washoe County, Nevada Water Facilities Refunding Revenue Bonds Series 2007B bonds, due 2036 (the "Water Bonds") from auction rate securities to variable rate demand notes. The purpose of the conversion was to reduce interest costs and volatility associated with these bonds. SPPC purchased 100% of the Water Bonds on that date, with the use of its revolving credit facility and available cash, and will remain the sole holder of the Water Bonds until such time as SPPC determines to reoffer the Water Bonds to investors. These Water Bonds remain outstanding and have not been retired or cancelled. However, as SPPC is the sole holder of the Water Bonds, for financial reporting purposes the investment in the Water Bonds and the indebtedness is offset for presentation purposes.

Revolving Credit Facility

In April 2006, SPPC increased the size of its revolving credit facility from $250 million to $350 million. The facility provides additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of December 31, 2008, SPPC had $17.5 million of letters of credit outstanding and had $152.9 million borrowed under the revolving credit facility. As of February 20, 2009, SPPC had $17.1 million of letters of credit and had $204.7 borrowed under the revolving credit facility.

The SPPC Credit Agreement contains two financial maintenance covenants. The first requires that SPPC maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires that SPPC maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, SPPC was in compliance with these covenants.

The SPPC Credit Agreement provides for an event of default if there is a failure under SPPC's other financing agreements to meet certain payment terms or to observe other covenants that would result in an acceleration of payments due.

The SPPC Credit Agreement, similar to SPPC's Series H Notes, places certain restrictions on debt incurrence, liens and dividends. These limitations are discussed in Note 8, Debt Covenant and Other Restrictions.

NV Energy, Inc.

Debt Repurchase

In the fourth quarter of 2008, NVE repurchased approximately $20 million of the 8.625% Senior Notes and approximately $19 million of the 6.75% Senior Notes. NVE used cash on hand to pay the total consideration of approximately $34.7 million, including accrued

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interest. As of December 31, 2008, the outstanding balances for the 6.75% Senior Notes and 8.625% Senior Notes were $191.5 million and $230 million, respectively.

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In December 2007, NVE repurchased approximately $10.5 million of the 7.803% Senior Notes and approximately $14.5 million of the 6.75% Senior Notes. The total consideration was approximately $26 million (which included a premium and accrued interest), and was paid from NVE's cash on hand. As of December 31, 2008, the outstanding balance for the 7.803% Senior Notes was $63.7 million.

Lease Commitments

In 1984, NPC entered into a 30-year capital lease for its Pearson building with five-year renewal options beginning in year 2015. The fixed rental obligation for the first 30 years is $5.1 million per year. Also, NPC has a power purchase contract with Nevada Sun-Peak Limited Partnership. The contract contains a buyout provision for the facility at the end of the contract term in 2016. The facility is situated on NPC property. In 2007, NPC entered into a 20-year lease, with three 10 year renewal options, to occupy land and building for its Beltway Complex, an operations center in southern Nevada. In accordance with SFAS 13, NPC accounts for the building portion of the lease as a capital lease and the land portion of the lease as an operating lease. NPC has not begun depreciating the property as it continues to construct leasehold improvements. NPC expects to transfer operations to the facilities in or around spring 2009. In 2007, the Utilities entered into Master leasing agreements of which various pieces of equipment qualify as capital leases. The remaining equipment is treated as operating leases. The lease term is for 7 years.

Future cash payments for these capital leases, combined, as of December 31, 2008, were as follows (dollars in thousands):

2009	$12,467
2010	12,466
2011	9,630
2012	9,493
2013	9,510
Thereafter	32,668
Total Minimum Lease Payments	$86,234
Less amounts representing interest	$31,963
Present Value of Net minimum lease payments	$54,271

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The December 31, 2008, carrying amount of cash and cash equivalents, current assets, accounts receivable, accounts payable and current liabilities approximates fair value due to the short-term nature of these instruments.

The total fair value of NPC's consolidated long-term debt at December 31, 2008, is estimated to be $3.1 billion (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to NPC for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be $2.6 billion at December 31, 2007.

The total fair value of SPPC's consolidated long-term debt at December 31, 2008, is estimated to be $1.3 billion (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to SPPC for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be $1.2 billion as of December 31, 2007.

The total fair value of NVE's consolidated long-term debt at December 31, 2008 is estimated to be $4.9 billion (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to NVE for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be $4.3 billion as of December 31, 2007.

NOTE 8. DEBT COVENANT AND OTHER RESTRICTIONS

Dividends from Subsidiaries

Since NVE is a holding company, substantially all of its cash flow is provided by dividends paid to NVE by NPC and SPPC on their common stock, all of which is owned by NVE. In 2008, NPC and SPPC paid $54.9 million and $141.5 million in dividends, respectively, to NVE. In 2009, SPPC paid $96.8 million for dividends declared prior to December 31, 2008.

On February 5, 2009, NPC and SPPC declared a $22.0 million and $12.0 million dividend, respectively, to NVE, to be paid in March 2009.

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Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which impose limits on investment returns or otherwise may impact the amount of dividends that the Utilities may declare and pay.

Certain debt agreements entered into by NVE and the Utilities contain covenants which set restrictions on certain payments, including the amount of dividends they may declare and pay, and restrict the circumstances under which such dividends may be declared and paid.

Limits on Restricted Payments

NV Energy, Inc.

Dividends are considered periodically by NVE's BOD and are subject to factors that ordinarily affect dividend policy, such as current and prospective earnings, current and prospective business conditions, regulatory factors, NVE's financial conditions and other matters within the discretion of the BOD, as well as dividend restrictions set forth in NVE's debt. The BOD will continue to review the factors described above on a periodic basis to determine if and when it is prudent to declare a dividend on NVE's Common Stock. There is no guarantee that dividends will be paid in the future, or that, if paid, the dividends will be paid at the same amount or with the same frequency as in the past. In February, June and September 2008, NVE paid a cash dividend of $0.08 per share. In October 2008, the BOD increased the cash dividend to $0.10 per share, which was paid in in December 2008. In February 2009, NVE declared a cash dividend of $0.10 per share for common stock holders of record as of March 3, 2009.

Certain NVE debt agreements contain covenants that limit the amount of restricted payments, including dividends that may be made by NVE. However, as of December 31, 2008, NVE complied with all such covenants, and management does not believe that these covenants will materially affect NVE's ability to pay dividends.

Dividend Restrictions Applicable to the Utilities

Since NVE is a holding company, substantially all of its cash flow is provided by dividends paid to NVE by NPC and SPPC on their common stock, all of which is owned by NVE. Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which impose limits on investment returns or otherwise impact the amount of dividends that the Utilities may declare and pay.

In addition, certain agreements entered into by the Utilities set restrictions on the amount of dividends they may declare and pay and restrict the circumstances under which such dividends may be declared and paid. As a result of the Utilities' credit rating on their senior secured debt at investment grade by S&P and Moody's, these restrictions are suspended and no longer in effect so long as the debt remains investment grade by both rating agencies. In addition to the restrictions imposed by specific agreements, the Federal Power Act prohibits the payment of dividends from "capital accounts." Although the meaning of this provision is unclear, the Utilities believe that the Federal Power Act restriction, as applied to their particular circumstances, would not be construed or applied by the FERC to prohibit the payment of dividends for lawful and legitimate business purposes from current year earnings, or in the absence of current year earnings, from other/additional paid-in capital accounts. If, however, the FERC were to interpret this provision differently, the ability of the Utilities to pay dividends to NVE could be jeopardized.

Ability to Issue Debt

NV Energy, Inc.

Certain debt of NVE (holding company) places restrictions on debt incurrence, liens and dividends, unless, at the time the debt is incurred, the ratio of cash flow to fixed charges for NVE's (consolidated) most recently ended four quarter period on a pro forma basis is at least 2 to 1. Under this covenant restriction, as of December 31, 2008, NVE (consolidated) would be allowed to incur up to $862 million of additional indebtedness.

Notwithstanding this restriction, under the terms of the debt, NVE (consolidated) would still be permitted to incur debt including, but not limited to, obligations incurred to finance property construction or improvement, certain intercompany indebtedness, or indebtedness incurred to finance capital expenditures, pursuant to the two Utilities' IRPs. NPC and SPPC would also be permitted to incur a combined total of up to $500 million in indebtedness and letters of credit under their respective revolving credit facilities.

If the applicable series of debt is upgraded to investment grade by both Moody's and S&P, these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes remain investment grade by both Moody's and S&P (see Credit Ratings above).

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Nevada Power Company

NPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and revolving credit facility agreement, and the terms of certain NVE debt.

On February 4, 2009, the PUCN approved NPC's request for financing authority to issue up to $1.25 billion of long-term debt securities over a two-year period ending December 31, 2010; ongoing authority to maintain a revolving credit facility of up to $1.3 billion, and authority to refinance up to approximately $471 million of long-term debt securities.

NPC's $600 million Second Amended and Restated Revolving Credit Agreement dated November 2005, and its supplemental Revolving Credit Agreement, dated January 5, 2009, each contain two financial maintenance covenants. The first requires NPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires NPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, NPC was in compliance with these covenants. In order to maintain compliance with these covenants, NPC is limited to $898 million of additional indebtedness.

All other financial covenants contained in NPC's revolving credit facility agreement and its financing agreements are suspended, as NPC's senior secured debt is rated investment grade. However, if NPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, NPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, NPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. As of December 31, 2008, NPC's own covenant restriction of $898 million is less restrictive than NVE's cap on additional consolidated indebtedness of $862 million. As such, NPC is limited to NVE's cap on additional indebtedness.

Ability to Issue General and Refunding Mortgage Securities

To the extent that NPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, NPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under NPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of NPC's properties in Nevada. As of December 31, 2008, $3.3 billion of NPC's General and Refunding Mortgage Securities were outstanding. NPC had the capacity to issue $1.2 billion of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

Property additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

NPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent NPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the indenture.

Sierra Pacific Power Company

SPPC's ability to issue debt is impacted by certain factors such as financing authority from the PUCN, financial covenants in its financing agreements and its revolving credit facility agreement, and the terms of certain NVE debt.

As of December 31, 2008, SPPC had approximately $495 million of PUCN financing authority, which expires on December 31, 2009.

SPPC's $350 million Amended and Restated Revolving Credit Agreement dated November 2005, contains two financial maintenance covenants. The first requires SPPC to maintain a ratio of consolidated indebtedness to consolidated capital, determined as of the last day of each fiscal quarter, not to exceed 0.68 to 1. The second requires SPPC to maintain a ratio of consolidated cash flow to consolidated interest expense, determined as of the last day of each fiscal quarter for the period of four consecutive fiscal quarters, not to be less than 2.0 to 1. As of December 31, 2008, SPPC was in compliance with these covenants. In order to maintain compliance with these covenants, SPPC is limited to $452 million of additional indebtedness.

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All other financial covenants contained in SPPC's revolving credit facility and financing agreements are suspended as SPPC's senior secured debt is rated investment grade. However, if SPPC's senior secured debt ratings fall below investment grade by either Moody's or S&P, SPPC would again be subject to the limitations on indebtedness under these covenants.

Furthermore, SPPC may be subject to NVE's cap on additional consolidated indebtedness. See NVE's Ability to Issue Debt. However, as of December 31, 2008, SPPC's own covenant restriction of $452 million is more restrictive than NVE's cap on additional consolidated indebtedness of $862 million unless NVE or NPC were to issue debt in excess of $410 million.

Ability to Issue General and Refunding Mortgage Securities

To the extent that SPPC has the ability to issue debt under the most restrictive covenants in its financing agreements and has financing authority to do so from the PUCN, SPPC's ability to issue secured debt is still limited by the amount of bondable property or retired bonds that can be used to issue debt under SPPC's General and Refunding Mortgage Indenture ("Indenture").

The Indenture creates a lien on substantially all of SPPC's properties in Nevada. As of December 31, 2008, $1.7 billion of SPPC's General and Refunding Mortgage Securities were outstanding. SPPC had the capacity to issue $599 million of General and Refunding Mortgage Securities as of December 31, 2008. That amount is determined on the basis of:

1. 70% of net utility property additions;
2. the principal amount of retired General and Refunding Mortgage Securities; and/or
3. the principal amount of first mortgage bonds retired after October 2001.

Property additions include plant in service and specific assets in CWIP. The amount of bond capacity listed above does not include eligible property in CWIP.

SPPC also has the ability to release property from the lien of the mortgage indenture on the basis of net property additions, cash and/or retired bonds. To the extent SPPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under the indenture.

NOTE 9. DERIVATIVES AND HEDGING ACTIVITIES

NVE, SPPC and NPC apply SFAS 133, as amended by SFAS 138, SFAS 149, SFAS 155, and SFAS 157. As amended, SFAS 133 establishes accounting and reporting standards for derivatives instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position, measure those instruments at fair value, and recognize changes in the fair value of the derivative instruments in earnings in the period of change, unless the derivative meets certain defined conditions and qualifies as an effective hedge. SFAS 133 also provides a scope exception for contracts that meet the normal purchase and sales criteria specified in the standard. The normal purchases and normal sales exception requires, among other things, physical delivery in quantities expected to be used or sold over a reasonable period in the normal course of business. Contracts that are designated as normal purchase and normal sales are accounted for under deferred energy accounting and not recorded on the Consolidated Balance Sheets at fair value.

Commodity Risk

The energy supply function encompasses the reliable and efficient operation of the Utilities' generation, the procurement of all fuels and power and resource optimization (i.e., physical and economic dispatch) and is exposed to risks relating to, but not limited to, changes in commodity prices. NVE and the Utilities' objective in using derivative instruments is to reduce exposure to energy price risk. Energy price risks result from activities that include the generation, procurement and sale of power and the procurement and sale of natural gas. Derivative instruments used to manage energy price risk from time to time may include: forward contracts, which involve physical delivery of an energy commodity; over-the-counter options with financial institutions and other energy companies, which mitigate price risk by providing the right, but not the requirement, to buy or sell energy related commodities at a fixed price; and swaps, which require the Utilities' to receive or make payments based on the difference between a specified price and the actual price of the underlying commodity. These contracts assist the Utilities' to reduce the risks associated with volatile electricity and natural gas markets.

Interest Rate Risk

NVE and the Utilities' are subject to risk of fluctuating interest rates in the normal course of business. We manage interest rate risk by taking advantage of market conditions when timing the issuance of long-term debt financings. In order to manage the risks associated with changes in and the future impact of interest rate payments we may enter into interest rate lock agreements and forward starting swaps.

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The settlements of those agreements are amortized over the life of the debt in accordance with regulatory accounting practices under SFAS 71. There were no interest rate lock agreements or forward starting swaps outstanding as of December 31, 2008.

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Adoption of SFAS 157

Effective January 1, 2008, NVE and the Utilities' adopted SFAS 157, which defines fair value, establishes a framework for measuring fair value and enhances disclosures about assets and liabilities recorded at fair value.

SFAS 157 also establishes a three-level hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Derivative instruments used by NVE and the Utilities' to manage energy price risk are valued using quoted exchange prices, external dealer prices and option pricing modules that utilize readily observable market parameters and are therefore classified within level 2 of the fair value hierarchy. The three levels are defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as exchange-traded derivatives and listed equities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant.

Determination of Fair Value

As required by SFAS 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Risk management assets and liabilities in the recurring fair value measures table below include over-the-counter forwards, swaps and options. Total risk management assets below do not include option premiums which are not considered a derivative asset. Option premiums upon settlement are recorded in fuel and purchased power expense and are subsequently requested for recovery through the deferred energy mechanism. Option premium amounts included in risk management asserts at December 31, 2008 for NVE, NPC and SPPC were $18.9 million ($13.3 million current, $5.6 million non-current), $13.9 million ($9.7 million current, $4.2 million non-current) and $5.0 million ($3.6 million current, $1.4 million non-current), respectively. At December 31, 2007, option premium amounts for NVE, NPC and SPPC were $13.9 million ($11.2 million current, $2.7 million non-current), $10.2 million ($7.8 million current, $2.4 million non-current) and $3.7 million ($3.4 millon current, $.3 million non-current), respectively.

Forwards and swaps are valued using a market approach that uses quoted forward commodity prices for similar assets and liabilities, which incorporates a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical expedient for valuing its assets and liabilities measured and reported at fair value. Options are valued based on an income approach that uses an option pricing model that includes various inputs; such as forward commodity prices, interest rate yield curves and option volatility rates. The determination of the fair value for its derivative instruments not only include counterparty risk, but also incorporate the impact of NVE and the Utilities nonperformance risk on its liabilities. Nonperformance risk is based on the credit quality of NVE and the Utilities and had no impact to the fair value of its derivative instruments.

The following table shows the fair value of the open derivative positions recorded on the Consolidated Balance Sheets of NVE, NPC and SPPC and the related regulatory assets/liabilities that did not meet the normal purchase and normal sales exception criteria in SFAS 133. Due to deferred energy accounting treatment under which the Utilities' operate, regulatory assets and liabilities are established to the extent that electricity and natural gas derivative gains and losses are recoverable or payable through future rates, once realized. This accounting treatment is intended to defer the recognition of mark-to-market gains and losses on energy commodity transactions until the period of settlement and to not recognize gains and losses on the Consolidated Statements of Income (dollars in millions):

	December 31, 2008 Fair Value (1) Level 2 (dollars in millions)			December 31, 2007 Fair Value (dollars in millions)		
	NVE	NPC	SPPC	NVE	NPC	SPPC
Risk management assets- current	$2.8	$2.0	$.8	$11.1	$8.3	$2.8
Risk management assets- noncurrent	4.4	3.2	1.2	9.8	6.7	3.1
Total risk management assets	7.2	5.2	2.0	20.9	15.0	5.9
Risk management liabilities- current	313.8	222.9	90.9	39.5	27.0	12.5

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Risk management liabilities- noncurrent	53.4	35.2	18.2	7.4	5.1	2.3
Total risk management liabilities	367.2	258.1	109.1	46.9	32.1	14.8
Risk management regulatory assets/ liabilities – net [2]	$(360.0)	$(252.9)	$(107.1)	$(26.0)	$(17.1)	$(8.9)

(1) SFAS 157 only applies to the asset and liability positions in 2008.

(2) When amount is negative it represents a Risk Management Regulatory Asset (loss), when positive it represents a Risk Management Regulatory Liability (gain).

As a result of the nature of operations and the use of mark-to-market accounting for certain derivatives that do not meet the normal purchase and normal sales exception criteria, mark-to-market fair values will fluctuate. The Utilities' cannot predict these fluctuations, but the primary factors that cause changes in the fair values are the number and size of the Utilities' open derivative positions with their counterparties and the changes in forward commodity prices. The increase in risk management liabilities as of December 31, 2008, as compared to December 31, 2007, is mainly due to unfavorable open derivative positions on natural gas options held by the Utilities' to hedge energy price risk for their customers resulting from lower commodity prices for natural gas at December 31, 2008 relative to contract prices.

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NOTE 10. INCOME TAXES (BENEFITS)

NV Energy, Inc.

The following reflects the composition of taxes on income from continuing operations (dollars in thousands):

	2008	2007	2006
Provision for income taxes			
Current and other			
Federal	$44,647	$10,503	$5,914
State	12	70	-
Total current and other	44,659	10,573	5,914
Deferred			
Federal	54,341	85,165	144,919
State	693	366	494
Total deferred	55,034	85,531	145,413
Amortization of excess deferred taxes	(1,365)	(2,226)	(2,315)
Amortization of investment tax credits	(2,974)	(6,323)	(3,407)
Total provision for income taxes	$95,354	$87,555	$145,605
Income statement classification of provision (benefit) for income taxes			
Operating income	76,751	75,155	91,571
Other income	18,603	12,400	54,034
Total	$95,354	$87,555	$145,605

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	2008	2007	2006
Net Income applicable to common stock	$208,887	$197,295	$277,451
Preferred stock dividend requirement		-	2,341
Subtotal	208,887	197,295	279,792
Total income tax expense	95,354	87,555	145,605
Pretax income	304,241	284,850	425,397
Statutory tax rate	35 %	35 %	35 %
Federal income tax expense at statutory rate	106,484	99,698	148,889
Depreciation related to difference in costs basis for tax purposes	1,132	2,970	4,709
AFUDC - equity	(13,454)	(11,133)	(6,379)
Investment tax credit amortization	(2,973)	(6,322)	(3,407)
Regulatory asset for goodwill	2,742	2,742	2,600
Research and development credit	(1,310)	(1,130)	(3,764)
Other – net	2,733	730	2,957
Provision for income taxes	$95,354	$87,555	$145,605
Effective tax rate	31.3 %	30.7 %	34.2 %

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The net deferred income tax liability consists of deferred income tax liabilities less related deferred income tax assets, as shown (dollars in thousands):

	2008	2007
Deferred income tax assets		
Credit carryovers and net operating loss	$34,839	$52,925
Employee benefit plans	107,622	25,587
Customer advances	30,851	35,044
Gross-ups received on contribution in aid of construction and customer advances	30,870	31,060
Deferred revenues	5,440	4,069
Reserves	15,419	13,743
Other	30,473	22,232
Subtotal	255,514	184,660
Deferred income tax assets associated with regulatory matters		
Excess deferred income taxes	11,521	12,886
Unamortized investment tax credit	13,958	15,559
Subtotal	25,479	28,445
Total deferred income tax assets before valuation allowance	280,993	213,105
Valuation allowance	(1,160)	(588)
Total deferred income tax assets after valuation allowance	$279,833	$212,517
Deferred income tax liabilities		
Excess of tax depreciation over book depreciation	$530,048	$509,161
Deferred energy	89,182	88,213
Regulatory assets	183,622	86,517
Other	82,687	70,113
Subtotal	885,539	754,004
Deferred income tax liabilities associated with regulatory matters		
Tax benefits flowed through to customers	264,779	267,848
Total deferred income tax liability	$1,150,318	$1,021,852
Net deferred income tax liability	$631,185	$569,932
Net deferred income tax liability associated with regulatory matters	239,300	239,403
Total net deferred income tax liability	$870,485	$809,335

NVE's balance sheets contain a net regulatory tax asset of $239.3 million at December 31, 2008 and $239.4 million at December 31, 2007. For balance sheet presentation, the regulatory tax asset is included in regulatory assets. The regulatory tax asset balance consists of future revenue to be received from customers due to flow-through of the tax benefits of temporary differences and goodwill recognized from the merger of NPC and NVE. Offset against these amounts are future revenues to be refunded to customers (regulatory tax liabilities). For balance sheet presentation, the regulatory tax liability is included in regulatory liabilities. The regulatory tax liability balance consists of temporary differences for liberalized depreciation at rates in excess of current rates and unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

The following table summarizes NVE's net regulatory tax asset and liability (dollars in thousands):

	2008	2007
Tax benefits flowed through to customers		
Related to property	$116,167	$115,045
Related to goodwill	148,612	152,803
Regulatory tax asset	264,779	267,848
Liberalized depreciation at rates in excess of current rates	11,521	12,886
Unamortized investment tax credits	13,958	15,559
Regulatory tax liability	25,479	28,445

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Net regulatory tax asset	$239,300	$239,403

NVE and its subsidiaries file a consolidated federal income tax return. Current income taxes are allocated based on NVE's and each subsidiaries' respective taxable income or loss and tax credits as if each subsidiary filed a separate return.

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The following table summarizes as of December 31, 2008 the tax credit carryovers and associated carryover periods, and valuation allowance for amounts which NVE has determined that realization is uncertain (dollars in thousands):

	Deferred Tax Asset	Valuation Allowance	Net Deferred Tax Asset	Expiration Period
Research and development credit	8,883		8,883	2021-2028
Alternative minimum tax credit	24,572	-	24,572	indefinite
Arizona coal credits	1,384	1,160	224	2009-2013
Total	$34,839	$1,160	$33,679	

In accordance with the recognition and measurement standards promulgated by FIN 48, NVE derecognized certain tax benefits during the year. Thus, there is no deferred tax balance for the net operating loss of $99,667, which is reflected in the federal tax return. The net operating loss reflected in the federal tax return will expire from 2021-2024.

Considering all positive and negative evidence regarding the utilization of NVE's deferred tax assets, it has been determined that NVE is more-likely-than-not to realize all recorded deferred tax assets, except the Arizona coal credits. As such, these Arizona coal credits represent the only valuation allowance that has been recorded as of December 31, 2008.

NVE and the Utilities adopted the provisions of FIN 48 as of January 1, 2007. FIN 48 liabilities are all long term and are included in the other liabilities line item on the balance sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (dollars in thousands):

	2008	2007
Balance at January 1	$25,016	$27,766
Additions based on tax positions related to the current year	8,855	9,487
Additions for tax positions of prior years	65,426	5,052
Reductions for tax positions of prior years	(5,369)	(17,289)
Balance at December 31	$93,928	$25,016

On or about December 31, 2007, NVE and the Utilities filed a Form 3115, Application for Change in Accounting Method ("Application"), with the IRS requesting a change in accounting for deducting repair expenditures. NVE reflected the tax benefits sought on the Application on its 2007 tax return, which was filed during 2008, thus yielding an increase in uncertain tax benefits related to prior periods. NVE has yet to receive IRS consent to make the method change. Since this type of voluntary method change requires IRS consent and the IRS has considerable discretion in granting such consent, NVE will only reflect the method change in its financial statements once IRS consent is granted.

NVE and the Utilities classify interest and penalties related to income taxes as interest and other expense, respectively. The total amount of unrecognized tax benefits as of December 31, 2008 and December 31, 2007 is $93.9 million and $25.0 million, respectively, of which $3.2 million and $2.4 million, respectively, would affect the effective tax rate if recognized. No interest or penalties have been accrued as of December 31, 2008 and 2007. The Utilities expect certain unrecognized tax benefits to statutorily expire within the next twelve months and it is reasonably possible that approval of the Application from the IRS will be received. This would cause a significant decrease in the FIN 48 liability in the range of $7.2 million to $78.7 million within the coming year. As of December 31, 2007, the Utilities believed that no significant increases or decreases to unrecognized tax benefits would have occurred during the year ended December 31, 2008. During the year ended December 31, 2008, unrecognized tax benefits, primarily related to the Application, increased by $68.9 million as illustrated in the table above.

NVE and the Utilities file a consolidated U.S. federal income tax return. The U.S. federal jurisdiction is the only "significant" tax jurisdiction for NVE. The statue of limitations for tax years 2005, 2006 and 2007 expires on September 15, 2009, 2010, and 2011, respectively. All earlier years are closed by statute. Tax year 2004 was open as of December 31, 2008.

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Nevada Power Company

The following reflects the composition of taxes on income (dollars in thousands):

	2008	2007	2006
Provision for income taxes			
Current and other			
Federal	$27,038	$25,351	$4,865
State	-	-	-
Total current and other	27,038	25,351	4,865
Deferred			
Federal	45,830	58,344	114,741
State	378	(63)	268
Total deferred, net	46,208	58,281	115,009
Amortization of excess deferred taxes	(695)	(1,236)	(745)
Amortization of investment tax credits	(1,169)	(4,044)	(1,619)
Total provision for income taxes	$71,382	$78,352	$117,510
Income statement classification of provision for income taxes			
Operating income	$58,014	$61,108	$91,781
Other income	13,368	17,244	25,729
Total	$71,382	$78,352	$117,510

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	2008	2007	2006
Net income	$151,431	$165,694	$224,540
Total income tax expense	71,382	78,352	117,510
Pretax income	222,813	244,046	342,050
Statutory tax rate	35%	35%	35%
Federal income tax expense at statutory rate	77,985	85,416	119,718
Depreciation related to difference in cost basis for tax purposes	1,209	1,291	2,192
AFUDC - equity	(9,071)	(5,551)	(4,114)
Investment tax credit amortization	(1,169)	(4,044)	(1,619)
Regulatory asset for goodwill	1,732	1,732	1,646
Research and development credit	(1,078)	(527)	(1,666)
Other - net	1,774	35	1,353
Provision for income taxes	$71,382	$78,352	$117,510
Effective tax rate	32.0%	32.1%	34.4%

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The net deferred income tax liability consists of deferred income tax liabilities less related deferred income tax assets, as shown (dollars in thousands):

	2008	2007
Deferred income tax assets		
Credit carryovers and net operating loss	$1,384	$26,341
Employee benefit plans	45,127	13,940
Customer advances	16,019	20,611
Gross-ups received on CIAC and customer advances	21,934	21,334
Deferred revenues	3,549	1,948
Reserves	12,670	10,633
Other - net	21,135	12,928
Subtotal	121,818	107,735
Deferred income tax assets associated with regulatory matters		
Excess deferred income taxes	3,328	4,024
Unamortized investment tax credit	5,385	6,014
Subtotal	8,713	10,038
Total deferred income tax assets before valuation allowance	130,531	117,773
Valuation allowance	(1,160)	(588)
Total deferred income tax assets after valuation allowance	$129,371	$117,185
Deferred income tax liabilities		
Excess of tax depreciation over book depreciation	$333,888	$319,926
Deferred energy	98,512	98,342
Regulatory assets	97,932	65,038
Other - net	62,374	51,407
Subtotal	592,706	534,713
Deferred income tax liabilities associated with regulatory matters		
Tax benefits flowed through to customers	169,506	165,257
Total deferred income tax liability	$762,212	$699,970
Net deferred income tax liability	$472,048	$427,566
Net deferred income tax liability associated with regulatory matters	160,793	155,219
Total net deferred income tax liability	$632,841	$582,785

NPC's balance sheet contains a net regulatory asset of $160.8 million at December 31, 2008 and $155.2 million at December 31, 2007. For balance sheet presentation, the regulatory tax asset is included in regulatory assets. The regulatory tax asset balance consists of future revenue to be received from customers due to flow-through of the tax benefits of temporary differences and goodwill recognized from the merger of NPC and NVE. Offset against these amounts are future revenues to be refunded to customers (regulatory tax liabilities). For balance sheet presentation, the regulatory tax liability is included in regulatory liabilities. The regulatory tax liability balance consists of temporary differences for liberalized depreciation at rates in excess of current rates and unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

The following table summarizes NPC's net regulatory tax asset and liability (dollars in thousands):

	2008	2007
Tax benefits flowed through to customers		
Related to property	$76,489	$69,602
Related to goodwill	93,017	95,655
Regulatory tax asset	169,506	165,257
Liberalized depreciation at rates in excess of current rates	3,328	4.024
Unamortized investment tax credits	5,385	6,014
Regulatory tax liability	8,713	10,038
Net regulatory tax asset	$160,793	$155,219

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Current income taxes are allocated based on NVE’s and each subsidiaries’ respective taxable income or loss and tax credits as if each subsidiary filed a separate return.

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The following table summarizes as of December 31, 2008 tax credit carryovers and associated carryover periods, as adjusted for FIN 48, and valuation allowance for amounts which NPC has determined that realization is uncertain (dollars in thousands):

Type of Carryforward	Deferred Tax Asset	Valuation Allowance	Net Deferred Tax Asset	Expiration Period
Arizona coal credits	$1,384	$1,160	$224	2009-2013
Total	$1,384	$1,160	$224	

Considering all positive and negative evidence regarding the utilization of NPC's deferred tax assets, it has been determined that NPC is more-likely-than-not to realize all recorded deferred tax assets, except for a portion of the Arizona coal credits. As such, these Arizona coal credits represent the only valuation allowance that has been recorded as of December 31, 2008.

NVE and the Utilities adopted the provisions of FIN 48 as of January 1, 2007. FIN 48 liabilities are all long term and are included in the other liabilities line item on the balance sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits for NPC is as follows (dollars in thousands):

	2008	2007
Balance at January 1	$20,129	$6,784
Additions based on tax positions related to the current year	3,549	8,918
Additions for tax positions of prior years	34,353	4,989
Reductions for tax positions of prior years	(9,544)	(562)
Balance at December 31	$48,487	$20,129

On or about December 31, 2007, NVE and the Utilities filed a Form 3115, Application for Change in Accounting Method ("Application"), with the IRS requesting a change in accounting for deducting repair expenditures. NVE reflected the tax benefits sought on the Application on its 2007 tax return, which was filed during 2008, thus yielding an increase in uncertain tax benefits related to prior periods. NVE has yet to receive IRS consent to make the method change. Since this type of voluntary method change requires IRS consent and the IRS has considerable discretion in granting such consent, NVE will only reflect the method change in its financial statements once IRS consent is granted.

NVE and the Utilities classify interest and penalties related to income taxes as interest and other expense, respectively. The total amount of unrecognized tax benefits for NPC as of December 31, 2008 and December 31, 2007 is $48.5 million and $20.1 million, respectively, of which $2.0 million and $0.9 million, respectively, would affect the effective tax rate if recognized. No interest or penalties have been accrued as of December 31, 2008 and December 31, 2007. The Utilities expect certain unrecognized tax benefits to statutorily expire within the next twelve months and it is reasonably possible that approval of the Application from the IRS will be received. This would cause a significant decrease in the FIN 48 liability in the range of $3.6 million to $39.3 million within the coming year. As of December 31, 2007, the Utilities believed that no significant increases or decreases to unrecognized tax benefits would have occurred during the year ended December 31, 2008. During the year ended December 31, 2008, unrecognized tax benefits, primarily related to the Application, increased by $28.4 million as illustrated in the table above.

NVE and the Utilities file a consolidated U.S. federal income tax return. The U.S. federal jurisdiction is the only "significant" tax jurisdiction for NVE. The statute of limitations for tax years 2005, 2006, 2007 expires on September 15, 2009, 2010, and 2011, respectively. All earlier years are closed by statute. Tax year 2004 was open as of December 31, 2008.

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Sierra Pacific Power Company

The following reflects the composition of taxes on income (dollars in thousands):

	2008	2007	2006
Provision for income taxes			
Current and other			
Federal	$13,663	$57,483	$28,497
State	12	70	-
Total current and other	13,675	57,553	28,497
Deferred			
Federal	26,087	(28,705)	2,464
State	315	429	226
Total deferred	26,402	(28,276)	2,690
Amortization of excess deferred taxes	(670)	(990)	(1,570)
Amortization of investment tax credits	(1,804)	(2,278)	(1,788)
Total provision for income taxes	$37,603	$26,009	$27,829
Income statement classification of provision (benefit) for income taxes			
Operating income	$31,806	$29,991	$23,570
Other income	5,797	(3,982)	4,259
Total	$37,603	$26,009	$27,829

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	2008	2007	2006
Income from continuing operations	$90,582	$65,667	$57,709
Total income tax expense	37,603	26,009	27,829
Pretax income	128,185	91,676	85,538
Statutory tax rate	35%	35%	35%
Federal income tax expense (benefit) at statutory rate	44,865	32,087	29,938
Depreciation related to difference in cost basis for tax purposes	(77)	1,679	2,517
AFUDC - equity	(4,383)	(5,582)	(2,265)
Investment tax credit amortization	(1,804)	(2,278)	(1,788)
Regulatory asset for goodwill	1,009	1,009	954
Research and development credit	(232)	(603)	(2,097)
Other - net	(1,775)	(303)	570
Provision for income taxes	$37,603	$26,009	$27,829
Effective tax rate	29.3%	28.4%	32.5%

As a large corporate taxpayer, the NVE consolidated group's tax returns are examined by the IRS on a regular basis. SPPC believes that it has adequately provided reasonable reserves for reasonable and foreseeable outcomes related to uncertain tax matters.

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The net deferred income tax liability consists of deferred income tax liabilities less related deferred income tax assets, as shown (dollars in thousands):

	2008	2007
Deferred income tax assets		
Credit carryforwards and net operating loss	$-	$5,311
Employee benefit plans	59,083	8,327
Customer advances	14,831	14,432
Gross-ups received on CIAC and customer advances	8,936	9,726
Deferred revenues	1,891	2,121
Deferred energy	9,330	10,130
Reserves	2,542	2,903
Other	6,463	9,034
Subtotal	103,076	61,984
Deferred income tax assets associated with regulatory matters		
Excess deferred income taxes	8,193	8,862
Unamortized investment tax credit	8,573	9,545
Subtotal	16,766	18,407
Total deferred income tax assets	$119,842	$80,391
Deferred income tax liabilities		
Excess of tax depreciation over book depreciation	$196,161	$189,234
Regulatory assets	83,608	20,446
Other	19,798	18,192
Subtotal deferred tax liabilities	299,567	227,872
Deferred income tax liabilities associated with regulatory matters		
Tax benefits flowed through to customers	95,273	102,591
Total deferred income tax liability	$394,840	$330,463
Net deferred income tax liability	$196,491	$165,889
Net deferred income tax liability associated with regulatory matters	78,507	84,184
Total net deferred income tax liability	$274,998	$250,073

SPPC's balance sheet contains a net regulatory asset of $78.5 million at December 31, 2008 and $84.2 million at December 31, 2007. For balance sheet presentation, the regulatory tax asset is included in regulatory assets. The regulatory tax asset consists of future revenue to be received from customers due to flow-through of the tax benefits of temporary differences and goodwill recognized from the merger of NPC and NVE. Offset against these amounts are future revenues to be refunded to customers (regulatory liabilities). For balance sheet presentation, the regulatory tax liability is included in regulatory liabilities. The regulatory tax liabilities consist of temporary differences for liberalized depreciation at rates in excess of current rates and unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

The following table summarizes SPPC's net regulatory tax asset and liability (dollars in thousands):

	2008	2007
Tax benefits flowed through to customers		
Related to property	$39,678	$45,443
Related to goodwill	55,595	57,148
Regulatory tax asset	95,273	102,591
Liberalized depreciation at rates in excess of current rates	8,193	8,862
Unamortized investment tax credits	8,573	9,545
Regulatory tax liability	16,766	18,407
Net regulatory tax asset	$78,507	$84,184

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NVE and its subsidiaries file a consolidated federal income tax return. Current income taxes are allocated based on NVE's and each subsidiaries' respective taxable income or loss and tax credits as if each subsidiary filed a separate return.

Considering all positive and negative evidence regarding the utilization of SPPC's deferred tax assets, it has been determined that the company is more-likely-than-not to realize all recorded deferred tax assets and therefore no valuation allowance has been recorded as of December 31, 2008.

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NVE and the Utilities adopted the provisions of FIN 48 as of January 1, 2007. FIN 48 liabilities are all long term and are included in the other liabilities line item on the balance sheet. A reconciliation of the beginning and ending amount of unrecognized tax benefits for SPPC is as follows (dollars in thousands):

	2008	2007
Balance at January 1	$4,430	$4,403
Additions based on tax positions related to the current year	4,536	569
Additions for tax positions of prior years	31,709	-
Reductions for tax positions of prior years	(549)	(542)
Balance at December 31	$40,126	$4,430

On or about December 31, 2007, NVE and the Utilities filed a Form 3115, Application for Change in Accounting Method ("Application"), with the IRS requesting a change in accounting for deducting repair expenditures. NVE reflected the tax benefits sought on the Application on its 2007 tax return, which was filed during 2008, thus yielding an increase in uncertain tax benefits related to prior periods. NVE has yet to receive IRS consent to make the method change. Since this type of voluntary method change requires IRS consent and the IRS has considerable discretion in granting such consent, NVE will only reflect the method change in its financial statements once IRS consent is granted.

NVE and the Utilities classify interest and penalties related to income taxes as interest and other expense, respectively. The total amount of unrecognized tax benefits for SPPC as of December 31, 2008 and December 31, 2007 is $40.1 million and $4.4 million, respectively, of which $1.2 million and $1.1 million, respectively, would affect the effective tax rate if recognized. No interest or penalties have been accrued as of December 31, 2008 and December 31, 2007. The Utilities expect certain unrecognized tax benefits to statutorily expire within the next twelve months and it is reasonably possible that approval of the Application from the IRS will be received. This would cause a significant decrease in the FIN 48 liability in the range of $3.6 million to $39.3 million within the coming year. As of December 31, 2007, the Utilities believed that no significant increases or decreases to unrecognized tax benefits would have occurred during the year ended December 31, 2008. During the year ended December 31, 2008, unrecognized tax benefits, primarily related to the Application, increased by $35.7 million as illustrated in the table above.

NVE and the Utilities file a consolidated U.S. federal income tax return. The U.S. federal jurisdiction is the only "significant" tax jurisdiction for NVE. The statue of limitations for tax years 2005, 2006, and 2007 expires on September 15, 2009, 2010, and 2011, respectively. All earlier years are closed by statute. Tax year 2004 was open as of December 31, 2008.

NOTE 11. RETIREMENT PLAN AND POST-RETIREMENT BENEFITS

NVE has a defined benefit pension plan covering substantially all employees. Certain grandfathered and certain union employees are covered under a benefit formula based on years of service and the employee's highest compensation for a period prior to retirement, while most employees are covered under a cash balance formula. NVE also has other postretirement plans which provide medical and life insurance benefits for certain retired employees.

Plan Changes

In November 2007, the BOD approved a change in the plan for its management, professional, administrative and technical employees (MPAT) from a defined benefit plan to a cash balance plan. Employees with combined age and service totaling 75 years or more had the choice of staying with the current plan or electing to switch to the new plan. The new plan went into effect on April 1, 2008; all employees hired after that date will be eligible for the cash balance plan, and will be vested after three years of service. This change, along with market conditions and plan asset values at the time of the re-measurement of the plan obligation, increased 2008 pension expense by $2.7 million over the original estimate of $21.3 million.

Also, in 2007 NVE completed negotiations with SPPC's IBEW Local No. 1245 employees, and reached a settlement with regards to postretirement medical coverage. This agreement resulted in changes to NVE's future obligations under this plan, and as a result of a re-measurement of the plan obligation, NVE's 2007 expense was reduced by $1.3 million. There were no changes made to other postretirement benefit plan provisions in 2006 which had any significant impact on recorded benefit plan amounts in that year.

Under the terms of NPC's current contract with IBEW Local No. 396, the pension benefits for those employees covered under that agreement have also changed from a defined benefit plan to a cash balance plan, effective December 31, 2008. However, the impact of this change has been offset by current market conditions and plan asset values. During 2007 and 2006 NVE did not make significant changes to its pension plan provisions

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In 2008, the postretirement plan was amended to provide that all MPAT employees hired after April 1, 2008 will not be eligible for retiree medical coverage, and those hired after January 1, 2009 will not be eligible for retiree life insurance coverage. Additionally, all IBEW Local No. 396 employees hired after October 13, 2008 will cease to have retiree medical coverage after attaining the age of 65, and they will not be eligible for retiree life insurance coverage. The impact of these changes on the postretirement plan costs is not yet known.

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Reconciliation of benefit obligations, plan assets and the funded status of the plans

In 2008, in accordance with SFAS 158, NVE, NPC and SPPC recorded additional pension costs relating to the elimination of the early measurement date, as discussed in SFAS 158 to retained earnings, of $5.3 million, $3.6 million and $1.4 million, respectively, before taxes. Additionally, in 2008 in accordance with SFAS 158, NVE, NPC and SPPC recorded additional post retirement benefit costs relating to the elimination of the early measurement date , as discussed in SFAS 158 to retained earnings, of $1.9 million, $0.7 million and $1.1million, respectively, before taxes. These amounts represent the expense attributable to the three-month period from September 30, 2007 to December 31, 2007. NVE has changed the measurement date for its benefit plans from September 30 to December 31, which coincides with NVE's fiscal year end. The following tables provide a reconciliation of benefit obligations, plan assets and the funded status of the plans. These reconciliations are based on a December 31 measurement date for 2008, and a September 30 measurement date for 2007 (dollars in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Change in benefit obligations				
Benefit obligation, beginning of year	$674,687	$645,373	$150,175	$172,192
Effect of eliminating early measurement Date	10,708	-	2,438	-
Service cost	21,748	22,901	2,562	2,680
Interest cost	42,818	39,420	10,732	10,088
Plan participants' contributions	-	-	1,475	2,044
Actuarial loss (gain)	38,174	(8,414)	(7,567)	6,382
Gross benefits paid	(31,944)	(31,949)	(11,838)	(10,031)
less: federal subsidy on benefits paid	-	-	-	596
Administrative expenses	(455)	(328)	-	-
Plan amendments	(28,264)	-	4,562	(28,804)
Plan amendments - IBEW Local No. 1245 buy down	-	-	-	(12,600)
Change in estimates	-	-	23,520	-
Utility discount adjustment	-	-	-	6,545
Death benefit obligation adjustment	-	-	-	1,083
Settlements	-	7,684	-	-
Benefit obligation, end of year	$727,472	$674,687	$176,059	$150,175

The accumulated benefit obligation for Pension Benefits at the end of 2008 and 2007 was $659 million and $545 million respectively.

The actuarial assumptions used to determine end of year benefit obligations were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Discount rate	6.09 %	6.30 %	6.07 %	6.25 %
Rate of compensation increase	4.50 %	4.50 %	-	-

In 2008, for measurement purposes, the assumed annual rate of increase in the per capita cost of covered health care benefits was 8.5%, grading down to 5% in 2014.

In selecting an assumed discount rate for fiscal year 2008 pension cost and for fiscal year-end 2008 disclosures, NVE's projected benefit payments were matched to the yield curve derived from a portfolio of over 300 high quality Aa bonds with yields within the 10th to 90th percentiles of these bond yields.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect:

Effect on the postretirement benefit obligation	2008	2007
Effect of a 1-percentage point increase	$14,407	$9,860
Effect of a 1-percentage point decrease	$(12,333)	$(8,538)

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The following table shows the change in plan assets for 2008 and 2007. Employer contributions reflect funding and benefit payments made by NVE (dollars in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2008	2007	2008	2007
Change in plan assets				
Fair value of plan assets, beginning of year	$639,996	$534,260	$108,921	$63,236
Effect of eliminating early measurement date	6,893	-	1,202	-
Actual return on plan assets	(181,760)	73,483	(23,280)	7,613
Employer contributions	94,143	64,529	8,181	46,059
Plan participants' contributions	-	-	1,475	2,044
Gross benefits paid	(27,444)	(31,949)	(11,838)	(10,031)
Expenses paid	(455)	(327)	-	-
Fair value of plan assets, end of year	$531,373	$639,996	$84,661	$108,921

The asset allocation for NVE's pension plans at the end of 2008 and 2007, and the target allocation for 2009, by asset category, follows. The fair value of plan assets for these plans is $531 million and $640 million, at the end of 2008 and 2007, respectively. The asset values are determined using quoted market prices. The expected long-term ROR on the plan assets is 7.10%, 8.00% and 8.00% in 2009, 2008 and 2007, respectively.

Asset Category	Allocation Percentage of Plan Assets at Year End		
	2009	2008	2007
Equity securities	45 %	46 %	60 %
Debt securities	50 %	41 %	40 %
Cash/other	5 %	13 %	-
Total	100 %	100 %	100 %

The asset allocation for the other postretirement benefit plans at the end of 2008 and 2007, and target allocation for 2009, by asset category, follows. The fair value of plan assets for these plans is $84.7 million and $108.9 million at the end of 2008 and 2007, respectively. The asset values are determined using recorded closing sales on a national securities exchange. The expected long-term ROR on the plan assets is 7.10%, 8.00% and 8.00% in 2009, 2008 and 2007, respectively.

Asset Category	Allocation Percentage of Plan Assets at Year End		
	2009	2008	2007
Equity securities	45 %	29 %	60 %
Debt securities	50 %	35 %	40 %
Cash/other	5 %	36 %	-
Total	100 %	100 %	100 %

NVE's investment strategy is to ensure the safety of the principal of the assets and obtain asset performance to meet the continuing obligations of the plan. NVE contributed a total of $100 million in 2008; $30 million was funded across the pension and other postretirement benefit plans in September, and $70 million was funded to the pension plan in December. The $70 million contribution on December 30, 2008 was temporarily invested into cash until a new asset allocation plan is approved by the NVE Pension Committee.

NVE strives to maintain a reasonable and prudent amount of risk, and seeks to limit risk through diversification of assets. Also, NVE considers the ability of the plan to pay all benefit and expense obligations when due, and to control the costs of administering and managing the plan. NVE's investment guidelines prohibit investing the plan assets in real estate and NVE's own stock. Currently, the plan assets are invested in international and domestic equity securities, fixed income investments which include bonds and cash.

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The following table shows the funded status of each of the plans for 2008 and 2007 (dollars in thousands):

	Pension Benefits		Other Postretirement Benefits	
Funded Status, end of year:	2008	2007	2008	2007
Fair value of plan assets	$531,373	$639,996	$84,660	$108,921
Benefit obligations	(727,472)	(674,687)	(176,059)	(150,175)
Funded status	$(196,099)	$(34,691)	$(91,399)	$(41,254)

Amounts for pension and postretirement benefits recognized in the consolidated balance sheets consist of the following (dollars in thousands):

	Pension Benefits		Other Postretirement Benefits	
Amounts recognized in the statement of financial position consist of:	2008	2007	2008	2007
Current liability	$(1,561)	$(6,381)	$-	$-
Noncurrent liability	(194,537)	(27,973)	(91,399)	(41,254)
Net amount recognized	$(196,098)	$(34,354)	$(91,399)	$(41,254)

The following amounts would have been recognized in Accumulated Other Comprehensive Income, net of taxes, according to the provisions of SFAS 158, which NVE adopted in 2006. Since NVE is able to recover SFAS 87 and SFAS 106 expenses through rates, the amounts will be recorded as Other Regulatory Assets under the provisions of SFAS 71 (dollars in thousands).

	Pension Benefits		Other Postretirement Benefits	
Amounts recognized as other regulatory assets:	2008	2007	2008	2007
Net actuarial (gain)/loss	$355,553	$95,800	$80,836	$61,136
Prior service (credit)/cost	(16,965)	10,958	(5,880)	(33,910)
	$338,588	$106,758	$74,956	$27,226

The estimated amounts that will be amortized from other regulatory assets and accumulated other comprehensive income into net periodic cost in 2009 are as follows (dollars in thousands):

	Pension Benefits	Other Postretirement Benefits
Actuarial (gain)/loss	$27,575	$5,126
Prior service (credit)/cost	(1,669)	(685)

At the end of 2008 and 2007, the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets, and pension plans with an accumulated benefit obligation in excess of plan assets, were as follows (dollars in thousands):

	Benefit Obligation Exceeds the Fair Value of Plan's Assets		Accumulated Benefit Obligation Exceeds the Fair Value of Plan's Assets	
	2008	2007	2008	2007
Projected benefit obligation, end of year	$727,472	$674,687	$-	$-
Accumulated benefit obligation, end of year	-	-	659,404	18,583
Fair value of plan assets, end of year	531,373	639,996	531,373	-

At the end of 2007, using the projected benefit obligation measure, all pension plans, defined benefit and nonqualified, were underfunded; only the nonqualified pension plans were underfunded using the accumulated benefit obligation measure for 2007. At the end of 2008, all pension plans were underfunded for both measurements. The accumulated postretirement benefit obligation exceeds plan assets for all of the company's other postretirement benefit plans.

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The expected cash flows for the plans, including trust accounts, are as follows (dollars in thousands):

Company contributions	Pension Benefits	Other Postretirement Benefits
2009 (expected)	$51,561	$20,282
Expected benefit payments (gross)		
2009	42,630	9,288
2010	44,650	10,000
2011	46,483	10,627
2012	49,291	11,132
2013	50,061	11,577
2014-2018	277,769	64,939

The above benefit payments are obligations of the indicated plan, and reflect payments which do not include employee contributions. The expected benefit payment information that reflects the employee obligation is almost exclusively paid from plan assets. A small portion of the pension benefit obligation is paid from the plan sponsor's assets.

The components of net periodic pension and other postretirement benefit costs for NVE, NPC and SPPC are presented below (dollars in thousands):

NVE

	Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Service cost	$21,748	$22,901	$23,033	$2,562	$2,680	$3,533
Interest cost	42,818	39,420	36,627	10,732	10,088	10,283
Expected return on plan assets	(47,051)	(41,895)	(40,729)	(8,351)	(5,182)	(4,919)
Amortization of:						
Actuarial (gain)/loss	6,714	7,211	9,778	3,489	3,413	4,614
Prior service (credit)/cost	(166)	1,629	1,892	(1,028)	(225)	122
Transition (asset)/obligation	-	-	-	-	484	969
Settlement (gain)/loss	-	4,441	-	338	-	-
Total net benefit cost	$24,063	$33,707	$30,601	$7,742	$11,258	$14,602

The average percentage of NVE net periodic costs capitalized during 2008, 2007 and 2006 was 37.1%, 34.7% and 35.5%, respectively.

Nevada Power Company

	Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Service cost	$12,798	$13,092	$12,900	$1,217	$1,079	$1,052
Interest cost	21,240	18,977	17,466	2,524	2,178	2,105
Expected return on plan assets	(22,554)	(19,000)	(18,265)	(2,702)	(1,232)	(1,079)
Amortization of:						
Actuarial (gain)/loss	3,321	-	-	808	729	940
Prior service (credit)/cost	57	1,430	1,677	1,157	606	122
Transition (asset)/obligation	-	3,429	4,636	-	485	969
Total net benefit cost	$14,862	$17,928	$18,414	$3,004	$3,845	$4,109

The average percentage of NPC net periodic costs capitalized during 2008, 2007 and 2006 was 40.5%, 38.8% and 39.0%, respectively.

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Sierra Pacific Power Company

	Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Service cost	$7,998	$8,553	$8,989	$1,275	$1,542	$2,417
Interest cost	20,248	19,100	18,224	8,054	7,844	8,114
Expected return on plan assets	(23,270)	(21,969)	(21,617)	(5,512)	(3,823)	(3,715)
Amortization of:						
Actuarial (gain)/loss	3,085	-	-	2,633	2,663	3,646
Prior service (credit)/cost	(137)	212	212	(2,201)	(831)	-
Transition (asset)/obligation	-	3,467	4,880	-	-	-
Total net benefit cost	$7,924	$9,363	$10,688	$4,249	$7,395	$10,462

The average percentage of SPPC net periodic costs capitalized during 2008, 2007 and 2006 was 36.5%, 35.7% and 33.3%, respectively.

The weighted-average assumptions used to determine net periodic cost are as follows:

	Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	2008	2007	2006
Discount rate	6.38%	6.00%	5.75%	6.25%	6.00%	5.75%
Expected ROR on Plan Assets	8.00%	8.00%	8.25%	8.00%	8.00%	8.25%
Rate of compensation increase	4.50%	4.50%	4.50%	N/A	N/A	N/A

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2008. The rate was assumed to average to 5% in all future years.

The expected ROR on plan assets was determined by considering a realistic projection of what assets can earn, given existing capital market conditions, historical equity and bond premiums over inflation, the effect of “normative” economic conditions that may differ from existing conditions, and projected ROR on reinvested assets.

The assumed health care cost trend rate has a significant effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate would have had the following effect:

One percentage point change:	2008	2007	2006
Effect on total of service and interest cost components:			
Effect of a 1-percentage point increase in health care trend	1,130	1,476	1,669
Effects of a 1-percentage point decrease in health care trend	(947)	(1,210)	(1,360)

There were no significant transactions between the plan and the employer or related parties during 2008, 2007, or 2006.

NOTE 12. STOCK COMPENSATION PLANS

At December 31, 2008, NVE had several stock-based compensation plans, which are described below.

NVE’s executive long-term incentive plan for key management employees, which was approved by shareholders in May 2004, provides for the issuance of up to 7,750,000 of NVE’s common shares to key employees through December 31, 2013. The plan permits the following types of grants, separately or in combination: nonqualified and qualified stock options, stock appreciation rights, restricted stock, performance units, performance shares, and bonus stock. During 2008, NVE issued restricted shares and performance shares under the long-term incentive plan.

NVE recorded $4.1 million, $8.5 million and $5.3 million as stock compensation expense in 2008, 2007 and 2006, respectively.

Non-Qualified Stock Options

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Elected officers and key employees specifically designated by a committee of the BOD are eligible to be awarded non-qualified stock options (NQSO's) based on the guidelines in the plan. These grants are at 100% of the then current fair market value, and vest over different periods as stated in the grant. These options have to be exercised within ten years of award, and no earlier than one year from the date of grant. At the time of grant, rights to dividend equivalents may also be awarded.

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In 2008, there were no grants of non-qualified stock options made to employees. The total number of non-qualifying stock options granted to all employees in 2007 was 411,036, which were issued at an option price not less than market value at the date of grant. Of this amount, 409,934 will vest over three years from the grant date at one-third per year. The remaining 1,102, granted on November 1, 2007 will vest over three years beginning on February 15, 2008. The grants may be exercised for a period not exceeding ten years from the grant date. The options may be exercised using either cash or previously acquired shares valued at the current market price, or a combination of both. The Committee also allows cashless exercises, subject to applicable securities law restrictions or other means consistent with the purpose of the plan and the applicable law.

A summary of the status of NVE's nonqualified stock option plan as of December 31, 2008, 2007, and 2006, and changes during the year is presented below:

	2008		2007		2006	
Nonqualified Stock Options	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	1,294,397	$15.77	1,199,188	$14.66	1,077,772	$14.38
Granted	-	-	411,036	$18.25	176,416	$13.29
Exercised	-	-	312,639	$14.82	55,000	$5.69
Forfeited	15,840	$24.93	3,188	$19.97	-	-
Outstanding at end of year	1,278,557	$15.65	1,294,397	$15.77	1,199,188	$14.66
Options exercisable at year-end	956,431	$14.94	747,317	$14.94	913,209	$15.42
Intrinsic value of options exercised	$-		$1,381,976		$571,190	
Fair value of options vested	$-		$-		$141,037	
Weighted-average grant date fair value of options granted [1]:						
Average of all grants for:						
2008	$-					
2007			$6.27			
2006					$4.82	

(1) The fair value of each nonqualified option has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants issued in 2007 and 2006:

Year of Option Grant	Average Dividend Yield	Average Expected Volatility	Average Risk-Free ROR	Average Expected Life
2007	0.00 %	24.23 %	4.41 %	6 years
2006	0.00 %	27.06 %	4.51 %	6 years

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The following table summarizes information about nonqualified stock options outstanding at December 31, 2008:

		Options Outstanding		Options Exercisable	
Year of Grant	Weighted Average Exercise Price	Number Outstanding at 12/31/08	Remaining Contractual Life	Weighted Average Exercise Price	Number Vested and Exercisable at 12/31/08
1999	$25.35	36,440	<1 year	$25.35	36,440
2000	$16.00	400,000	1 year	$16.00	400,000
2001	$15.08	22,510	1.6 - 2 years	$15.08	22,510
2002	$14.05	86,410	3 years	$14.05	86,410
2004	$7.29	25,000	4 - 4.5 years	$7.29	25,000
2005	$10.10	126,966	6.5 years	$10.10	126,966
2006	$13.29	170,195	7.2 - 7.4 years	$13.29	122,094
2007	$18.25	411,036	8.1 years	$18.25	137,012
Weighted Average Remaining Contractual Life			4.84		2.58
Intrinsic Value	$65,000			$65,000	

* Dividend Equivalents were not granted for any of these awards.

Performance Shares

In 2008, 2007 and 2006, NVE granted performance shares in the following numbers and initial values:

	2/7/2008	2/14/2007	2/7/2006
Shares Granted	518,121	138,967	675,056
Value per Share	$15.27	$16.96	$10.03

In 2008, 2007 and 2006, 518,121, 138,967 and 172,446 shares of stock, respectively, were granted to plan participants; the actual number of shares earned by each participant is dependent upon NVE achieving certain financial goals over three-year performance periods. The value of all performance share grants, if earned, will be equal to the market value of NVE's common shares as of the end of the performance periods. NVE, at its sole discretion, may pay earned performance shares in the form of cash or in shares, or a combination thereof.

In 2006, there were 2,610 special grant shares awarded, which were to be earned only upon the restoration of both the NPC and SPPC investment grade credit status within three years of the date of grant. The shares for this grant were earned and issued in 2007.

In August, 2006, upon the signing of an employment agreement for the prior Chief Executive Officer, a grant of 500,000 performance shares was issued according to the agreement. The grant requires the achievement of specific performance goals which were established in the agreement. The final determination and approval of the number of shares awarded was at the discretion of the BOD and the Compensation Committee. In 2007 and 2006, 200,000 and 65,000 shares, respectively, were deemed to have been earned and were issued in the form of cash.

There were 42,920 special grant shares awarded in 2005, which were to be earned only upon the restoration of both the NPC and SPPC investment grade credit status within three years of the date of grant. These shares were earned and issued in 2007.

In 2005, there were 182,114 performance shares awarded, and due to the achievement of certain performance goals established for this grant over a three year cycle, the number of shares available under this grant was increased to 224,591; these shares were issued in early 2008.

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In accordance with SFAS 123 (R), NVE recognized expense in 2008, 2007 and 2006 related to performance shares. Expense was recognized using the closing market price of NVE stock at the end of each interim period and on December 31, 2008.

The total value of shares issued in 2008, 2007 and 2006 were $3.8 million, $4.4 million and $1.4 million, respectively. The total value of shares vested in 2008, 2007, and 2006 were $2.7 million, $2.8 million and $2.0 million, respectively.

Restricted Stock Shares

In 2008, NVE awarded several grants of restricted shares; 30,000 shares were awarded with a grant price of $14.39 per share, 10,000 shares were awarded with a grant price of $10.73 per share, and 3,500 shares were awarded with a grant price of $8.07 per share. These grants will vest equally over three years from the date of grant. The issuance of these shares is conditional upon the employee retaining employment with NVE throughout the entire vesting period.

There were no restricted shares granted in 2007.

In 2006, 5,643 shares of restricted stock were awarded at a grant price of $13.29 per share; this grant was fully vested on December 31, 2006 and the shares were issued in early 2007.

The total value of shares issued in 2008, 2007 and 2006 were $0, $6.0 million and $1.5 million, respectively. The total value of shares vested in 2008, 2007 and 2006 were $106.0 thousand, $0 and $5.8 million, respectively.

Employee Stock Purchase Plan

Upon the inception of NVE's employee stock purchase plan, NVE was authorized to issue up to an aggregate of 200,162 shares of common stock to all of its employees with minimum service requirements. On June 19, 2000, shareholders approved an additional 700,000 shares for distribution under the plan. According to the terms of the plan, employees can choose twice each year to have up to 15% of their base earnings withheld to purchase NVE's common stock. In 2008, the BOD of NVE and its stockholders, approved changes to the plan which increased the option price discount from 10% to 15%, and provided for the purchase price to be the lesser of 85% of the market value on the offering commencement date, or 85% of the market value on the offering exercise date. Employees can withdraw from the plan at any time prior to the exercise date. Under the plan NVE sold 109,924, 56,835 and 55,954 shares to employees in 2008, 2007, and 2006, respectively.

In accordance with SFAS 123 (R), NVE recognized expense in 2008, 2007 and 2006 related to the employee stock purchase plan. For purposes of determining the expense for those years, compensation cost has been estimated for the employees' purchase rights on the date of grant, using the Black-Scholes option-pricing model with the following assumptions used for 2008, 2007 and 2006, with an option life of six months:

Year	Average Dividend Yield	Average Expected Volatility	Average Risk-Free ROR	Weighted Average Fair Value
2008	0.00 %	40.31 %	1.22 %	$2.56
2007	0.00 %	20.75 %	4.13 %	$3.02
2006	0.00 %	19.73 %	4.95 %	$2.62

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NOTE 13. COMMITMENTS AND CONTINGENCIES

Purchased Power

The Utilities have several contracts for long-term purchase of electric energy. Expiration of these contracts ranges from 2009 to 2039. Related party purchase power agreements have been eliminated from the NVE totals. Estimated future commitments under non-cancelable agreements as of December 31, 2008 were as follows (dollars in thousands):

	Purchased Power		
	NPC	SPPC	NVE
2009	$306,459	$126,847	$409,713
2010	347,614	188,451	446,480
2011	399,369	237,668	493,684
2012	420,594	253,886	512,160
2013	430,237	260,250	523,160
Thereafter	5,158,546	4,015,875	6,094,331

Coal, Natural Gas and Transportation

The Utilities have several long-term contracts for the purchase and transportation of coal and natural gas. These contracts expire in years ranging from 2009 to 2031. Estimated future commitments under non-cancelable agreements as of December 31, 2008 were as follows (dollars in thousands):

	Coal and Natural Gas			Transportation		
	NPC	SPPC	NVE	NPC	SPPC	NVE
2009	$356,431	$198,485	$554,916	$58,655	$83,445	$142,100
2010	43,780	31,964	75,744	46,810	60,871	107,681
2011	6,316	15,000	21,316	50,724	43,524	94,248
2012	-	-	-	73,926	43,438	117,364
2013	-	-	-	73,799	42,981	116,780
Thereafter	-	-	-	944,739	246,518	1,191,257

Long-Term Service Agreements

NPC entered into long-term service agreements for the performance of maintenance on generation units located at the Lenzie Generating Station, the Silverhawk Generating Station and the Higgins Generating Station. SPPC entered into a long-term service agreement for the Tracy Generating Station. Future commitments under these agreements are as follows (dollars in thousands):

	Long-Term Service Agreements		
	NPC	SPPC	NVE
2009	$26,108	$ 5,240	$31,348
2010	26,390	5,240	31,630
2011	26,680	5,240	31,920
2012	26,979	5,240	32,219
2013	27,286	5,240	32,526
Thereafter	129,610	40,209	169,819

Capital Projects

Capital projects at NPC include construction of the Harry Allen Generating Station, tenant improvements at the Beltway Complex, an operations center in southern Nevada, environmental upgrades at the Clark Generating Station Units 5-8, and the construction of a Recovered Energy Generation Project. Future commitments under these agreements are as follows (dollars in thousands):

	Capital Projects		
	NPC	SPPC	NVE
2009	$332,797	$-	$332,797
2010	166,124	-	166,124

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2011	8,113	-	8,113
2013	30,638	-	30,638

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Operating Leases

NPC and SPPC have entered into various operating leases for buildings, land and equipment. Rent payments for 2008, 2007 and 2006 were $10.8 million, $5.7 million and $3.0 million, respectively, for NPC. Rent payments for 2008, 2007 and 2006 were $12.1 million, $10.5 million and $9.1 million, respectively, for SPPC. NVE's, NPC's and SPPC's estimated future minimum cash payments under non-cancelable operating leases as of December 31, 2008, were as follows (dollars in thousands):

	Operating Leases		
	NPC	SPPC	NVE
2009	$11,249	$11,564	$22,813
2010	9,100	9,826	18,926
2011	6,678	2,700	9,378
2012	6,353	2,515	8,868
2013	6,312	2,508	8,820
Thereafter	52,517	37,339	89,856

Environmental

Nevada Power Company

Reid Gardner Generating Station

Surface and Groundwater Matters

The Reid Gardner Generating Station is a coal generating station consisting of four units. NPC is the owner and operator of Unit Nos. 1, 2 and 3. Unit No. 4 is co-owned by the CDWR 67.8% and 32.2% by NPC. NPC is the operating agent for Unit No. 4.

The Reid Gardner Generating Station has a number of raw water and scrubber make-up storage ponds, as well as ponds used for process water evaporation and fly ash settling. Process water, which has been used beyond the treatable limits, is routed to onsite ponds for evaporation. Waste management units are present throughout the site and surrounding area. Environmental contaminants identified at the Reid Gardner Generating Station include but are not limited to, elevated concentrations of total dissolved solids, sulfate, chloride, dissolved metals, volatile organic compounds and petroleum hydrocarbons.

In August 1999, the NDEP issued a discharge permit to the Reid Gardner Generating Station and an Order that requires all evaporation and fly ash settling ponds to be closed or lined with impermeable liners over the next ten years. This order also required NPC to submit a Site Characterization Plan to NDEP to ascertain impacts. This plan has been reviewed and approved by NDEP. In collaboration with NDEP, NPC has evaluated remediation requirements. In May 2004, NPC submitted a schedule of remediation actions to NDEP which included proposed dates for corrective action plans and/or suggested additional assessment plans for each specified area. Any future ponds will be double-lined with inter-liner leak detection in accordance with the most recent NDEP Authorization to Discharge Permit issued October 2005.

Pond construction and lining costs to satisfy the NDEP order expended through December 31, 2008 was approximately $45 million. No additional expenditures associated with this order are projected.

In 2006 and 2007, the water division of NDEP has been in discussions with NPC regarding what additional surface and groundwater remediation may be required at the site, beyond the scope of the current pond relining project. The proposed solution was to enter into an AOC and the final form of the proposed AOC was delivered to NPC in December 2007. Until such time, NPC did not know the extent of the obligation or scope of work that would be required to effect site restoration due to the complexities associated with environmental remediation of the target media and the evolving standards of acceptable remediation standards. As a result, management was unable to reasonably estimate the cost of this comprehensive remediation project prior to concluding the negotiations and receiving the final AOC from the NDEP.

In February 2008, NPC signed the AOC as owner and operator of Unit Nos. 1, 2 and 3 and as co-owner and operating agent of Unit No. 4. The AOC has been designed to supersede previous Orders and takes a comprehensive approach to address historical environmental impacts associated with facility operations. Upon receiving the final document in December 2007, management was able to estimate a range of costs to satisfy the requirements of the AOC. As a result, NPC has recorded an asset retirement obligation of approximately $20 million, which it expects to receive regulatory recovery of, similar to the PUCN's treatment of other asset retirement obligations. Other costs associated with the AOC are expected to include capital expenditures and remediation costs of approximately $32.3 million in addition to a 2008 charge to operating and maintenance expense of approximately $1.3 million. However, these estimates may vary significantly once the scope of work is initiated and additional characterization has been completed.

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Air Quality Matters

In June 2006, the EPA issued a Finding and NOV related to monitoring, recordkeeping and emission exceedances at the Reid Gardner Generating Station. In April 2007, NPC lodged a Consent Decree in federal district court with NDEP, EPA and the Department Of Justice regarding the NOVs and providing for additional environmental controls and equipment changes, environmental benefit projects, monetary penalties, and/or other measures that will be required to resolve the alleged violations. Terms of the Consent Decree included a $1.1 million fine, which was paid during 2007, funding of an approximately $2 million Supplemental Environmental Project (SEP) with the Clark County School District, and the installation of emission reduction equipment at the facility. The SEP was aimed at achieving increased energy efficiency and cost savings for the school district and involved extensive lighting retrofits at multiple schools in the Las Vegas valley. Certain environmental controls and equipment changes needed to assure compliance with existing or modified regulations, and which will satisfy the terms of the consent decree, were previously submitted by NPC to the PUCN in NPC's 2006 IRP filing. Installation of the required environmental controls is scheduled for completion in 2009. These expenditures were approved by the PUCN in late 2006 and include equipment installation on the various units to control startup opacity and particulates and reduce operating opacity and oxides of nitrogen. Capital expenditures are estimated at $94.0 million, of which $84 million was approved by the PUCN. NPC will seek approval for amounts spent above the previously approved amount. However, amounts may change depending on the procurement of material and services.

NEICO

NEICO, a wholly-owned subsidiary of NPC, owns property in Wellington, Utah, which was the site of a coal washing and load-out facility. The site has a reclamation estimate supported by a bond of approximately $5 million with the Utah Division of Oil and Gas Mining, which management believes is sufficient to cover reclamation costs. Management is continuing to evaluate various options including reclamation and sale.

Litigation Contingencies

Nevada Power Company and Sierra Pacific Power Company

Calpine Settlement

On September 19, 2007, NPC, SPPC and Calpine Corporation ("Calpine") entered into a settlement agreement (the "Settlement Agreement") that resolved the issues and claims pertaining to three proofs of claim (Claim Nos. 5177, 5178 and 5179) filed by the Utilities against Calpine in Calpine's bankruptcy proceeding. The Settlement Agreement was approved by the United States Bankruptcy Court for the Southern District of New York on October 10, 2007, and by the FERC on December 28, 2007, in orders that are final and non-appealable.

Claim Nos. 5177 and 5179 filed by SPPC and NPC relate to complaints filed with FERC in December 2001 under Section 206 of the Federal Power Act seeking price reduction of forward wholesale power purchase contracts entered into prior to the FERC mandated price caps imposed in reaction to the Western United States energy crisis. The Settlement Agreement provided that, for Claim Nos. 5177 and 5179, SPPC and NPC would receive general unsecured claims in the Calpine bankruptcy proceeding of approximately $1.7 million and $1.3 million respectively, totaling $3 million. In February 2008, Calpine distributed shares of Calpine common stock to SPPC and NPC with respect to Claim Nos. 5177 and 5179, at the approximate value at the time of the distribution of approximately $1.3 million, and $1.1 million, respectively. The Utilities recognized these amounts as income for the year ended December 31, 2008.

Claim No. 5178 filed by NPC regarding Calpine's alleged breach of a 400 MW TSA and a 2002 settlement agreement approved by the FERC. The Settlement Agreement provided that the claim shall be amended to reflect a general unsecured claim of $18 million against Calpine. NPC agreed to treat the distribution in respect to Claim No. 5178 as a prepayment for a new 400 MW TSA ("New TSA") with a term commencing January 1, 2008 and ending approximately March 31, 2010, assuming no change in NPC's OATT service schedules and, in the event of any such changes, ending on the date the $18 million is depleted based on the applicable OATT service rate schedule. In February 2008, Calpine distributed shares of Calpine common stock to NPC having an approximate value at that time of $14.4 million, which will be recognized as transmission revenue over the term of the new TSA.

The distributions discussed above represent approximately 80% of the balance owed to NPC and SPPC under the three proofs of claims filed. Management cannot predict if the remaining 20% will be recovered due to the status of Calpine's bankruptcy proceedings, and as such has not recorded any further amounts as income. Subsequent to the distribution, NPC and SPPC sold all of their shares of Calpine common stock and recorded a gain of $1.8 million for the year ended December 31, 2008.

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Nevada Power Company

Peabody Western Coal Company

NPC owns an 11% interest in the Navajo Generating Station which is located in Northern Arizona and is operated by Salt River. Other participants in the Navajo Generating Station are Arizona Public Service Company, Los Angeles Department of Water and Power and Tucson Electric Power Company (together with Salt River and NPC, the "Navajo Joint Owners"). NPC also owns a 14% interest in the Mohave Generating Station which is located in Laughlin, Nevada and was operated by Southern California Edison prior to the time it became non-operational on December 31, 2005.

Royalty Claim

On October 15, 2004, the Navajo Generating Station's coal supplier, Peabody Western Coal Co. (Peabody WC), filed a complaint against the Navajo Joint Owners in Missouri State Court in St. Louis, alleging, among other things, a declaration that the Navajo Joint Owners are obligated to reimburse Peabody WC for any royalty, tax or other obligations arising out of a lawsuit that the Navajo Nation filed against Salt River, several Peabody Coal Company entities (including Peabody WC and collectively referred to as "Peabody") and SCE in June 1999 in the U.S. District Court for the District of Columbia (DC Lawsuit).

The Navajo Joint owners were first served in the Missouri lawsuit in January 2005. The operating agent for the Navajo Generating Station, Salt River, is defending the suit on behalf of the Navajo Joint Owners. NPC believes Peabody WC's claims are without merit and intends to contest them. In October, 2007, the Navajo Joint Owners filed a motion for partial summary judgment against Peabody WC's claims for reimbursement of attorney fees and indemnification of liability arising out of the DC Lawsuit. In January 2008, Peabody filed responses to the Navajo Joint Owner's motion. On February 13, 2008, the Navajo Joint Owners filed a second partial summary judgment motion seeking dismissal of another count raised by Peabody concerning indemnity arising out of the DC Lawsuit. In July 2008, the Court dismissed the three counts against NPC, two without prejudice to their possible refiling at a later date. NPC is unable to predict whether any liability may arise from any of these matters, including from the ultimate outcome of the DC Lawsuit.

NPC is not a party to the DC Lawsuit although, as noted above, it is a participant in both the Navajo Generating Station and the Mohave Generating Station. The DC Lawsuit consists of various claims relating to the renegotiations of coal royalty and lease agreements and alleges, among other things, that the defendants obtained a favorable coal royalty rate for the lease agreements under which Peabody mines coal for both the Navajo Generating Station and the Mohave Generating Station by improperly influencing the outcome of a federal administrative process pursuant to which the royalty rate was to be adjusted. The DC Lawsuit seeks $600 million in damages, treble damages, and punitive damages of not less than $1 billion, and the ejection of defendants from all possessory interests and Navajo Tribal lands arising out of the primary coal lease. In July 2001, the U.S. District Court dismissed all claims against Salt River. The action had been stayed since October 5, 2004. In March, 2008, the US District Court lifted the stay and referred pending discovery related motions to a Magistrate judge. The Magistrate filed his Report and Recommendations on June 13, 2008 and the Navajo thereafter sought judicial review of the Magistrate's Report and Recommendations by filing an Objection with the District Court on June 27, 2008. The matter was fully briefed and parties are awaiting the Judge's decision.

Retiree Health Care and Reclamation Claims

In addition to the above action before the Missouri State Court, Peabody further asserted in 1994 that the Navajo Joint Owners are liable under the CSA for Retiree Health Care Costs (RHCC) and Final Reclamation Costs (FRC), which Peabody WC is obligated to pay after the CSA expires and the Kayenta Mine closes. In 1996, Salt River and the Navajo Joint Owners filed a complaint in the Maricopa County (Arizona) Supreme Court seeking determinations that they are not liable for RHCC or FRC or, alternatively, that Peabody WC cannot recover RHCC and FRC until after the CSA ends. The case was dormant for several years, while Peabody WC pursued other RHCC and FRC claims arising out of similar coal contracts. Settlement discussions, led by Salt River on both the RHCC matter and the FRC claim reached final approvals with Peabody WC and the Navajo Joint Owners in July 2008 (Settlement Agreement and Mutual Release with Peabody). As of December 31, 2008, NPC has a $17.1 million liability recorded which management has assessed as the approximate amount to be paid, and recorded a corresponding other regulatory asset for such claims, as management believes that these costs are recoverable through deferred energy. The underlying lawsuit and arbitration have both been dismissed.

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Sierra Pacific Power Company

Farad Dam

SPPC sold four hydro generating units, (10.3 MW total capacity), located in Nevada and California, for $8 million to TMWA in June 2001. The Farad Hydro (2.8 MW), has been out of service since the summer of 1996 due to a collapsed flume. The current estimate to rebuild the diversion dam, if management decides to proceed, is approximately $20 million. Under the terms of the contract with TMWA, SPPC is required to transfer the hydro assets in working condition, or, alternatively SPPC assigns its casualty loss claim to TMWA and TMWA is reasonably satisfied regarding its rights with respect to such claim.

SPPC filed a claim with the insurers Hartford Steam Boiler Inspection and Insurance Co. and Zurich-American Insurance Company (collectively, the “Insurers”) for the Farad flume and Farad Dam. In December 2003, SPPC sued the Insurers in the U.S. District Court for the District of Nevada on a coverage dispute relating to potential rebuild costs for Farad Dam. The case went to trial before the Court in April 2008. On September 30, 2008, the Court ruled that SPPC was not time barred from reconstructing Farad Dam, and has coverage for the full rebuild costs, subject to coverage sub-limits set forth in the insurance policies. The Court further ruled that SPPC is entitled to recover $4 million for costs incurred to date on Farad Dam and that SPPC shall have three years to rebuild the dam from the date of the Court’s decision. In the event Farad Dam is not rebuilt, the Court determined SPPC would be entitled to actual cash value of approximately $1.3 million. SPPC has requested the court to reconsider the cash value to reflect rebuild costs and the Insurers opposed. Parties are awaiting a decision from the Court. The Insurers time to file an appeal on the Court’s decision has been suspended pending the Court’s determination on the cash value reconsideration.

Other Legal Matters

NVE and its subsidiaries, through the course of their normal business operations, are currently involved in a number of other legal actions, none of which, in the opinion of management, is expected to have a significant impact on their financial positions, results of operations or cash flows.

NOTE 14. COMMON STOCK AND OTHER PAID-IN CAPITAL

Rights Agreement

In December 2005, the BOD voted to amend the Rights Agreement, dated as of February 2001 (as amended and restated, the “Rights Agreement”), between NVE and Wells Fargo Bank Minnesota, N.A., to accelerate the final expiration date of the rights (“Rights”) issued thereunder to December 2005, and to terminate the Rights Agreement upon the expiration of the Rights. The BOD also adopted a policy governing future entry into a shareholder rights agreement or similar agreement (a “shareholder rights plan”). NVE’s policy is to seek shareholder approval prior to the adoption of a shareholder rights plan, unless the BOD, in the exercise of its fiduciary duties and with the concurrence of a majority of its independent members, determines that, under the circumstances existing at the time, it is in the best interest of NVE’s shareholders to adopt a shareholder rights plan without first obtaining shareholder approval. If a shareholder rights plan is adopted without prior shareholder approval, the plan must provide that it shall expire, unless ratified by shareholders, within one year of adoption.

Stock Ownership Plans

As of December 31, 2008, 10,956,240 shares of common stock were reserved for issuance under the Common Stock Investment Plan (CSIP), Employees’ Stock Purchase Plan (ESPP), and Executive Long-Term Incentive Plan (LTIP).

The 2005 LTIP for officers and key employees allows for the issuance of NVE’s common shares through December 2013, which can be earned and issued prior to December 2013. This Plan permits the following types of grants, separately or in combination: nonqualified and qualified stock options; stock appreciation rights; restricted stock; performance units; performance shares, bonus stock and cash.

NVE also provides an ESPP to all of its employees meeting minimum service requirements. Employees can choose twice each year (offering date) to have up to 15% of their base earnings withheld to purchase NVE common stock. The purchase price of the stock is 85% of the market value on the offering date or the execution date, whichever is less.

Non-Employee Director Stock

The Non-employee Director Stock Plan provides that a portion of NVE’s outside directors’ annual retainer be paid in NVE common stock. In addition, in 1996, NVE eliminated its outside director retirement plan and converted the present value of each director’s vested retirement benefit to phantom stock based on the stock price at the time of conversion. Phantom stock earns dividends, also payable in phantom

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stock, which are recorded in each Director's phantom account. The value of these accounts is issued in stock or cash, at the election of the BOD, at the time the Director leaves the BOD.

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The annual retainer for non-employee directors is $120,000, and the minimum amount to be paid in NVE stock is $75,000 per director. During 2008, 2007, and 2006, NVE granted the following total shares and related compensation to directors including NVE stock, respectively: 72,573, 27,300, and 30,733, shares, and $396,309, $280,000, and $154,000.

Common Stock Offering

In December 2007, NVE issued 12 million shares of its $1 par value common stock. Net proceeds from the issuance were $202.8 million. In December 2007, NVE contributed capital to NPC of approximately $65 million, and to SPPC of approximately $65 million. Both Utilities used the proceeds to repay indebtedness under their revolving credit facilities, and for general corporate purposes. Additionally, NVE contributed capital to NPC of approximately $146.6 million and to SPPC of approximately $20 million for general corporate purposes in 2008.

In August 2006, SPR issued 20 million shares of its $1 par value common stock. Net proceeds from the issuance were $280.6 million. In August 2006, SPR contributed capital to NPC of approximately $200 million. NPC used the proceeds to repay indebtedness under its $600 million revolving credit facility.

Common Stock Investment Plan

NVE offers a Common Stock Investment Plan (CSIP, or the Plan) for the purpose of promoting long-term ownership by providing a convenient method to purchase shares of our common stock and to reinvest cash dividends. New investors can purchase common stock directly from the company for as little as $250 for the first purchase. Existing shareholders can purchase additional shares up to once per month for as little as $50. Shares are purchased on the first business day of each month with the exception of months in which a dividend is paid where purchases are made on the date of the dividend payment. Through this Plan, shareholders can also choose to reinvest all or a portion (specified in increments of 10%) of cash dividends to purchase additional shares of common stock.

Dividends

On July 28, 2007, NVE's BOD declared a quarterly cash dividend of $0.08 per share paid on September 12, 2007, to common shareholders of record on August 24, 2007. The dividend was the first dividend declared by NVE since February 2002.

On November 1, 2007, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on December 12, 2007, to common shareholders of record on November 19, 2007.

On February 7, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on March 12, 2008, to common shareholders of record on February 22, 2008.

On April 28, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on June 11, 2008, to common shareholders of record on May 23, 2008.

On August 4, 2008, NVE's BOD declared a quarterly cash dividend of $0.08 per share payable on September 10, 2008, to common shareholders of record on August 22, 2008.

On October 30, 2008, NVE's BOD declared a quarterly cash dividend of $0.10 per share payable on December 17, 2008, to common shareholders of record on December 2, 2008.

On February 5, 2009, NVE's BOD declared a quarterly cash dividend of $0.10 per share payable on March 18, 2009, to common shareholders of record on March 3, 2009.

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NOTE 15. EARNINGS PER SHARE (NVE)

The difference, if any, between basic EPS and diluted EPS is due to potentially dilutive common shares resulting from stock options, the employee stock purchase plan, performance and restricted stock plans and the non-employee director stock plan.

Emerging Issues Task Force, Participating Securities and the Two-Class Method under SFAS 128, (EITF 03-6) requires companies to use the “two-class” method to calculate basic EPS, and the “if-converted” method to calculate diluted EPS if the result was dilutive.

The following table outlines the calculation for EPS:

	Year ended December 31,		
	2008	**2007**	**2006**
Basic EPS			
Numerator ($000)			
Net income applicable to common stock	$208,887	$197,295	$277,451
Denominator			
Weighted average number of common shares outstanding	234,031,750	222,180,440	208,531,134
Per Share Amounts			
Net income applicable to common stock	$0.89	$0.89	$1.33
Diluted EPS			
Numerator ($000)			
Net income applicable to common stock	$208,887	$197,295	$277,451
Denominator [(1)]			
Weighted average number of shares outstanding before dilution	234,031,750	222,180,440	208,531,134
Stock options	39,556	123,124	91,119
Executive long term incentive plan - restricted	-	-	113,456
Non-Employee Director stock plan	63,636	46,551	30,754
Employee stock purchase plan	4,615	878	3,345
Performance Shares	443,605	203,031	251,088
Restricted Shares	1,842	-	-
	234,585,004	222,554,024	209,020,896
Per Share Amounts			
Net income applicable to common stock	$0.89	$0.89	$1.33

(1) The denominator does not include stock equivalents resulting from the options issued under the nonqualified stock option plan for the years ended December 31, 2008, 2007, and 2006, due to conversion prices being higher than market prices for all periods. Under this plan, 943,231, 638,250 and 932,946 shares, respectively, would be included in each of these periods if the conditions for conversions were met.

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NOTE 16. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following figures are unaudited and include all adjustments necessary in the opinion of management for a fair presentation of the results of interim periods. Dollars are presented in thousands except per share amounts.

NV ENERGY, INC.

	2008 Quarter Ended			
	March	June	September	December (1)
Operating Revenues	$805,051	$838,794	$1,118,131	$766,137
Operating Income	$76,813	$94,201	$218,952	$85,362
Net Income (Loss) Applicable to Common Stock	$24,058	$36,134	$150,783	$(2,088)
Net Income (Loss) Applicable to Common Stock per Share				
Basic & Diluted	$0.10	$0.15	$0.64	$(0.01)

	2007 Quarter Ended			
	March	June	September	December
Operating Revenues	$756,431	$851,894	$1,206,050	$786,585
Operating Income	$61,930	$86,431	$213,137	$53,069
Net Income Applicable to Common Stock	$15,607	$25,754	$152,222	$3,712
Net Income Applicable to Common Stock per Share				
Basic & Diluted	$0.07	$0.12	$0.69	$0.02

(1) NVE experienced a Net Loss for the Quarter Ended December 31, 2008, primarily as a result of increased interest expense and depreciation. Interest expense increased due to the issuance of new debt by the Utilities. NPC issued a substantial amount of debt in 2008 primarily to fund the acquisition of the Higgins Generating Station and other major capital projects. SPPC issued debt to fund the construction of the Tracy Generating Station. Depreciation expense increased as a result of the acquisition of the Higgins Generating Station, which is not included in rates but has been requested in NPC's 2008 GRC.

NEVADA POWER COMPANY

	2008 Quarter Ended			
	March	June	September	December (1)
Operating Revenues	$469,172	$570,223	$826,825	$449,207
Operating Income	$40,797	$67,067	$165,001	$39,087
Net Income (Loss)	$7,971	$33,175	$124,336	$(14,051)

	2007 Quarter Ended			
	March	June	September	December
Operating Revenues	$418,165	$575,108	$894,226	$469,121
Operating Income	$27,968	$61,228	$170,264	$37,844
Net Income	$4,582	$23,604	$133,094	$4,414

(1) NPC experienced a Net Loss for the Quarter Ended December 31, 2008, primarily as a result of increased interest expense and depreciation. Interest expense increased due to the issuance of new debt. NPC issued a substantial amount of debt in 2008 primarily

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to fund the acquisition of the Higgins Generating Station and other major capital projects. Depreciation expense increased as a result of the acquisition of the Higgins Generating Station, which is not included in rates but has been requested in NPC's 2008 GRC.

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	SIERRA PACIFIC POWER COMPANY			
	2008 Quarter Ended			
	March	June	September	December
Operating Revenues	$335,872	$268,567	$291,298	$316,924
Operating Income	$33,969	$24,539	$50,108	$45,537
Net Income	$24,284	$10,849	$32,919	$22,530
	2007 Quarter Ended			
	March	June	September	December
Operating Revenues	$337,999	$276,734	$311,818	$317,746
Operating Income	$33,911	$22,213	$38,118	$11,715
Net Income	$21,968	$10,008	$25,552	$8,139

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

NVE, NPC, and SPPC management, under the supervision and with the participation of the company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of NVE, NPC, and SPPC disclosure controls and procedures (as that term is defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period, NVE, NPC, and SPPC disclosure and procedures are effective.

(b) Reports on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting

NV Energy, Inc.

The management of NVE is responsible for establishing and maintaining adequate internal control over financial reporting. NVE's internal control system was designed to provide reasonable assurance to NVE's management and BOD regarding the preparation and fair presentation of published financial statements.

Although NVE is firmly committed to effective internal controls over financial reporting, internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

NVE.'s management assessed the effectiveness of NVE's internal control over financial reporting as of December 31, 2008. In making this assessment, NVE used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on our assessment we believe that, as of December 31, 2008, NVE's internal control over financial reporting is effective based on those criteria.

NVE's independent registered public accountants have issued an attestation report on NVE's internal control over financial reporting.

ITEM 9A(T). CONTROLS AND PROCEDURES

Nevada Power Company

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The management of NPC is responsible for establishing and maintaining adequate internal control over financial reporting. NPC's internal control system was designed to provide reasonable assurance to the company's management and BOD regarding the preparation and fair presentation of published financial statements.

Although NPC is firmly committed to effective internal controls over financial reporting, internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

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NPC's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, NPC used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on our assessment we believe that, as of December 31, 2008, NVE's internal control over financial reporting is effective based on those criteria.

Sierra Pacific Power Company

The management of SPPC is responsible for establishing and maintaining adequate internal control over financial reporting. SPPC's internal control system was designed to provide reasonable assurance to the company's management and BOD regarding the preparation and fair presentation of published financial statements.

Although SPPC is firmly committed to effective internal controls over financial reporting, internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

SPPC's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. In making this assessment, SPPC used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on our assessment we believe that, as of December 31, 2008, NVE's internal control over financial reporting is effective based on those criteria.

Attestation Report

This annual report does not include an attestation report of the independent registered public accountants regarding internal control over financial reporting of NPC and SPPC. The management reports of NPC and SPPC were not subject to attestation by the independent registered public accountants pursuant to temporary rules of the SEC that permit NPC and SPPC to provide only management's reports in their annual report.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
NV Energy, Inc
Las Vegas, Nevada

We have audited the internal control over financial reporting of NV Energy, Inc. (formerly Sierra Pacific Resources) and subsidiaries (the "Company") as of December 31, 2008, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2008 of the Company and our report dated February 23, 2009 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

(c) Changes in Internal Controls

None.

ITEM 9B. OTHER INFORMATION

Election of New Director

On February 20, 2009, Stephen E. Frank, former president and chief executive officer of Southern California Edison until his retirement in 2002, was elected to NVE's board of directors effective February 23, 2009, after the filing of the 2008 Form 10-K, as well as NPC's and SPPC's board of directors, effective February 25, 2009. Prior to joining Southern California Edison in 1995, Mr. Frank was president and chief operating officer of Florida Power and Light Company as well as a director of FPL Group, the parent company. Mr. Frank is expected to be a member of the Audit and one or more other committees. Mr. Frank will receive the same compensation and participate in the same plans as are provided to all of NVE's non-employee directors, as more fully described in NVE's Proxy Statement filed on March 19, 2008.

Amendment of By-Laws

On February 20, 2009, the BOD of NVE amended Article VIII of NVE's By-Laws to fix the number of Directors at 13 in connection with the election of Stephen E. Frank.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated by reference to the definitive proxy statement for our 2009 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the end of our 2008 fiscal year (the "2009 Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the 2009 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the 2009 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the 2009 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the 2009 Proxy Statement.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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All other schedules have been omitted because they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto. Columns omitted from schedules have been omitted because the information is not applicable.

3. Exhibits:

Exhibits are listed in the Exhibit Index on pages 168 to 176.

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SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company (both d/b/a NV Energy) have each duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized. The signatures for each undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

NV ENERGY, INC.
NEVADA POWER COMPANY d/b/a NV ENERGY
SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY

By /s/ Michael W. Yackira
Michael W. Yackira
Director and
Chief Executive Officer (Principal Executive Officer)
February 23, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company (both d/b/a NV Energy) and in the capacities indicated on the 23nd day of February, 2009.

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer (Principal Financial Officer)

/s/ E. Kevin Bethel
E. Kevin Bethel
Chief Accounting Officer (Principal Accounting Officer)

/s/ Joseph B. Anderson, Jr.
Joseph B. Anderson, Jr.
Director

/s/ Glenn C. Christenson
Glenn C. Christenson
Director

/s/ Susan F. Clark
Susan F. Clark
Director

/s/ Mary Lee Coleman
Mary Lee Coleman
Director

/s/ Theodore J. Day
Theodore J. Day
Director

/s/ Jerry E. Herbst
Jerry E. Herbst
Director

/s/ Brian J. Kennedy
Brian J. Kennedy
Director

/s/ Maureen T. Mullarkey
Maureen T. Mullarkey
Director

/s/ John F. O'Reilly
John F. O'Reilly
Director

/s/ Philip G. Satre
Philip G. Satre
Director and Chairman of the Board

/s/ Donald D. Snyder
Donald D. Snyder
Director

/s/ Michael W. Yackira
Michael W. Yackira
Director and
Chief Executive Officer (Principal Executive Officer)

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NV Energy, Inc.
Schedule II - Consolidated Valuation and Qualifying Accounts
For The Years Ended December 31, 2008, 2007 and 2006
(Dollars in Thousands)

	Provision for Uncollectible Accounts
Balance at January 1, 2006	$ 36,228
Provision charged to income	13,476
Amounts written off, less recoveries	(10,138)
Balance at December 31, 2006	$ 39,566
Balance at January 1, 2007	$ 39,566
Provision charged to income	10,584
Amounts written off, less recoveries	(14,089)
Balance at December 31, 2007	$ 36,061
Balance at January 1, 2008	$ 36,061
Provision charged to income	16,669
Amounts written off, less recoveries	(20,035)
Balance at December 31, 2008	$ 32,695

Nevada Power Company
Schedule II - Consolidated Valuation and Qualifying Accounts
For The Years Ended December 31, 2008, 2007 and 2006
(Dollars in Thousands)

	Provision for Uncollectible Accounts
Balance at January 1, 2006	$ 30,386
Provision charged to income	10,795
Amounts written off, less recoveries	(8,347)
Balance at December 31, 2006	$ 32,834
Balance at January 1, 2007	$ 32,834
Provision charged to income	9,269
Amounts written off, less recoveries	(11,711)
Balance at December 31, 2007	$ 30,392
Balance at January 1, 2008	$ 30,392
Provision charged to income	16,858
Amounts written off, less recoveries	(16,629)
Balance at December 31, 2008	$ 30,621

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Sierra Pacific Power Company
Schedule II - Consolidated Valuation and Qualifying Accounts
For The Years Ended December 31, 2008, 2007 and 2006
(Dollars in Thousands)

	Provision for Uncollectible Accounts
Balance at January 1, 2006	$ 5,842
Provision charged to income	2,681
Amounts written off, less recoveries	(1,791)
Balance at December 31, 2006	$ 6,732
Balance at January 1, 2007	$ 6,732
Provision charged to income	1,315
Amounts written off, less recoveries	(2,378)
Balance at December 31, 2007	$ 5,669
Balance at January 1, 2008	$ 5,669
Provision charged to income	(189)
Amounts written off, less recoveries	(3,406)
Balance at December 31, 2008	$ 2,074

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2008 FORM 10-K EXHIBIT INDEX

(a) Exhibits Index

Certain of the following exhibits with respect to NV Energy, Inc. and its subsidiaries, Nevada Power Company d/b/a NV Energy, Sierra Pacific Power Company d/b/a NV Energy, Lands of Sierra, Inc., Sierra Pacific Energy Company and Sierra Water Development Company, are filed herewith. Certain other of such exhibits have heretofore been filed with the SEC and are incorporated herein by reference.

(* filed herewith)

(3) NV Energy, Inc.

- *(3.1) Restated Articles of Incorporation of NV Energy, Inc. effective December 23, 2008.
- *(3.2) By-laws of NV Energy, Inc., as amended through February 20, 2009.

Nevada Power Company

- Restated Articles of Incorporation of Nevada Power Company, dated July 28, 1999 (filed as Exhibit 3(B) to Form 10-K for year ended December 31, 1999).
- Amended and Restated By-Laws of Nevada Power Company dated July 28, 1999 (filed as Exhibit 3(C) to Form 10-K for year ended December 31, 1999).

Sierra Pacific Power Company

- Restated Articles of Incorporation of Sierra Pacific Power Company dated October 25, 2006 (filed as Exhibit 3.1 to Form 10-Q for the quarter ended September 30, 2006).
- By-laws of Sierra Pacific Power Company, as amended through November 13, 1996 (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1996).
- Articles of Incorporation of Piñon Pine Corp., dated December 11, 1995 (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1995).
- Articles of Incorporation of Piñon Pine Investment Co., dated December 11, 1995 (filed as Exhibit (3)(B) to Form 10-K for the year ended December 31, 1995).
- Agreement of Limited Liability Company of Piñon Pine Company, L.L.C., dated December 15, 1995, between Piñon Pine Corp., Piñon Pine Investment Co. and GPSF-B INC 1995 (filed as Exhibit (3)(C) to Form 10-K for the year ended December 31, 1995).
- Amended and Restated Limited Liability Company Agreement of SPPC Funding LLC dated as of April 9, 1999, in connection with the issuance of California rate reduction bonds (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1999).

(4) NV Energy, Inc.

- Indenture between NV Energy, Inc. (under its former name, Sierra Pacific Resources) and The Bank of New York, dated May 1, 2000, for the issuance of debt securities (filed as Exhibit 4.1 to Form 8-K dated May 22, 2000).

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- Officers' Certificate dated August 12, 2005, establishing the terms of NV Energy, Inc.'s (under its former name, Sierra Pacific Resources) 6 3/4% Senior Notes due 2017 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended September 30, 2005).

- Form of NV Energy, Inc.'s (under its former name, Sierra Pacific Resources) 6 3/4% Senior Notes due 2017 (filed as Exhibit 4.2 to Form 10-Q for the quarter ended September 30, 2005).

- Officers' Certificate dated June 14, 2005, establishing the terms of NV Energy, Inc.'s (under its former name, Sierra Pacific Resources) 7.803% Senior Notes due 2012 (filed as Exhibit 99.1 to Form 8-K dated June 16, 2005).

- Indenture, dated March 19, 2004, between NV Energy, Inc. (under its former name, Sierra Pacific Resources) and the Bank of New York, as Trustee, in connection with the issuance of 8 5/8% Senior Notes due 2014 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended March 31, 2004).

- Form of NV Energy, Inc.'s (under its former name, Sierra Pacific Resources) 8 5/8% Senior Notes due 2014 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended March 31, 2004).

Nevada Power Company

- General and Refunding Mortgage Indenture, dated May 1, 2001, between Nevada Power Company and The Bank of New York, as Trustee (filed as Exhibit 4.1(a) to Form 10-Q for the quarter ended June 30, 2001).

- First Supplemental Indenture, dated as of May 1, 2001, establishing Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.1(b) to Form 10-Q for the quarter ended June 30, 2001).

- Officer's Certificate establishing the terms of Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.l(c) to Form 10-Q for the quarter ended June 30, 2001).

- Form of Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.1(d) to Form 10-Q for the quarter ended June 30, 2001).

- Officer's Certificate establishing the terms of Nevada Power Company's 6 1/2% General and Refunding Mortgage Notes, Series I, due 2012 (filed as Exhibit 4.1 to Form 10-Q for quarter ended June 30, 2004).

- Form of Nevada Power Company's 6 1/2% General and Refunding Mortgage Notes, Series I due 2012 (filed as Exhibit 4.2 to Form 10-Q for quarter ended June 30, 2004).

- Officer's Certificate establishing the terms of Nevada Power Company's 5 7/8% General and Refunding Mortgage Notes, Series L, due 2015 (filed as Exhibit 4(A) to Form 10-K filed for year ended December 31, 2005).

- Form of Nevada Power Company's 5 7/8% General and Refunding Mortgage Notes, Series L, due 2015 (filed as Exhibit 4(B) to Form 10-K filed for year ended December 31, 2005).

- Officer's Certificate establishing the terms of Nevada Power Company's 5.95% General and Refunding Mortgage Notes, Series M, due 2016 (filed as Exhibit 4(A) to Form 10-K for the year ended December 31, 2005).

- Form of Nevada Power Company's 5.95% General and Refunding Mortgage Notes, Series M, due 2016 (filed as Exhibit 4(B) to Form 10-K for the year ended December 31, 2005).

- Officer's Certificate establishing the terms of Nevada Power Company's 6.650% General and Refunding Mortgage Notes, Series N, due 2036 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended March 31, 2006.

- Form of Nevada Power Company's 6.650% General and Refunding Mortgage Notes, Series N, due 2036 (filed as Appendix A to Exhibit 4.1 to Form 10-Q for the quarter ended March 31, 2006).

- Officer's Certificate establishing the terms of Nevada Power Company's 6.50% General and Refunding Mortgage Notes, Series O, due 2018 (filed as Exhibit 4.7 to Form S-4 filed June 7, 2006).

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- Form of Nevada Power Company's 6.50% General and Refunding Mortgage Notes, Series O, due 2018 (filed as Appendix A to Exhibit 4.7 to Form S-4 filed June 7, 2006).
- Officer's Certificate establishing the terms of Nevada Power Company's 6.750% General and Refunding Mortgage Notes, Series R, due 2037 (filed as Exhibit 4.1 to Form 8-K dated June 27, 2007).
- Form of Nevada Power Company's 6.750% General and Refunding Mortgage Notes, Series R, due 2037 (filed as Appendix A to Exhibit 4.1 to Form 8-K dated June 27, 2007).
- Officer's Certificate establishing the terms of Nevada Power Company's 6.50% General and Refunding Mortgage Notes, Series S, due 2018 (filed as Exhibit 4.1 to Form 8-K dated July 28, 2008).
- Form of Nevada Power Company's 6.50% General and Refunding Mortgage Notes, Series S, due 2018 (filed as Appendix A to Exhibit 4.1 to Form 8-K dated July 28, 2008).
- Officer's Certificate establishing the terms of Nevada Power Company d/b/a NV Energy's 7.375% General and Refunding Mortgage Notes, Series U, due 2014 (filed as Exhibit 4.1 to Form 8-K dated January 8, 2009).
- Form of Nevada Power Company d/b/a NV Energy's 7.375% General and Refunding Mortgage Notes, Series U, due 2014 (filed as Appendix A to Exhibit 4.1 to Form 8-K dated January 8, 2009).

Sierra Pacific Power Company

- General and Refunding Mortgage Indenture, dated as of May 1, 2001, between Sierra Pacific Power Company and The Bank of New York as Trustee (filed as Exhibit 4.2(a) to Form 10-Q for the quarter ended June 30, 2001).
- Second Supplemental Indenture, dated as of October 30, 2006, to subject additional properties of Sierra Pacific Power Company located in the State of California to the lien of the General and Refunding Mortgage Indenture and to correct defects in the original Indenture (filed as Exhibit 4(A) to Form 10-K for the year ended December 31, 2006).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's 6 1/4% General and Refunding Mortgage Bonds, Series H, due 2012 (filed as Exhibit 4.4 to Form 10-Q for the quarter ended March 31, 2004).
- Form of Sierra Pacific Power Company's 6 1/4% General and Refunding Mortgage Bonds, Series H, due 2012 (filed as Exhibit 4.5 to Form 10-Q for the quarter ended March 31, 2004).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's General and Refunding Mortgage Notes, Series J, due 2009 (filed as Exhibit 4(E) to Form 10-K for the year ended December 31, 2004).
- Form of Sierra Pacific Power Company's General and Refunding Mortgage Notes, Series J, due 2009 (filed as Exhibit 4(F) to Form 10-K for the year ended December 31, 2004).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's 6% General and Refunding Mortgage Notes, Series M, due 2016 (filed as Exhibit 4.4 to Form 10-Q for the quarter ended March 31, 2006).
- Form of Sierra Pacific Power Company's 6% General and Refunding Mortgage Notes, Series M, due 2016 (filed as Appendix A to Exhibit 4.4 to Form 10-Q for the quarter ended March 31, 2006).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's 6.750% General and Refunding Mortgage Notes, Series P, due 2037 (filed as Exhibit 4.2 to Form 8-K dated June 27, 2007).
- Form of Sierra Pacific Power Company's 6.750% General and Refunding Mortgage Notes, Series P, due 2037 (filed as Appendix A to Exhibit 4.2 to Form 8-K dated June 27, 2007).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's 5.45% General and Refunding Mortgage Notes, Series Q, due 2013 (filed as Exhibit 4.1 to Form 8-K dated August 28, 2008)

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- Form of Sierra Pacific Power Company's 5.45% General and Refunding Mortgage Notes, Series Q, due 2013 (filed as Appendix A to Exhibit 4.1 to Form 8-K dated August 28, 2008).
- Indenture dated as of April 9, 1999 between SPPC Funding LLC and Bankers Trust Company of California, N.A., in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(C) to Form 10-K for the year ended December 31, 1999).
- First Series Supplement dated as of April 9, 1999 to Indenture between SPPC Funding LLC and Bankers Trust Company of California, N.A., in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(D) to Form 10-K for year ended December 31, 1999).
- Form of SPPC Funding LLC Notes, Series 1999-1, in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(E) to Form 10-K for year ended December 31, 1999).

(10) NV Energy, Inc.

- Written description of employment arrangement for William D. Rogers (filed as Exhibit 10(B) to Form 10-K for year ended December 31, 2007).
- Written description of employment arrangement for Jeffrey L. Ceccarelli (filed as Exhibit 10(C) to Form 10-K for year ended December 31, 2007).
- Employment Letter dated May 9, 2007 for Michael W. Yackira (filed as Exhibit 10(D) to Form 10-K for year ended December 31, 2007).
- Paul J. Kaleta Employment Letter dated January 9, 2006 (filed as Exhibit 10(A) to Form 10-K for the year ended December 31, 2005).
- Roberto Denis Employment Letter dated July 11, 2003 (filed as Exhibit 10(B) to Form 10-K for the year ended December 31, 2003).

. *(10.1) NV Energy, Inc. (under its former name, Sierra Pacific Resources) Executive Change of Control Policy, effective January 1, 2008.

- NV Energy, Inc. (under its former name, Sierra Pacific Resources) Amended and Restated 2004 Executive Long-Term Incentive Plan (filed as Appendix A to 2008 Proxy Statement).
- NV Energy, Inc. (under its former name, Sierra Pacific Resources) 2003 Non-Employee Director Stock Plan, as amended (filed as Exhibit 99.2 to Form S-8 dated October 19, 2007).
- NV Energy, Inc. (under its former name, Sierra Pacific Resources) Amended and Restated Employee Stock Purchase Plan (filed as Appendix A to 2008 Proxy Statement).

Nevada Power Company

- *(10.2) Collective Bargaining Agreement dated as of February 1, 2008, effective through February 1, 2011, between Nevada Power Company and the International Brotherhood of Electrical Workers Local Union No. 396.
- Asset Purchase Agreement dated April 21, 2008, between Reliant Energy Wholesale Generation, LLC, Reliant Energy Asset Management, LLC and Nevada Power Company (filed as Exhibit 10.1 to Form 10-Q for the quarter ended June 30, 2008).
- Joint Tenant Contract, dated September 18, 2007, between Nevada Power Company as Tenant, and Beltway Business Park Warehouse No. 2, LLC as Owner, relating to Nevada Power Company's South Operations Center facility (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2007).
- Lease, dated December 11, 2006, between Nevada Power Company as lessee and Beltway Business Park Warehouse No. 2, LLC as lessor, relating to Nevada Power Company's South Operations Center facility (filed as Exhibit 10(A) to Form 10-K for the year ended December 31, 2006).

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- Second Amended and Restated Credit Agreement, dated as of November 4, 2005, among Nevada Power Company, Wachovia Bank, as administrative agent, the Lenders from time to time party thereto and the other parties named therein (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2005).

- Amendment and Consent, dated April 19, 2006, to the Second Amended and Restated Credit Agreement, dated November 4, 2005, among Nevada Power Company, Wachovia Bank, National Association, as Administrative Agent, the Lenders from time to time party thereto and the other parties named therein (filed as Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2006).

- *(10.3) Third Amendment, dated December 11, 2008, to the Second Amended and Restated Credit Agreement, dated November 4, 2005, among Nevada Power Company, Wachovia Bank, National Association, as Administrative Agent, the Lenders from time to time party thereto and the other parties named therein.

- Financing Agreement between Clark County, Nevada and Nevada Power Company, dated August 1, 2006 (relating to Clark County, Nevada $39,500,000 Pollution Control Refund Revenue Bonds Series 2006) (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2006).

- Financing Agreement between Coconino County, Arizona Pollution Control Corporation and Nevada Power Company, dated August 1, 2006 (relating to Coconino County, Arizona $13,000,000 Pollution Control Corporation Refunding Revenue Bonds Series 2006B) (filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2006).

- Financing Agreement between Coconino County, Arizona Pollution Control Corporation and Nevada Power Company, dated August 1, 2006 (relating to Coconino County, Arizona $40,000,000 Pollution Control Corporation Refunding Revenue Bonds Series 2006A) (filed as Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2006).

- Financing Agreement No. 1 between Clark County, Nevada and Nevada Power Company, dated June 1, 2000 (Series 2000A) (filed as Exhibit 10(O) to Form 10-K for the year ended December 31, 2000).

- Financing Agreement No. 2 between Clark County, Nevada and Nevada Power Company, dated June 1, 2000 (Series 2000B) (filed as Exhibit 10(P) to Form 10-K for the year ended December 31, 2000).

- Financing Agreement between Clark County, Nevada and Nevada Power Company, dated November 1, 1997 (relating to Clark County, Nevada $52,285,000 Industrial Development Revenue Bonds, Series 1997A) (filed as Exhibit 10.83 to Form 10-K, File No. 1-4698, for the year ended December 31, 1997).

- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada $76,750,000 Industrial Development Revenue Bonds, Series 1995A) (filed as Exhibit 10.75 to Form 10-K, File No. 1-4698, for the year ended December 31, 1995).

- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada $85,000,000 Industrial Development Refunding Revenue Bonds, Series 1995B) (filed as Exhibit 10.76 to Form 10-K, File No. 1-4698, for the year ended December 31, 1995).

- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada $76,750,000 Industrial Development Revenue Bonds, Series 1995A and $44,000,000 Industrial Development Refunding Revenue Bonds, Series 1995C) (filed as Exhibit 10.77 to Form 10-K, File No. 1-1698, for the year ended December 31, 1995).

- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada $20,300,000 Pollution Control Refunding Revenue Bonds, Series 1995D) (filed as Exhibit 10.78 to Form 10-K, File No. 1-4698, for the year ended December 31, 1995).

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- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1992 (Relating to Industrial Development Refunding Revenue Bonds, Series 1992C) (filed as Exhibit 10.67 to Form 10-K, File No. 1-4698, for the year ended December 31, 1992).
- Contract for Sale of Electrical Energy between the State of Nevada and Nevada Power Company, dated July 8, 1987 (filed as Exhibit 10.39 to Form 10-K, File No. 1-4698, for the year ended December 31, 1987).
- Participation Agreement Reid Gardner Unit No. 4 dated July 11, 1979 between Nevada Power Company and California Department of Water Resources (filed as Exhibit 5.34 to Form S-7, File No. 2-65097).
- Amended Mohave Project Coal Slurry Pipeline Agreement dated May 26, 1976 between Peabody Coal Company and Black Mesa Pipeline, Inc. (Exhibit B to Exhibit 10.18) (filed as Exhibit 5.36 to Form S-7, File No. 2-56356).
- Amended Mohave Project Coal Supply Agreement dated May 26, 1976 between Nevada Power Company and Southern California Edison Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural Improvement and Power District and the Peabody Coal Company (filed as Exhibit 5.35 to Porto S-7, File No. 2-56356).
- Navajo Project Co-Tenancy Agreement dated March 23, 1976 between Nevada Power Company, Arizona Public Service Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural Improvement and Power District, Tucson Gas & Electric Company and the United States of America (filed as Exhibit 5.31 to Form 8-K, File No. 1-4696, April 1974).
- Mohave Operating Agreement dated July 6, 1970 between Nevada Power Company, Salt River Project Agricultural Improvement and Power District, Southern California Edison Company and Department of Water and Power of the City of Los Angeles (filed as Exhibit 13.26F to Form S-1, File No. 2-38314).
- Navajo Project Coal Supply Agreement dated June 1, 1970 between Nevada Power Company, the United States of America, Arizona Public Service Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural District Tucson Gas & Electric Company and the Peabody Coal Company (filed as Exhibit 13.27B to Form S-1, File No. 2-38314).
- Eldorado System Conveyance and Co-Tenancy Agreement dated December 20, 1967 between Nevada Power Company and Salt River Project Agricultural Improvement and Power District and Southern California Edison Company (filed as Exhibit 13.30 to Form S-9, File No. 2-28348).
- Mohave Project Plant Site Conveyance and Co-Tenancy Agreement dated May 29, 1967 between Nevada Power Company and Salt River Project Agricultural Improvement and Power District and Southern California Edison Company (filed as Exhibit 13.27 to Form S-9, File No. 2-28348).
- Settlement Agreement dated December 19, 2003, between Nevada Power Company, Pinnacle West Energy Corporation and Southern Nevada Water Authority (filed as Exhibit 10(G) to Form 10-K for the year ended December 31, 2003).
- Sublease Agreement between Powveg Leasing Corp., as Lessor and Nevada Power Company as lessee, dated January 1, 1984 for lease of administrative headquarters (the primary term of the sublease ends in 2014 and the lessee has the option to extend the term up to 25 additional years) (filed as Exhibit 10.31 to Form 10-K, File No. 1-4698, for the year ended December 31, 1983).

Sierra Pacific Power Company

- Financing Agreement dated April 1, 2007 between Washoe County and Sierra Pacific Power Company (relating to Washoe County, Nevada $40,000,000 Water Facilities Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2007A) (filed as Exhibit 10.1 to Form 10-Q for the quarter ended March 31, 2007).
- Financing Agreement dated April 1, 2007 between Washoe County and Sierra Pacific Power Company (relating to Washoe County, Nevada $40,000,000 Water Facilities Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2007B) (filed as Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2007).

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- Agreement, amended as of March 5, 2007, between Sierra Pacific Power Company and Local Union 1245 of the International Brotherhood of Electrical Workers (filed as Exhibit 10.3 to Form 10-Q for the quarter ended March 31, 2007)
- Amended and Restated Credit Agreement, dated as of November 4, 2005 among Sierra Pacific Power Company, Wachovia Bank, National Association, as administrative agent, the Lenders from time to time party thereto and the other parties named therein (filed as Exhibit 10.2 to Form 10-Q for the quarter ended September 30, 2005).
- Amendment and Consent, dated April 19, 2006, to the Amended and Restated Credit Agreement, dated November 4, 2005, among Sierra Pacific Power Company, Wachovia Bank, National Association, as Administrative Agent, the Lenders from time to time party thereto and the other parties named therein (filed as Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2006).
- Financing Agreement dated November 1, 2006 between Humboldt County, Nevada and Sierra Pacific Power Company dated November 1, 2006 (relating to Humboldt County, Nevada $49,750,000 Pollution Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006) (filed as Exhibit 10(B) to Form 10-K for the year ended December 31, 2006).
- Financing Agreement dated November 1, 2006 between Washoe County, Nevada and Sierra Pacific Power Company dated November 1, 2006 (relating to Washoe County, Nevada $58,750,000 Gas Facilities Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006A) (filed as Exhibit 10(C) to Form 10-K for the year ended December 31, 2006).
- Financing Agreement dated November 1, 2006 between Washoe County, Nevada and Sierra Pacific Power Company dated November 1, 2006 (relating to Washoe County, Nevada $75,000,000 Water Facilities Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006B) (filed as Exhibit 10(D) to Form 10-K for the year ended December 31, 2006).
- Financing Agreement dated November 1, 2006 between Washoe County, Nevada and Sierra Pacific Power Company dated November 1, 2006 (relating to Washoe County, Nevada $84,800,000 Gas and Water Facilities Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2006C) (filed as Exhibit 10(E) to Form 10-K for the year ended December 31, 2006).
- Financing Agreement dated as of March 1, 2001 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2001 (filed as Exhibit 10(O) to Form 10-K for the year ended December 31, 2001).
- Transition Property Purchase and Sale Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(B) to Form 10-K for the year ended December 31, 1999).
- Transition Property Servicing Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(C) to Form 10-K for the year ended December 31, 1999).
- Administrative Services Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(D) to Form 10-K for the year ended December 31, 1999).
- Collective Bargaining Agreement dated January 1, 2003, effective through December 31, 2005 between Sierra Pacific Power Company and the International Brotherhood of Electrical Workers Local No. 1245 (filed as Exhibit 10(J) to Form 10-K for the year ended December 31, 2003).
- Settlement Agreement and Mutual Release dated May 8, 1992 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(D) to Form 10-K for the year ended December 31, 1992; confidential portions omitted and filed separately with the Securities and Exchange Commission).
- Coal Supply Agreement dated January 1, 2002 between Sierra Pacific Power Company and Arch Coal Sales Company, Inc. (5 year term ending on December 31, 2006) (filed as Exhibit 10(R) to Form 10-K for the year ended December 31, 2001).

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- Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (confidential portions omitted and filed separately with the Securities and Exchange Commission) (filed as Exhibit 5-GG to Registration No. 2-62476).

- Amendment No. 1 dated November 8, 1983 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit(10)(B) to Form 10-K for the year ended December 31, 1991).

- Amendment No. 2 dated February 25, 1987 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal Stores Energy Company (filed as Exhibit (10)(A) to Form 10-K for the year ended December 31, 1993).

- Amendment No. 3 dated May 8, 1992 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(B) to Form 10-K for the year ended December 31, 1992; confidential portions omitted and filed separately with the Securities and Exchange Commission).

- Lease dated January 30, 1986 between Sierra Pacific Power Company and Silliman Associates Limited Partnership relating to the Company's corporate headquarters building (filed as Exhibit (10)(I) to Form 10-K for the year ended December 31, 1992).

- Letter of Amendment dated May 18, 1987 to Lease dated January 30, 1986 between Sierra Pacific Power Company and Silliman Associates Limited Partnership relating to the company's corporate headquarters building (filed as Exhibit (10)(K) to Form 10-K for the year ended December 31, 1993).

(11) Nevada Power Company and Sierra Pacific Power Company

- Nevada Power Company and Sierra Pacific Power Company are wholly owned subsidiaries and, in accordance with Paragraph 6 of SFAS No. 128 (Earnings Per Share), earnings per share data have been omitted.

(12) NV Energy, Inc.

- *(12.1) Statement regarding computation of Ratios of Earnings to Fixed Charges.

Nevada Power Company

- *(12.2) Statement regarding computation of Ratios of Earnings to Fixed Charges.

Sierra Pacific Power Company

- *(12.3) Statement regarding computation of Ratios of Earnings to Fixed Charges.

(21) NV Energy, Inc.

- Nevada Power Company d/b/a NV Energy, a Nevada Corporation.
  Sierra Pacific Power Company d/b/a NV Energy, a Nevada Corporation.
  Great Basin Energy Company, a Nevada Corporation.
  Lands of Sierra Inc., a Nevada Corporation.
  Sierra Energy Company dba e-three, a Nevada Corporation.
  Sierra Gas Holdings Company, a Nevada Corporation.
  Sierra Pacific Energy Company, a Nevada Corporation.
  Sierra Water Development Company, a Nevada Corporation.

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Nevada Power Company

- Nevada Electric Investment Company, a Nevada Corporation.
  Commonsite, Inc., a Nevada Corporation.

Sierra Pacific Power Company

- Piñon Pine Company, a Nevada Corporation.
  Piñon Pine Investment Company, a Nevada Corporation.
  Piñon Pine Investment Co. LLC, a Nevada Limited Liability Company.
  GPSF-B, a Delaware Corporation.
  SPPC Funding LLC, a Delaware Limited Liability Company.

(23) NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company

- *(23.1) Consent of Independent Registered Public Accounting Firm in connection with NV Energy, Inc.'s (under its former name, Sierra Pacific Resources) Registration Statements No. 333-145686 on Form S-3D, Registration Statements No. 333-92651 and No. 333-146822 on Form S-8, and Registration Statement No. 333-146100 on Form S-3ASR.

- *(23.2) Consent of Independent Registered Public Accounting Firm in connection with Nevada Power Company's Registration Statement No. 333-146100-02 on Form S-3ASR.

- *(23.3) Consent of Independent Registered Public Accounting Firm in connection with Sierra Pacific Power Company's Registration Statement No. 333-146100-01 on Form S-3ASR.

(31) NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company

- *(31.1) Annual Certification of Chief Executive Officer of NV Energy, Inc. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- *(31.2) Annual Certification of Chief Executive Officer of Nevada Power Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- *(31.3) Annual Certification of Chief Executive Officer of Sierra Pacific Power Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- *(31.4) Annual Certification of Chief Financial Officer of NV Energy, Inc. Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- *(31.5) Annual Certification of Chief Financial Officer of Nevada Power Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- *(31.6) Annual Certification of Chief Financial Officer of Sierra Pacific Power Company Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

(32) NV Energy, Inc., Nevada Power Company and Sierra Pacific Power Company

- *(32.1) Certification of Chief Executive Officer of NV Energy, Inc. Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- *(32.2) Certification of Chief Executive Officer of Nevada Power Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- *(32.3) Certification of Chief Executive Officer of Sierra Pacific Power Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- *(32.4) Certification of Chief Financial Officer of NV Energy, Inc. Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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- *(32.5) Certification of Chief Financial Officer of Nevada Power Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- *(32.6) Certification of Chief Financial Officer of Sierra Pacific Power Company Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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EXHIBIT 3.1

RESTATED
ARTICLES OF INCORPORATION
OF
NV ENERGY, INC.

(Effective Date: December 23, 2008)

History of Changes

Original Articles Filed December 12, 1983
Amended-Restated Articles on July 11, 1985 and Filed August 14, 1985
Amended-Restated Articles on May 18, 1987 and Filed October 23, 1987
Amended-Restated Articles on May 16, 1989 and Filed May 22, 1989
Amended-Restated Articles on May 21, 1990 and Filed October 5, 1990
Amended in Articles of Merger Filed on July 28, 1999
Amendment to Restated Articles Filed May 24, 2006
Amendment to Restated Articles Filed November 19, 2008

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RESTATED ARTICLES OF INCORPORATION
OF
NV ENERGY, INC.

ARTICLE I
NAME

The name of the corporation shall be NV Energy, Inc.

ARTICLE II
PRINCIPAL PLACE OF BUSINESS

The Corporation's principal office or place of business in the State of Nevada shall be at such location as may be from time to time designated by the Board of Directors. The Corporation may maintain an office or offices in such other locations within or without the State of Nevada as may be from time to time designated by the Board of Directors or pursuant to the By-laws of the Corporation, and the Corporation may conduct all Corporation business of every kind and nature relative to the purposes of the Corporation, including the holding of meetings of directors and stockholders, outside the State of Nevada as well as in the State of Nevada.

ARTICLE III
PURPOSE

The purpose for which the Corporation is organized is to transact any or all lawful business for which corporations may be incorporated under the Nevada Revised Statutes, Chapter 78.

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ARTICLE IV
TERM OF EXISTENCE

The Corporation shall have a perpetual existence.

ARTICLE V

CAPITAL STOCK AND AMENDMENTS TO
ARTICLES OF INCORPORATION

Authorized Capital Stock

Section 1:

The amount of the total authorized capital stock of the Corporation is three hundred fifty million (350,000,000) shares of common stock of $1.00 par value. Said shares may be issued by the Corporation from time to time for such consideration as may be fixed from time to time by the Board of Directors.

Voting Rights

Section 2:

The holders of common stock shall exclusively possess full voting rights for the election of directors and for all other purposes. Each holder of record of shares of common stock entitled to vote at any meeting of stockholders shall, as to all matters in respect of which such stock has voting power, be entitled, except as otherwise provided herein or in the By-Laws of the Corporation, to one vote for each share of such stock held and owned by him, as shown by the stock books of the Corporation, and may cast such vote in person or by proxy.

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Preemptive Rights

Section 3:

No holder of any stock, or of rights or options to purchase stock of the Corporation of any class, now or hereafter authorized, shall have any preferential or preemptive right to purchase or subscribe for any part of any stock of the Corporation, now or hereafter authorized or any bonds, certificates of indebtedness, debentures, options, warrants or other securities convertible into or evidencing the right to purchase stock of the Corporation, but any such stock or securities convertible into or evidencing the right to purchase stock may at any time be issued and disposed of by the Board of Directors to such purchasers, in such manner, for such lawful consideration and upon such terms as the Board of Directors may, in its discretion, determine without offering any thereof on the same terms or on any terms to all or any stockholders, as such, of the Corporation.

Scrip Certificates

Section 4:

No certificates for fractional shares of any class of stock shall be issued. In lieu thereof, scrip certificates or other evidences of ownership of fractional interests in shares of the stock of the Corporation may be issued by the Corporation representing rights to such fractional shares and exchangeable, when accompanied by other certificates in such amount as to represent in the aggregate one or more full shares of stock, for certificates for full shares of stock. The holders of scrip certificates or other evidences of ownership of fractional interests in shares of stock of the Corporation will not be entitled to any rights as stockholders of the Corporation until the scrip certificates are so exchanged. Such scrip certificates may, at the election of the Board of Directors of the Corporation, be in bearer form, shall be non-dividend bearing, non-voting and shall have such expiration date as the Board of Directors of the Corporation shall determine at the time of the authorization or issuance of such scrip certificates.

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Amendments of Articles of Incorporation

Section 5:

The provisions of the Articles of Incorporation, except as expressly otherwise herein provided or otherwise required by law, may be amended or altered by a vote of the holders of a majority of the common stock of the Corporation then issued, outstanding and entitled to vote.

ARTICLE VI
BOARD OF DIRECTORS

The members of the governing board of the Corporation shall be known as Directors, and the number of Directors shall be as fixed in the By-Laws and may, from time to time, be increased or described by a two-thirds (2/3) affirmative vote of the entire Board of Directors provided that the number shall not be increased to more than fifteen (15). Directors need not be stockholders of the Corporation, however, they shall be at least twenty-one (21) years of age and at least a majority of them shall be citizens of the United States.

The Directors of this Corporation shall be divided into three classes: Class I, Class II and Class III. Such classes shall be as nearly equal in number as possible. The term of office of the initial Class I Directors shall expire at the Annual Meeting of Stockholders in 1986; the term of office of the initial Class II Directors shall expire at the Annual Meeting of Stockholders in 1987; and the term of office of the initial Class III Directors shall expire at the Annual Meeting of Stockholders in 1988; or in each case thereafter when their respective successors are elected and have qualified. At each annual election held after the initial election of Directors according to classes, the Directors chosen to succeed those whose terms then expire, shall be identified as being of the same class of the Directors they succeed and shall be elected for a term expiring at the third succeeding Annual Meeting of Stockholders or in each case thereafter when their respective successors are elected and have qualified. If the number of Directors has changed, any increase or decrease in Directors shall be apportioned among the classes so as to maintain all classes as nearly equal in number as possible, but in no case shall the decrease in number of Directors shorten the term of any incumbent Director.

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A Director or Directors may be removed from office only by the vote of stockholders representing not less than two-thirds (2/3) of the issued and outstanding capital stock entitled to vote generally in the election of Directors.

Vacancies occurring in the Board of Directors for any reason, including any newly created directorships resulting from an increase in the number of Directors shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum. Each Director so chosen shall hold office until the expiration of the term of Director, if any, whom he or she has been chosen to succeed, or if none, until the expiration of the term of the class assigned to the newly created directorship to which he or she has been elected and until his or her successor shall be duly elected and qualified or until his or her earlier death, resignation or removal.

Notwithstanding any other provisions of these Articles of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the By-Laws of the Corporation), the affirmative vote of the holders of sixty-six and two-thirds percent (66 2/3%) or more of the Common Stock of the Corporation then issued, outstanding and entitled to vote, shall be required to amend or repeal, or adopt any provisions inconsistent with, this Article VI, unless two-thirds (2/3) of the entire Board of Directors approves any such amendment, in which case, the affirmative vote of the holders of a majority of the Common Stock of the Corporation then issued, outstanding and entitled to vote shall be required.

ARTICLE VII
STOCK NON-ASSESSABLE

The capital stock, after the amount of the subscription price, or par value, has been paid in, shall not be subject to assessment to pay the debts of the Corporation.

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ARTICLE VIII
FAIR PRICE PROVISIONS

Section 1:

(A) In addition to any affirmative vote required by law or these Articles of Incorporation, and except as otherwise expressly provided in paragraph 2 of this Article VIII:

(i) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of $1,000,000 or more; or

(iii) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having any aggregate Fair Market Value of $1,000,000 or more; or

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(iv) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation of any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder;

shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the then outstanding shares of common stock of the Corporation authorized to be issued from time to time under Article V of these Articles of Incorporation (the "Common Stock"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(B) The term "Business Combination" as used in this Article VIII shall mean any transaction which is referred to in any one or more of clauses (i) through (v) of subparagraph (A) of this paragraph 1.

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Section 2:

The provisions of paragraph 1 of this Article VIII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of these Articles of Incorporation, if all of the conditions specified in either of the following subparagraphs (A) or (B) are met:

(A) The Business Combination shall have been approved by a majority of the Continuing Directors (as hereinafter defined); provided, however, that such approval shall only be effective if obtained at a meeting at which a Continuing Director Quorum (as hereinafter defined) is present, or

(B) All of the following conditions have been met:

(i) The aggregate amount of (x) cash and (y) Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash, to be received per share by holders of the Corporation's Common Stock in such Business Combination transaction shall be at least equal to the highest amount determined under sub-clauses (a), (b) and (c) below:

(a) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholders for any share of Common Stock acquired by it (1) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction in which it became an Interested Stockholder, whichever is higher;

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(b) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article VIII as the "Determination Date"), whichever is higher; and

(c) (if applicable) the price per share equal to the Fair Market Value per share of Common Stock determined pursuant to subparagraph (B)(i)(b) above, multiplied by the ratio of (1) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it within the two-year period immediately prior to the Announcement Date to (2) the Fair Market Value per share of Common Stock on the first day in such two-year period in which the Interested Stockholder acquired any shares of Common Stock.

(ii) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on any stock of the Corporation having preferential dividend rights; (b) there shall have been (1) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Continuing Directors, and (2) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (c) such Interested Stockholder shall not have become the beneficial owner of any additional shares of Common Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder. The approval by a majority of the Continuing Directors of an exception to the requirements set forth in clauses (a) and (b) above shall only be effective if obtained at a meeting at which a Continuing Director Quorum is present.

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(iii) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the Corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(iv) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public stockholders of the Corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

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Section 3:

For the purpose of this Article VIII

(A) The term "person" shall mean any individual, firm, corporation, or other entity.

(B) The term "Interested Stockholder" shall mean any person (other than the Corporation or any Subsidiary and other than any profit-sharing, employee stock ownership, or other employee benefit plan of the Corporation or any Subsidiary or any trustee or fiduciary with respect to any such plan when acting in such capacity) who or which:

(i) is the beneficial owner (as hereinafter defined) of more than ten percent (10%) of the Common Stock; or

(ii) is an Affiliate (as hereinafter defined) of the Corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of ten percent (10%) or more of the Common Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Common Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

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(C) A person shall be a “beneficial owner” of any Common Stock:

(i) which such persons or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) which such person or any of its Affiliates or Associates has, directly or indirectly, (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement, or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Common Stock.

(D) For purposes of determining whether a person is an Interested Stockholder pursuant to subparagraph (B) of this paragraph 3, the number of shares of Common Stock deemed to be outstanding shall include shares deemed owned through application of subparagraph (C) of this paragraph 3 but shall not include any other shares of Common Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

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(E) The term "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on April 1, 1985, or amendments thereto.

(F) The term "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the Corporation, provided, however, that for the purposes of the definition of Interested Stockholder set forth in subparagraph (B) of this paragraph 3, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(G) The term "Continuing Director" means any member of the Board of Directors of the Corporation (the "Board") who is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Continuing Director who is unaffiliated with the Interested Stockholder and is recommended to succeed a Continuing Director by a majority of Continuing Directors, provided that such recommendation or election shall only be effective if made at a meeting at which a Continuing Director Quorum is present.

(H) The term "Continuing Director Quorum" means six Continuing Directors capable of exercising the powers conferred upon them under the provisions of the Articles of Incorporation or By-Laws of the Corporation or by law.

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(I) The term “Fair Market Value” means: (1) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of such stock as determined by the Board in good faith, and (ii) in the case of the property other than cash or stock, the fair market value of such property on the date in question as determined in good faith by a majority of Continuing Directors, provided that such determination shall only be effective if made at a meeting at which a Continuing Director Quorum is present.

(J) In the event of any Business Combination in which the Corporation survives, the phrase “other consideration to be received” as used in subparagraphs (B)(i) and (ii) of paragraph 2 of this Article VIII shall include the shares of Common Stock retained by the holders of such shares.

Section 4:

Nothing contained in this Article VIII shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

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Section 5:

Notwithstanding any other provisions of these Articles of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that a lesser percentage may be specified by law, these Articles of Incorporation or the By-Laws of the Corporation), the affirmative vote of the holders of sixty-six and two-thirds percent (66 2/3%) or more of the shares of Common Stock shall be required to amend or repeal, or adopt any provisions inconsistent with this Article VIII.

ARTICLE IX
SPECIAL PROVISIONS

Section 1:

The private property of the stockholders, directors, or officers shall not be subject to the payment of any corporate debts to any extent whatsoever.

Section 2:

(A) To the fullest extent that the laws of the State of Nevada, as in effect on March 18, 1987, or as thereafter amended, permit elimination or limitation of the liability of directors and officers, no Director, officer, employee, fiduciary or authorized representative of the Company shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director, officer or other representative capacity.

(B) This Article shall not apply to any action filed prior to March 18, 1987, nor to any breach of performance or failure of performance of duty by a Director, officer, employee, fiduciary, or authorized representative occurring prior to March, 1987. Any amendment or repeal of this Article which has the effect of increasing Director liability shall operate prospectively only, and shall not affect any action taken, or any failure to act, prior to its adoption.

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Section 3:

(A) Right to Indemnification. Except as prohibited by law, every director and officer of the company shall be entitled as a matter of right to be indemnified by the company against reasonable expense and any liability paid or incurred by such person in connection with any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the company or otherwise, in which he or she may be involved, as a party or otherwise, by reason of such person being or having been a Director or officer of the company or by reason of the fact that such person is or was serving at the request of the company as a Director, officer, employee, fiduciary or other representative of the Corporation or another corporation, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit, or proceeding hereinafter being referred to as "action"); provided, however, that no such right of indemnification shall exist with respect to an action brought by a director or officer against the company (other than a suit for indemnification as provided in paragraph (B)). Such indemnification shall include the right to have expenses incurred by such person in connection with an action paid in advance by the company prior to final disposition of such action, subject to such conditions as may be prescribed by law. As used herein, "expense" shall include fees and expenses of counsel selected by such person; and "liability" shall include amounts of judgments, excise taxes, fines and penalties, and amounts paid in settlement.

(B) Right of Claimant to Bring Suit. If a claim under paragraph (A) of this Section is not paid in full by the company within thirty days after a written claim has been received by the company, the claimant may at any time thereafter bring suit against the company to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action that the conduct of the claimant was such that under Nevada law the company would be prohibited from indemnifying the claimant for the amount claimed, but the burden of proving such defense shall be on the company. Neither the failure of the company (including its Board of Directors, independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the conduct of the claimant was not such that indemnification would be prohibited by law, nor an actual determination by the company (including the Board of Directors, independent legal counsel, or its stockholders) that the conduct of the claimant was such that indemnification would be prohibited by law, shall be a defense to the action or create a presumption that the conduct of the claimant was such that indemnification would be prohibited by law.

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(C) Insurance and Funding. The Company may purchase and maintain insurance to protect itself and any person eligible to be indemnified hereunder against any liability or expense asserted or incurred by such person in connection with any action, whether or not the company would have the power to indemnify such person against such liability or expense by law or under the provisions of this Section 3. The company may make other financial arrangements which include a trust fund, program of self-insurance, grant a security interest or other lien on any assets of the corporation, establish a letter of credit, guaranty or surety as set forth in 1987 Statutes of Nevada, Chapter 28 to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

(D) Non-Exclusive; Nature and Extent of Rights. The right of indemnification provided for herein (1) shall not be deemed exclusive of any other rights, whether now existing or hereafter created, to which those seeking indemnification hereunder may be entitled under any agreement, by-law or article provision, vote of stockholders or directors or otherwise, (2) shall be deemed to create contractual rights in favor of persons entitled to indemnification hereunder, (3) shall continue as to persons who have ceased to have the status pursuant to which they were entitled or were denominated as entitled to indemnification hereunder and shall inure to the benefit of the heirs and legal representatives of persons entitled to indemnification hereunder and (4) shall be applicable to actions, suits or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof. The right of indemnification provided for herein may not be amended, modified or repealed so as to limit in any way the indemnification provided for herein with respect to any acts or omissions occurring prior to the adoption of any such amendment or repeal.

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Section 4:

In furtherance, and not in limitation, of the powers conferred by statute, the Board of Directors, by majority vote of those present at any called meeting, is expressly authorized:

(A) To hold its meetings, to have one or more offices, and to keep the books of the Corporation, except as may be otherwise specifically required by the laws of the State of Nevada, within or without the State of Nevada, at such places as may be from time to time designated by it.

(B) To determine from time to time whether, and if allowed under what conditions and regulations, the accounts and books of the Corporation (other than the books required by law to be kept at the principal office of the Corporation in Nevada), or any of them, shall be open to inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted or limited accordingly.

(C) To make, alter, amend and rescind the By-Laws of the Corporation, to fix the amount to be reserved as working capital, to fix the times for the declaration and payment of dividends, and to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

(D) To designate from its number an executive committee, which, to the extent provided by the By-Laws of the Corporation or by resolution of the Board of Directors, shall have and may exercise in the intervals between meetings of the Board of Directors, the powers thereof which may lawfully be delegated in respect of the management of the business and the affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to such papers as may require it. The Board of Directors may also, in its discretion, designate from its number a finance committee and delegate thereto such of the powers of the Board of Directors as may be lawfully delegated, to be exercised when the Board is not in session.

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ARTICLE X
OTHER CONSTITUENCIES PROVISIONS

In taking action, including (but not limited to) action which may involve or relate to a change or potential change in the control of the Corporation, the Board of Directors of the Corporation shall be entitled to consider, without limitation, (1) both the long-term and the short-term interests of the Corporation and its stockholders and (2) the effects that the Corporation's actions may have in the short-term or in the long-term upon any of the following: (i) the prospects for potential growth, development, productivity, and profitability of the Corporation; (ii) the Corporation's current employees; (iii) the Corporation's creditors; and (iv) the ability of the Corporation to provide, as a going concern, goods, services, employment opportunities and employment benefits and otherwise to contribute to the communities in which it does business and to serve the public interest. Nothing in this paragraph shall create any duties owed by any Director to any person or entity to consider or afford any particular weight to any of the foregoing. For purposes of this paragraph, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Corporation, whether through the ownership of voting stock, by contract or other.

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EXHIBIT 3.2

BY-LAWS

OF

SIERRA PACIFIC RESOURCES

(Amended: January 15, 1985)
(Amended: May 20, 1985)
(Amended: June 30, 1988)
(Amended: October 2, 1989)
(Amended: November 27, 1989)
(Amended: January 11, 1990)
(Amended: June 22, 1990)
(Amended: October 4, 1990)
(Amended: May 20, 1991)
(Amended: May 18, 1992)
(Amended: October 5, 1992)
(Amended: December 7, 1993)
(Amended: January 5, 1994)
(Amended: March 30, 1994)
(Amended: May 16, 1994)
(Amended: June 24, 1994)
(Amended: March 21, 1995)
(Amended: November 13, 1996)
(Amended: February 25, 2000)
(Amended: August 14, 2002)
(Amended: May 3, 2005)
(Amended: May 6, 2008)
(Amended: October 31, 2008)
(Amended: February 20, 2009)

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ARTICLE I
NAME

The name of the Corporation (hereinafter referred to as this Corporation) shall be as set forth in the Articles of Incorporation or in any lawful amendments thereto from time to time.

ARTICLE II
STOCKHOLDERS' MEETINGS

All meetings of the stockholders shall be held at the principal office of the Corporation in the State of Nevada unless some other place within or without the State of Nevada is stated in the call. No stockholder action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing without a meeting to the taking of any action is specifically denied.

ARTICLE III
ANNUAL STOCKHOLDERS' MEETINGS

The Annual Meeting of the Stockholders of the Corporation shall be held at such time and place as directed or selected by a majority of the Board of Directors.

ARTICLE IV
SPECIAL STOCKHOLDERS' MEETINGS

Special meetings of the stockholders of the Corporation for any purpose or purposes permitted by law may be called at any time by a majority of the Board of Directors or by the Chairman of the Board or the President of the Corporation. Such special meetings may not be called by any other person or persons or in any other manner.

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ARTICLE V
NOTICE OF STOCKHOLDERS' MEETINGS

Notice stating the place, day and hour of all stockholders' meetings and the purpose or purposes for which such meetings are called, shall be given by the President or a Vice President or the Secretary or an Assistant Secretary not less than ten (10) nor more than sixty (60) days prior to the date of the meeting to each stockholder entitled to vote thereat by leaving such notice with him at his residence or usual place of business, or by mailing it, postage prepaid, addressed to such stockholder at his address as it appears upon the books of this Corporation, and to the Chairman of the Board at the Corporation's main office, the person giving such notice shall make affidavit in relation thereto.

ARTICLE VI
QUORUM AT STOCKHOLDERS' MEETINGS

Except as otherwise provided by law, at any meeting of the stockholders, a majority of the voting power of the shares of capital stock issued and outstanding and entitled to vote represented by such stockholders of record in person or by proxy, shall constitute a quorum, but a less interest may adjourn any meeting sine die or adjourn any meeting from time to time and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, a majority of the voting power of the stock entitled to vote represented there, it shall decide any question brought before such meeting, unless the question is one upon which by express provision of law, or of the Articles of Incorporation, or of these By-Laws a larger or different vote is required, in which case such express provision shall govern and control the decision of such question.

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ARTICLE VII
PROXY AND VOTING

Stockholders of record entitled to vote may vote at any meeting either in person, by proxy in writing, by electronic vote, or by telephonic vote, based on procedures as may be established by the Board from time to time, which proxies shall be filed with the Secretary of the meeting before being voted. Such proxies shall entitle the holders thereof to vote at any adjournment of such meeting, but shall not be valid after the final adjournment thereof. No proxy shall be valid after the expiration of six (6) months from the date of its execution unless the stockholder specifies therein the length of time for which it is to continue in force, which in no case shall exceed seven (7) years from the date of its execution. Stockholders entitled to vote shall be entitled to the voting rights as provided in the Articles of Incorporation.

ARTICLE VIII
BOARD OF DIRECTORS

The number of Directors of the Corporation shall be not more than fifteen (15) nor less than three (3), and until amendment of this By-Law by either the stockholders or Directors, the number of Directors shall be thirteen (13). The Board of Directors shall have authority to fix the compensation of Directors for regular or special services rendered. The members of the Board of Directors shall be divided into classes in the manner provided in Article VI of the Corporation's Articles of Incorporation and shall be elected and serve for such terms of office as are provided therein, each Director shall serve until his or her successor is duly elected and qualified.

Newly created directorships resulting from an increase in number of Directors and vacancies occurring in the Board of Directors for any reason shall be filled in the manner specified in Article VI of the Corporation's Articles of Incorporation. Newly created directorships shall be assigned by the Board of Directors to one of the classes described in said Article VI in the manner provided in such Article.

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ARTICLE IX
POWERS OF DIRECTORS

The Board of Directors shall have the entire management of the business of this Corporation. In the management and control of the property, business and affairs of this Corporation, the Board of Directors is hereby vested with all the powers possessed by this Corporation itself, so far as this delegation of authority is not inconsistent with the laws of the State of Nevada, with the Articles of Incorporation or with these By-Laws. Except as otherwise provided by law, the Board of Directors shall have power to determine what constitutes net earnings, profits and surplus, respectively, what amount shall be reserved for working capital and for any other purposes, and what amount shall be declared as dividends, and such determination by the Board of Directors shall be final and conclusive.

ARTICLE X
COMPENSATION OF DIRECTORS AND OTHERS

Directors may be compensated for their services on an annual basis and/or they may receive a fixed sum plus expenses of attendance, if any, for attendance at each regular or special meeting of the Board, such compensation or fixed sum to be fixed from time to time by resolution of the Board of Directors, provided that nothing herein contained shall be construed to preclude any director from serving this Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may receive like compensation for their services on an annual basis and/or fixed sum for attendance at each committee meeting. Any compensation so fixed and determined by the Board of Directors shall be subject to revision or amendment by the stockholders.

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ARTICLE XI
EXECUTIVE AND OTHER COMMITTEES

The Board of Directors may, by resolution or vote passed by a majority of the whole Board, designate from their number an Executive Committee of not less than three (3) nor more than a majority of the members of the whole Board as at the time constituted, which Committee shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of this Corporation when the Board is not in session. The Executive Committee may make rules for the notice, holding and conduct of its meetings and keeping of the records thereof. The Executive Committee shall serve until the first Directors' meeting following the next Annual Stockholders' Meeting, and until their successors shall be designated and shall qualify, and, a majority of the members of said Committee shall constitute a quorum for the transaction of business.

The Board of Directors shall, by resolution or vote passed by a majority of the whole Board, designate from their members who are not employees of the Corporation, and designate a representative from the Board of Directors of the Corporation's wholly-owned subsidiaries, who is not an employee, to serve on an Audit Committee. The Audit Committee shall not be less than three (3) nor more than a majority of the whole Board at the time constituted, to nominate auditors for the annual audit of the Corporation's books and records, to develop the scope of the audit program, to discuss the results of such audits with the audit firm, and to take any other action they may deem necessary or advisable in carrying out the work of the Audit Committee. The Audit Committee shall serve until their successors shall be designated and shall qualify, and, a majority of the members of the Audit Committee shall constitute a quorum for the transaction of business.

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The Board of Directors shall, by resolution or vote passed by a majority of the whole Board, designate from their number members to serve on a Compensation and Organization Committee, the Compensation and Organization Committee shall not be less than three (3), nor more than the entire group of directors of the Corporation who are not employees of the Corporation; provided, however, that no more than one (1) member of the Compensation and Organization Committee may be a Board member who is also an employee of the Corporation or its wholly-owned subsidiaries. The Compensation and Organization Committee shall have such duties and responsibilities as the whole Board shall from time to time direct; provided, however, that the Compensation and Organization Committee shall have the duties and responsibilities at least to review and approve the programs, policies and organizational structure of the Corporation, to recommend the personnel required by the Corporation to conduct its affairs, to receive nominations to the Board of Directors (which nominations will be reviewed with the whole Board and presented to the shareholders for election or re-election as positions are available or as terms of office expire), and to consider and recommend to the whole Board the appropriate number and appropriate members to serve on the various committees of the Board. The Compensation and Organization Committee shall serve until their successors shall be designated and shall qualify, and a majority of the members of the Compensation and Organization Committee shall constitute a quorum for the transaction of business.

The Board of Directors of this Corporation may also appoint other committees from time to time, membership composition and numbers on such committees, inclusive of representatives of Board of Directors from the wholly-owned subsidiaries, and committee powers conferred upon the same to be determined by resolution or vote of the Board of Directors of this Corporation.

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ARTICLE XII
DIRECTORS' MEETINGS

Regular meetings of the Board of Directors shall be held at such places within or without the State of Nevada and at such times as the Board by resolution or vote may determine from time to time, and if so determined no notice thereof need be given. Special meetings of the Board of Directors may be held at any time or place within or without the State of Nevada whenever called by the Chairman of the Board, the President, a Vice President, a Secretary, an Assistant Secretary or two or more Directors, notice thereof being given to each Director by the Secretary, an Assistant Secretary or officer calling the meeting, or at any time without formal notice provided all the Directors are present or those not present waive notice thereof. Notice of Special meetings, stating the time and place thereof, shall be given by mailing the same to each Director at his residence or business address at least two days before the meeting, unless, in case of exigency, the President or in his absence the Secretary shall prescribe a shorter notice to be given personally or by telephoning or telegraphing each Director at his residence or business address. Such Special meetings shall be held at such times and places as the notices thereof or waiver shall specify.

Meetings of the Board of Directors may be conducted by means of a conference telephone network or a similar communications method by which all persons participating in the meeting can hear each other. The minutes of such meeting shall be submitted to the Board of Directors, for approval, at a subsequent meeting.

Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all the members of the Board of Directors or of such committee. Such written consent shall be filed with the minutes of meetings of the Board or Committee.

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ARTICLE XIII
QUORUM AT DIRECTORS' MEETING

Except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws, a majority of the members of the Board of Directors shall constitute a quorum for the transaction of business, but a lesser number may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, a majority of the members present shall decide any question brought before such meeting.

ARTICLE XIV
WAIVER OF NOTICE

Whenever any notice whatever of any meeting of the stockholders, Board of Directors or any committee is required to be given by these By-Laws or the Articles of Incorporation of this Corporation or any of the laws of the State of Nevada, a waiver thereof in writing, signed by the person or persons entitled to said notice whether before or after the time stated therein, shall be deemed equivalent to such notice so required. The presence at any meeting of a person or persons entitled to notice thereof shall be deemed a waiver of such notice as to such person or persons.

ARTICLE XV
OFFICERS

The officers of this Corporation shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors at its discretion may elect a Chairman of the Board of Directors. The Chairman of the Board of Directors, if one is to be elected, the President, the Vice Presidents, the Secretary and the Treasurer shall be elected annually by the Board of Directors after its election by the stockholders and shall hold office until their successors are duly elected and qualified, subject, however, to other provisions contained in these By-Laws, and a meeting of the Directors may be held without notice for this purpose immediately after the annual meeting of the stockholders and at the same place.

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ARTICLE XVI
ELIGIBILITY OF OFFICERS

Any two or more offices may be held by the same person except the offices of Chairman of the Board of Directors or President and Secretary shall not be held by the same person.

The Chairman of the Board of Directors and the President may, but need not, be stockholders and shall be Directors of the Corporation. The Vice Presidents, Secretary, Treasurer and such other officers as may be elected or appointed need not be stockholders or Directors of this Corporation.

ARTICLE XVII
ADDITIONAL OFFICERS AND AGENTS

The Board of Directors, at its discretion, may appoint one or more Assistant Secretaries and one or more Assistant Treasurers and such other officers or agents as it may deem advisable, and prescribe their duties. All officers and agents appointed pursuant to this Article may hold office during the pleasure of the Board of Directors.

ARTICLE XVIII
CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER AND PRESIDENT

(A) Chairman of the Board: The Chairman of the Board, if there be such position, shall, if present, preside at all meetings of shareholders and the Board of Directors. The Chairman of the Board further shall have such powers and perform such other duties as may be assigned to him from time to time by the Board of Directors.

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(B) Chief Executive Officer: Subject to the control of the Board of Directors, the Chief Executive Officer shall be the principal and chief managerial officer of the corporation and shall have the general supervision, direction and control of the business and officers of the corporation. In the absence or inability of the Chairman of the Board of Directors or during the vacancy of the office thereof, the Chief Executive Officer shall preside at meetings of shareholders and the Board of Directors. The Chief Executive Officer further shall have such other powers and perform such other duties as may be assigned from time to time by the Board of Directors, including, but not limited to, the signing or countersigning of certificates of stocks, bonds, notes, contracts or other instruments of the Corporation.

(C) President: In the absence or inability of the Chief Executive Officer or during any vacancy in the office thereof, the President shall perform all of the duties of the Chief Executive Officer and when so acting shall have all the power of and be subject to all the restrictions upon the Chief Executive Officer. Unless another officer is elected by the Board to hold the office of Chief Operating Officer, the President shall also be the Chief Operating Officer with such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

ARTICLE XIX

VICE PRESIDENTS

Except as especially limited by resolution or vote of the Board of Directors, any Vice President shall perform the duties and have the powers of the President during the absence or disability of the President and shall have power to sign all certificates of stock, deeds and contracts of this Corporation. He shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

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ARTICLE XX
SECRETARY

The Secretary shall keep accurate minutes of all meetings of the Board of Directors, the Executive Committee and the Stockholders, shall perform all the duties commonly incident to this office, and shall perform such other duties and have such other powers as the Board of Directors shall from time to time designate. The Secretary shall have power, together with the Chairman of the Board or the President or a Vice President, to sign certificates of stock of this Corporation. In his absence, an Assistant Secretary or Secretary pro tempore shall perform his duties.

ARTICLE XXI
TREASURER

The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, valuable papers and documents of this Corporation (other than his own bond which shall be in the custody of the President) and shall have and exercise, under the supervision of the Board of Directors, all the powers and duties commonly incident to his office, and shall give bond in such form and with such sureties as may be required by the Board of Directors.

He shall deposit all funds of this Corporation in such bank or banks, trust company or trust companies or with such firm or firms doing banking businesses as the Directors shall designate or approve. He may endorse for deposit or collection all checks, notes, etc., payable to this Corporation or to its order, may accept drafts on behalf of this Corporation and, together with the Chairman of the Board or the President or a Vice President, may sign certificates of stock. He shall keep accurate books of account of this Corporation's transactions which shall be the property of this Corporation and, together with all its property of this Corporation, shall be subject at all times to the inspection and control of the Board of Directors.

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ARTICLE XXII
RESIGNATIONS AND REMOVALS

Any Director or officer of this Corporation may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary of this Corporation, and any member of any committee may resign by giving written notice either as aforesaid or to the committee of which he is a member or to the chairman thereof. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

The stockholders at any meeting called for that purpose may remove any director from office in the manner provided in Article VI of the Articles of Incorporation. The Board of Directors by the vote of not less than a majority of those present at a duly called meeting, may remove from office any officer, agent or member or members of any committee elected or appointed by it or by the executive committee.

The Compensation and Organization Committee, at any meeting called for that purpose, or the Chief Executive Officer, or, in his absence, the President of the Company, may immediately suspend from his or her office and the performance of his or her duties any officer of the Company pending any meeting of the Board of Directors called for the purpose of removing an officer of the Corporation.

ARTICLE XXIII
VACANCIES

If an officer or agent, one or more, becomes vacant by reason of death, resignation, removal, disqualification or otherwise, the Directors may, by majority vote of the Board of Directors choose a successor or successors who shall hold office for the unexpired term. Vacancies in the Board of Directors shall be filled by the Directors in the manner provided in Article VI of the Articles of Incorporation.

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ARTICLE XXIV
CAPITAL STOCK

The amount of capital stock shall be as fixed in the Articles of Incorporation or in any lawful amendments thereto from time to time.

ARTICLE XXV
CERTIFICATED AND UNCERTIFICATED SHARES.

The Board of Directors shall be authorized to issue any of the classes or series of shares of the capital stock of the Corporation with or without certificates. The fact that the shares of capital stock of the Corporation are not represented by certificates shall have no effect on the rights and obligations of stockholders.

If shares are represented by certificates, the certificate shall be in such form as may be prescribed by the Board of Directors, duly numbered and sealed with the corporate seal of this Corporation and setting forth the number of shares to which each stockholder is entitled. Such certificates shall be signed by the Chairman of the Board or the President, or a Vice President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary. The Board of Directors may also appoint one or more transfer agents and/or registrars for any class or series of its capital stock and may require stock certificates to be countersigned and/or registered by one or more of such transfer agents and/or registrars. If certificates of capital stock of this Corporation are signed by a transfer agent and by a registrar, the signatures thereon of the Chairman of the Board or the President or a Vice President and the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of this Corporation and the seal of this Corporation thereon may be facsimiles, engraved or printed. Any provisions of these By-Laws with reference to the signing and sealing of stock certificates shall include, in cases above permitted, such facsimiles. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of this Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by this Corporation, such certificate or certificates may nevertheless be adopted by the Board of Directors of this Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of this Corporation.

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If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the Corporation shall send the stockholder a written statement of all of the information required to be provided to holders of uncertificated shares pursuant to applicable law.

ARTICLE XXVI
TRANSFER OF STOCK

Shares of stock evidenced by certificates may be transferred by delivery of the certificate accompanied either by an assignment in writing on the back of the certificate or by a written power of attorney to sell, assign and transfer the same on the books of this Corporation, signed by the person appearing by the certificate to be the owner of the shares represented thereby, and shall be transferable on the books of this Corporation upon surrender thereof so assigned or endorsed. If the Board of Directors determines or has determined that the ownership of such shares of any class or series of the capital stock of the Corporation shall be represented by uncertificated shares, the Corporation need not issue a new certificate but shall provide the stockholder with a written statement of all of the information required to be provided to holders of uncertificated shares pursuant to applicable law. The person registered on the books of this Corporation as the owner of any shares of stock shall exclusively be entitled, as the owner of such shares, to receive dividends and to vote as such owner in respect thereof. It shall be the duty of every stockholder to notify this Corporation of the stockholder's address.

ARTICLE XXVII
TRANSFER BOOKS

The transfer books of the stock of this Corporation may be closed for such period from time to time, not exceeding sixty (60) days, in anticipation of stockholders' meetings or the payment of dividends or the allotment of rights as the Directors from time to time may determine, provided, however, that in lieu of closing the transfer books as aforesaid, the Board of Directors may fix in advance a date, not exceeding sixty (60) days, as of which stockholders shall be entitled to vote at any meeting of the stockholders or to receive dividends or rights, and in such case such stockholders and only such stockholders as shall be stockholders of record as of the date so fixed shall be entitled to vote at any such meeting and at any adjournment or adjournments thereof or to receive dividends or rights, as the case may be, notwithstanding any transfer of any stock on the books of this Corporation after such record date fixed as aforesaid.

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ARTICLE XXVIII
LOSS OF CERTIFICATES

In case of the loss, mutilation or destruction of a certificate of stock, a duplicate certificate may be issued upon such terms consistent with the laws of the State of Nevada as the Directors shall prescribe; provided, however, if the Board of Directors determines or has determined that the ownership of such shares of such class or series of shares of the capital stock of the Corporation shall be represented by uncertificated shares, the Corporation need not issue a new certificate but shall provide the stockholder with a written statement of all of the information required to be provided to holders of uncertificated shares pursuant to applicable law.

ARTICLE XXIX
SEAL

The seal of this Corporation shall consist of a flat-faced circular die with the corporate name of this Corporation, the year of its incorporation and the words "Corporate Seal Nevada" cut or engraved thereon. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE XXX
VOTING OF STOCK HELD

Unless otherwise provided by resolution or vote of the Board of Directors, the Chairman of the Board, the President or any Vice President, may from time to time appoint an attorney or attorneys or agent or agents of this Corporation, in the name on behalf of this Corporation to cast the votes which this Corporation may be entitled to cast as a stockholder or otherwise in any other corporation, any of whose stock or securities may be held by this Corporation, at meetings of the holders of the stock or other securities of such other corporations, or to consent in writing to any action by any such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of this Corporation and under its corporate seal, or otherwise such written proxies, consents, waivers or other instruments as he may deem necessary or proper in the premises; or the Chairman of the Board or the President or any Vice President may himself attend any meeting of the holders of stock or other securities of such other corporation and thereat vote or exercise any or all other powers of this Corporation as the holder of such stock or other securities of such other corporation.

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The Chairman of the Board or the President or any Vice President may appoint one or more nominees in whose name or names stock or securities acquired by this Corporation may be taken. With the approval of the Chairman of the Board or the President or any Vice President of the Corporation (which approval may be evidenced by his signature as witness on the instruments hereinafter referred to) any such nominee may execute such written proxies, consents, waivers or other instruments as he may be entitled to execute as the record holder of stock or other securities owned by this Corporation.

ARTICLE XXXI
EXECUTION OF CHECKS, DRAFTS, NOTES, ETC.

All checks, drafts, notes or other obligations for the payment of money shall be signed by such officer or officers, agent or agents, as the Board of Directors shall by resolution or vote direct. The Board of Directors may also, in its discretion, require, by resolution or vote, that checks, drafts, notes or other obligations for the payment of money shall be countersigned or registered as a condition to their validity by such officer or officers, agent or agents as shall be directed in such resolution or vote. Checks for the total amount of any payroll and/or branch office current expenses may be drawn in accordance with the foregoing provisions and deposited in a special fund or funds. Checks upon such fund or funds may be drawn by such person or persons as the Treasurer shall designate and need not be countersigned.

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ARTICLE XXXII
SPECIAL PROVISIONS

Section 1: The private property of the stockholders, Directors or officers shall not be subject to the payment of any corporate debts to any extent whatsoever.

Section 2:

(A) To the fullest extent that the laws of the State of Nevada, as in effect on March 18, 1987, or as thereafter amended, permit elimination or limitation of the liability of directors and officers, no Director, officer, employee, fiduciary or authorized representative of the Company shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director, officer or other representative capacity.

(B) This Article shall not apply to any action filed prior to March 18, 1987, nor to any breach of performance or failure of performance of duty by a Director, officer, employee, fiduciary or authorized representative occurring prior to March, 1987. Any amendment or repeal of this Article which has the effect of increasing Director liability shall operate prospectively only, and shall not affect any action taken, or any failure to act, prior to its adoption.

Section 3:

(A) Right to Indemnification. Except as prohibited by law, every Director and officer of the Company shall be entitled as a matter of right to be indemnified by the Company against reasonable expense and any liability paid or incurred by such person in connection with any actual or threatened claim, action, suit or proceeding, civil, criminal, administrative, investigative or other, whether brought by or in the right of the Company or otherwise, in which he or she may be involved, as a party or otherwise, by reason of such person being or having been a Director or officer of the Company or by reason of the fact that such person is or was serving at the request of the Company as a Director, officer, employee, fiduciary or other representative of the Corporation or another corporation, partnership, joint venture, trust, employee benefit plan or other entity (such claim, action, suit or proceeding hereafter being referred to as "action"); provided, however, that no such right of indemnification shall exist with respect to an action brought by a Director or officer against the Company (other than a suit for indemnification as provided in paragraph (B)). Such indemnification shall include the right to have expenses incurred by such person in connection with an action paid in advance by the Company prior to final disposition of such action, subject to such conditions as may be prescribed by law. As used herein, "expense" shall include fees and expenses of counsel selected by such person; and "liability" shall include amounts of judgments, excise taxes, fines and penalties, and amounts paid in settlement.

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(B) Right of Claimant to Bring Suit. If a claim under paragraph (A) of this Section is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action that the conduct of the claimant was such that under Nevada law the Company would be prohibited from indemnifying the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including its Board of Directors, independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the conduct of the claimant was not such that indemnification would be prohibited by law, nor an actual determination by the Company (including the Board of Directors, independent legal counsel or its stockholders) that the conduct of the claimant was such that indemnification would be prohibited by law, shall be a defense to the action or create a presumption that the conduct of the claimant was such that indemnification would be prohibited by law.

(C) Insurance and Funding. The Company may purchase and maintain insurance to protect itself and any person eligible to be indemnified hereunder against any liability or expense asserted or incurred by such person in connection with any action, whether or not the Company would have the power to indemnify such person against such liability or expense by law or under the provisions of this Section 3. The Company may make other financial arrangements which include a trust fund, program of self-insurance, grant a security interest or other lien on any assets of the corporation, establish a letter of credit, guaranty or surety as set forth in 1987 Statutes of Nevada, Chapter 28 to ensure the payment of such sums as may become necessary to effect indemnification as provided herein.

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(D) Non-Exclusive; Nature and Extent of Rights. The right of indemnification provided for herein (1) shall not be deemed exclusive of any other rights, whether now existing or hereafter created, to which those seeking indemnification hereunder may be entitled under any agreement, by-law or article provision, vote of stockholders or directors or otherwise, (2) shall be deemed to create contractual rights in favor of persons entitled to indemnification hereunder, (3) shall continue as to persons who have ceased to have the status pursuant to which they were entitled or were denominated as entitled to indemnification hereunder and shall inure to the benefit of the heirs and legal representatives of persons entitled to indemnification hereunder and (4) shall be applicable to actions, suits or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof. The right of indemnification provided for herein may not be amended, modified or repealed so as to limit in any way the indemnification provided for herein with respect to any acts or omissions occurring prior to the adoption of any such amendment or repeal.

Section 4:

In furtherance, and not in limitation, of the powers conferred by statute, the Board of Directors, by a majority vote of those present at any called meeting, is expressly authorized:

(A) To hold its meetings, to have one or more offices and to keep the books of the Corporation, except as may be otherwise specifically required by the laws of the State of Nevada, within or without the State of Nevada, at such places as may be from time to time designated by it.

(B) To determine from time to time whether, and if allowed under what conditions and regulations, the accounts and books of the Corporation (other than the books required by law to be kept at the principal office of the Corporation in Nevada), or any of them, shall be open to inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted or limited accordingly.

(C) To make, alter, amend and rescind the By-Laws of the Corporation, to fix the amount to be reserved as working capital, to fix the times for the declaration and payment of dividends, and to authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

(D) To designate from its number an executive committee, which, to the extent provided by the By-Laws of the Corporation or by resolution of the Board of Directors, shall have and may exercise in the intervals between meetings of the Board of Directors, the powers thereof which may lawfully be delegated in respect of the management of the business and the affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to such papers as may require it. The Board of Directors may also, in its discretion, designate from its number a finance committee and delegate thereto such of the powers of the Board of Directors as may be lawfully delegated, to be exercised when the Board is not in session.

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ARTICLE XXXIII
PROPOSALS AT STOCKHOLDERS' MEETINGS

Section 1: Advance Notification of Proposals at Stockholders' Meetings.

If a stockholder desires to submit a proposal for consideration at an annual or special stockholders' meeting, or to nominate persons for election as directors at any stockholders' meeting duly called for the election of directors, written notice of such stockholder's intent to make such a proposal or nomination must be given and received by the Secretary of the Corporation at the principal executive offices of the Corporation either by personal delivery or by United States mail not later than (i) with respect to an annual meeting of stockholders, one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to a special meeting of stockholders, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Each notice shall describe the proposal or nomination in sufficient detail for the proposal or nomination to be summarized on the agenda for the meeting and shall set forth (i) the name and address, as it appears on the books of the Corporation, of the stockholder who intends to make the proposal or nomination; (ii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present such proposal or nomination; (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder; and (iv) as to the stockholder giving the notice and any Stockholder Associated Person whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder or any such Stockholder Associated Person with respect to any share of stock of the Corporation. In addition, in the case of a stockholder proposal, the notice shall set forth the reasons for conducting such proposed business at the meeting and any material interest of the stockholder in such business. In addition, in the case of a nomination of any person for election as a director, the notice shall set forth: (i) the name and address of any person to be nominated; (ii) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (iii) such other information regarding such nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission; and (iv) the consent of each nominee to serve as a director of the Corporation if so elected. The presiding officer of the annual or special meeting shall, if the facts warrant, refuse to acknowledge a proposal or nomination not made in compliance with the foregoing procedure, and any such proposal or nomination not properly brought before the meeting shall not be transacted. For purposes of these By-Laws, "Stockholder Associated Person" of any stockholder means (i) any person controlling, directly or indirectly, or acting in convert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

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Section 2: Advisory Stockholder Votes.

In order for the stockholders to adopt or approve any proposal submitted to them for the purpose of advising the Board of Directors of the stockholders' wishes, a majority of the outstanding stock of the Corporation entitled to vote thereon must be voted for the proposal.

ARTICLE XXXIV
AMENDMENTS

Except as otherwise specifically provided herein, these By-Laws may be amended, added to, altered or repealed in whole or in part at any annual or special meeting of the stockholders by vote in either case of at least two-thirds of the voting power of the capital stock issued and outstanding and entitled to vote, provided notice of the general nature or character of the proposed amendment, addition, alteration or repeal is given in the notice of said meeting, or by the affirmative vote of a majority of the Board of Directors present at a called regular or special meeting of the Board of Directors, provided notice of the general nature or character of the proposed amendment, addition, alteration or repeal is given in the notice of said meeting.

ARTICLE XXXV
NEVADA CONTROL SHARE

Pursuant to NRS § 78.378, the Company opts out of the Nevada Control Share statute, and specifically that the provisions of NRS §§ 78.378 to 78.3793 do not apply to the corporation or to an acquisition of a controlling interest by existing or future stockholders.

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EXHIBIT 10.1

SIERRA PACIFIC RESOURCES

EXECUTIVE CHANGE IN CONTROL POLICY

EFFECTIVE JANUARY 1, 2008

1. **Policy Purpose**. The purpose of the Sierra Pacific Resources Executive Change in Control Policy ("Policy") is to establish a uniform policy for the provision of benefits to eligible executives of Sierra Pacific Resources ("Company") and its Subsidiaries (as defined herein), in the event of a separation from service during the Term (as defined herein) by the Company or a successor without Cause (as defined herein), or by the Eligible Executive (as defined herein) with Good Reason (as defined herein), in either case within twenty-four (24) months following a Change in Control (as defined herein) or at any time following a Potential Change in Control (as defined herein) but prior to a Change in Control, all as set forth in this Policy.

2. **Eligible Executives**. Employees who are eligible for the benefits provided for in this Policy ("Eligible Executives") are employees of the Company and its Subsidiaries who: (a) immediately prior to the effective time of a Change in Control are within one of the following categories: (i) senior officers reporting directly to the Chief Executive Officer of the Company; (ii) named executive officers as so reported in the Company's annual report and proxy materials most recently filed with the Securities and Exchange Commission; and (iii) executives who are designated by the Chief Executive Officer of the Company as having responsibility for a significant business organization or function of the Company; and (b) are not parties to an employment or other agreement with the Company or any of its Subsidiaries, pursuant to which the executive may become eligible for severance or similar benefits following a Change in Control of the Company. For the avoidance of doubt, the Company shall, effective immediately prior to the effective time of a Change in Control, determine and communicate the list of Eligible Executives, and such determination shall be final and binding on all parties.

Notwithstanding any other provision of this Policy, absent a Change in Control, severance benefits for Eligible Executives will be provided under the terms and conditions of the Sierra Pacific Resources Executive Severance Plan, or an individual severance arrangement with the Eligible Executive, and not under this Policy. It is the intent of the Company that Eligible Executives not be eligible for duplicate severance benefits under multiple plans or arrangements.

3. **Severance Benefits**. In the event that during the Term: (i) an Eligible Executive is terminated without Cause by the Company or any of its Subsidiaries or a successor entity (or any of their respective affiliates); or (ii) an Eligible Executive resigns with Good Reason from his/her employment with the Company, a successor entity or any of their respective affiliates, in either case within twenty-four (24) months following a Change in Control, or following the occurrence of a Potential Change in Control and before a Change in Control, the Eligible Executive will, subject to his/her timely execution of the Agreement and Release provided for in Section 4 hereof, be entitled to receive the following benefits:

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(a) Cash Severance Payment. A one-time lump sum cash severance payment in an amount equal to a multiple (as specified in the chart set forth below) of the aggregate of: (i) the Eligible Executive's annualized base salary in effect immediately before the separation from service or, if applicable and higher, as in effect immediately before the event or circumstance constituting Good Reason, plus (ii) the Eligible Executive's target annual incentive award for the year of the separation from service, the year in which the Change in Control occurs or the year immediately preceding the year in which the Change in Control occurs, whichever is highest. The multiple used to calculate the severance payment will be the applicable multiple set forth in the following chart, based on the Eligible Executive's position with the Company immediately prior to the termination or resignation, or the Eligible Executive's position immediately prior to the Change in Control, whichever position is more senior:

Position	**Multiple of Base Salary + Target Annual Incentive**
Senior Officer	3x
Officer	2x
Other Eligible Executive	1x

(b) Annual Incentive Awards. A one-time lump sum cash payment equal to the sum of (i) any earned, but unpaid annual incentive award applicable for the year preceding the Eligible Executive's separation from service; and (ii) a pro rata portion, as of the date of the separation from service, of the Eligible Executive's target annual incentive award for the year of the separation from service.

(c) Long-Term Incentive Awards. With respect to all outstanding long-term incentive awards other than stock options, the Eligible Executive will also receive a one-time lump sum cash payment equal to the target value of each such award (valued as of the date of the Eligible Executive's separation from service), prorated for the portion of the applicable performance period through the date of the Eligible Executive's separation from service. With respect to any outstanding stock options previously awarded to the Eligible Executive, each such stock option shall be deemed to be fully vested immediately prior to the Eligible Executive's separation from service, and shall continue to be exercisable throughout the original term of the option (without giving effect to a termination of employment prior to expiration).

(d) Retirement Benefit Payment. The Eligible Executive will also receive a one-time lump sum cash payment equal to the excess of: (i) the actuarial equivalent of the benefit which the Eligible Executive would have accrued under the Sierra Pacific Resources Retirement Plan and the Sierra Pacific Resources Retirement Restoration Plan, and any successor plans (collectively, the "Retirement Plans") determined as if the Eligible Executive had been credited with the number of additional months of service credit under the Retirement Plans specified in the following chart, and had earned, during such additional period, total compensation equal to the Eligible Executive's total compensation during the twelve (12) months immediately preceding the Eligible Executive's separation from service, or, if applicable and higher, the Eligible Executive's total compensation during the twelve (12) months immediately prior to the event or circumstance constituting Good Reason; over (ii) the actuarial equivalent of the benefit earned by the Eligible Executive under the Retirement Plans as of the date of the Eligible Executive's separation from service.

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Position	Number of Additional Months of Service Credit
Senior Officer	36 months
Officer	24 months
Other Eligible Executive	12 months

The lump sum cash payment provided for in this section shall be calculated: (i) by taking into consideration any early retirement subsidies available under the Pension Plans; (ii) as the present value of a straight life annuity commencing at the date as of which the actuarial equivalent is the greatest; (iii) without regard to any amendment to a Retirement Plan made subsequent to a Change in Control, which would decrease the amount of the lump sum payment under this paragraph; and (iv) using the actuarial factors used under the Retirement Plans as of the date of the Eligible Executive's separation from service, or, if applicable and more favorable, the actuarial assumptions used under the Retirement Plans as of the date of the event or circumstance constituting Good Reason.

(e) Health Care Benefits. Eligible Executives and their eligible dependents will, for the period of time set forth in the following chart, also be eligible for continued group life insurance, disability, accident and health care coverage substantially similar to those benefits provided to the Eligible Executive and his/her eligible dependents immediately prior to the Eligible Executive's separation from service, or, if applicable and greater, as provided immediately before the event or occurrence constituting Good Reason. The required contribution by the Eligible Executive for such continued coverage will be the applicable employee rate. The period of continued health care coverage provided for herein shall run concurrently with the Eligible Executive's available COBRA continuation coverage period.

Position	Period of Continued Health Care Coverage
Senior Officer	36 months
Officer	24 months
Other Eligible Executive	12 months

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(f) Retiree Health-Care and Life Insurance Benefits. If the Eligible Executive would have been eligible to participate in the post-retirement health care and/or group life insurance coverage available to retirees of the Company under the Sierra Pacific Resources Retiree Health and Life Insurance Plan, or any successor plan ("Retiree Health Plan"), had the Eligible Executive's separation from service occurred on or after the period of time specified in the following chart, the Company will provide benefits to the Eligible Executive and his/her eligible dependents for which the Eligible Executive and his/her eligible dependents would have been eligible under the Retiree Health Plan during the remaining lifetime of the Eligible Executive and his/her eligible dependents. Such benefits shall commence upon the later of: (i) the first date on which the Eligible Executive could have retired and commenced participation in the Retiree Health Plan within the period specified in the following chart; or (ii) the date on which the continuing health care benefits under section (e) above terminate.

Position	**Applicable Period of Time**
Senior Officer	36 months
Officer	24 months
Other Eligible Executive	12 months

As a condition to receiving the benefits provided for in this paragraph, the Eligible Executive shall be required to pay the Company the full amount of the contributions that would have been required had the Eligible Executive (and, if applicable, his/her eligible dependents) been covered under the Retiree Health Plan, at the time that such contributions would have been due. Death proceeds for any life insurance benefits provided for in this section shall be paid upon the death of the Eligible Executive.

(g) Final Pay Check and Vacation. The Eligible Executive will also receive his/her final pay check, as well as pay for earned, but unused vacation, if any, pursuant to the Company's normal payroll and vacation practices and policies.

(h) Other Benefit Plans. Eligible Executive will also receive any vested, accrued benefits to which he/she have become entitled under any of the Company's employee benefit plans in accordance with the respective provisions of such employee benefit plans as they may be amended from time to time.

4. **Agreement and Release**. As a condition to receiving the severance benefits provided for in Section 3 above, Eligible Executives will be required to execute an Agreement and Release in a form reasonably required by the Company or its successor. Payment and provision of the severance benefits shall not be made or commence unless and until the Eligible Executive has executed (and not revoked) the Agreement and Release. In the event that the Eligible Executive fails, or elects not, to execute the Agreement and Release by the later of: (a) the end of the calendar year of the Eligible Executive's separation from service; or (b) 2½ months following the Eligible Executive's separation from service, the Eligible Executive shall be deemed to have forfeited any right to receive any of the severance benefits provided for in this Policy, and the Company shall have no obligation to provide any such benefits.

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5. **Timing of Payment of Severance Benefits**. Subject to Section 4 above, the severance benefits provided for in Section 3(a) - (d) of this Policy shall be paid or commence as of the date of the Eligible Executive's separation from service or, if such separation from service occurs following a Potential Change in Control, but prior to a Change in Control, such severance benefits shall be paid or commence as of the date of the Change in Control. Any reimbursement of expenses made to the Eligible Executive under paragraphs 3(e) and 3(f), shall be made as soon as reasonably practicable following the date that the expense is incurred by the Eligible Executive and in any event by no later than the end of the calendar year following the year in which the expense is incurred. Additionally, with respect to the reimbursements and benefits provided for in paragraphs 3(e) and 3(f): (i) the amount of such reimbursements and benefits provided during any year shall not affect the reimbursement or benefits provided under such paragraphs in any other year; and (ii) the Eligible Executive's right to such reimbursements and benefits shall not be subject to liquidation or exchange for another benefit.

Notwithstanding any other provision of this Policy, if the Eligible Executive is a "specified employee" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the severance benefits will be paid or commence on the expiration of six (6) months following the Eligible Executive's separation from service.

6. **Vesting of Certain Benefits Following a Change in Control**. In addition to the severance benefits provided for in Section 3 above, all benefits under the Sierra Pacific Resources Deferred Compensation Plan, the Sierra Pacific Resources Retirement Restoration Plan and the Sierra Pacific Resource Supplemental Executive Retirement Plan shall, to the extent not vested, become fully vested immediately upon the occurrence of a Change in Control. Payment of benefits under each of such plans shall be governed by the relevant provisions of the respective plan documents, as they may be amended form time to time.

7. **Reduction of Benefits to Avoid Excise Taxes**.

(a) In the event that any benefit to be received by the Eligible Executive under this Policy would be subject to an excise tax pursuant to Code sections 280G and 4999, then the cash severance payments provided for herein shall first be reduced, and the non-cash severance benefits provided for herein shall thereafter be reduced, to the extent necessary so that no portion of the benefits provided for herein is subject to such excise tax; provided that such reduction shall only apply if the net amount of the total benefits provided for herein, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced total benefits) is greater than or equal to the net amount of the total benefits provided for herein without such reduction (but after subtracting the net amount of federal, state and local income taxes on such total benefits and the amount of excise taxes to which the Eligible Executive would be subject in light of such unreduced total benefits).

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(b) The determination of whether excise taxes will apply upon the provision of benefits hereunder will be made by independent tax counsel selected by the Company and reasonably acceptable to the Eligible Executive. At the time that benefits become payable under this Policy, the Company shall provide the Eligible Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including any opinions or other advice the Company has received with respect to any excise taxes under Code sections 280G and 4999.

8. **Legal Fees**. The Company shall pay to the Eligible Executive all legal fees and expenses incurred by the Eligible Executive in disputing in good faith any issue under this Policy relating to the Eligible Executive's separation from service, in enforcing any benefit or right provided for in this Policy, or in connection with any tax audit or proceeding to the extent such audit or proceeding is attributable to the application of Code section 4999. Such reimbursements shall be made as soon as reasonably practicable following the Company's receipt of the Eligible Executive's written request for reimbursement (accompanied by evidence of the fees and expenses incurred), and in any event such reimbursement shall be made by the end of the calendar year following the calendar year in which the fees or expenses were incurred.

9. **No Mitigation**. The Eligible Executive shall not be obligated to seek or accept other employment or to attempt to mitigate or reduce the amounts payable to the Eligible Executive hereunder, and such amounts shall not be reduced by any compensation or benefits earned by the Eligible Executive as the result of employment with another employer, by any retirement benefits received by the Eligible Executive from any source, by offset against any amount claimed to be owed by the Eligible Executive to the Company, or otherwise.

10. **Successor Bound by Policy**. It is the intent of the Company that this Policy will be assumed by, and be binding upon, a successor employer of Eligible Executive following a Change in Control. The Company intends to seek the express assumption of this Policy by any such successor employer. If a successor employer fails or refuses to expressly assume this Policy prior to the effective date of a Change in Control, the Eligible Executive will, effective immediately prior to the effective time of a Change in Control, be eligible for the benefits provided for in this Policy.

11. **Amendments**. This Policy shall expire and be of no further force or effect upon the expiration of the Term. During the Term, this Policy may be amended in any respect from time to time, or terminated at any time, by the Board or a duly authorized committee thereof; provided, however, that no such amendment that materially adversely affects the benefits available to Eligible Executives may be made following the occurrence of a Potential Change in Control or a Change in Control.

12. **Definitions**. For purposes of this Policy, the following terms shall have the meanings set forth below:

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(a) “Beneficial Owner” shall have the meaning set forth in Rule 13d-3 and Rule 13d-5 under the Exchange Act.

(b) “Board” shall mean the Board of Directors of the Company.

(c) “Cause” for termination by the Company of the Eligible Executive’s employment shall mean (i) the willful and continued failure by the Eligible Executive to substantially perform the Eligible Executive’s duties with the Company (other than any such failure resulting from the Eligible Executive’s incapacity due to physical or mental illness or any such actual or anticipated failure after the Eligible Executive has provided notice of termination for Good Reason after the Company has provided the Eligible Executive with written notice specifying such failure and provided the Eligible Executive with a period of not less than 30 days to cure such failure, or (ii) the willful engaging by the Eligible Executive in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this definition, no act, or failure to act, on the Eligible Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Eligible Executive not in good faith and without reasonable belief that the Eligible Executive’s act, or failure to act, was in the best interest of the Company.

(d) A “Change in Control” shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(1) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 40% or more of the combined voting power of the Company’s then outstanding securities, excluding (i) any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (3) below and (ii) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company); or

(2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least two thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

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(3) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (i) a merger or consolidation which would result in at least 66-2/3% of the securities of the Company and at least 66-2/3% of the combined voting power of the securities of the Company outstanding immediately after such merger or consolidation (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), being beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities (including any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any subsidiary of the Company), who were the beneficial owners, respectively, of the securities of the Company and the combined voting power of the securities of the Company outstanding immediately prior to such merger or consolidation and in substantially the same proportions relative to each other as their ownership of the outstanding securities and the combined voting power of the outstanding securities of the Company prior to such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates other than in connection with the acquisition by the Company or its Affiliates of a business) representing 40% or more of the combined voting power of the Company's then outstanding securities; or

(4) the stockholders of the Company or a court or regulatory agency having jurisdiction over the matter approves a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for or a court or regulatory agency having jurisdiction over the matter approves the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 66.66% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

(5) There is (a) consummated a sale of a majority of the issued and outstanding stock of the Company and/or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of either of their assets, or a plan of complete liquidation or dissolution or sale or disposition of all or substantially all of the assets of the Company is approved or adopted by the stockholders or any court or agency having jurisdiction over the matter.

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Subject to the foregoing, except for Section d(4), a “Change in Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(f) “Company” shall mean Sierra Pacific Resources, a Nevada corporation.

(g) “Disability” shall be deemed the reason for the termination by the Company of the Eligible Executive’s employment, if, as a result of the Eligible Executive’s incapacity due to physical or mental illness, the Eligible Executive shall have been absent from the full-time performance of the Eligible Executive’s duties with the Company for a period of six (6) consecutive months, the Company shall have given the Eligible Executive a Notice of Termination for Disability, and, within thirty (30) days after such Notice of Termination is given, the Eligible Executive shall not have returned to the full-time performance of the Eligible Executive’s duties.

(h) “Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(i) “Good Reason” for termination by the Eligible Executive of the Eligible Executive’s employment shall mean the occurrence of any one of the following acts by the Company; provided that the Eligible Executive has provided the Company with a written notice specifying the event or occurrence constituting Good Reason and a period of not less than 30 days to cure said event or occurrence:

(1) the assignment to the Eligible Executive of any duties substantially below the Eligible Executive’s status as an officer of the Company or a substantial adverse reduction in the nature or status of the Eligible Executive’s responsibilities from those in effect immediately prior to a Change in Control other than any changes primarily attributable to the. fact that the Company may no longer be a public company;

(2) a reduction by the Company in the Eligible Executive’s annual base salary as in effect on the date hereof or as the same may be increased from time to time except for across-the-board salary reductions similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company;

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(3) the failure by the Company to pay to the Eligible Executive any portion of the Eligible Executive's current compensation except pursuant to an across-the-board compensation deferral or good faith reduction in compensation necessitated by unfavorable exigent business conditions or circumstances similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company, or to pay to the Eligible Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within thirty (30) days of the date such compensation is due;

(4) the failure by the Company to continue in effect any compensation plan in which the Eligible Executive participates immediately prior to a Change in Control which is material to the Eligible Executive's total compensation, unless an equitable alternative arrangement has been adopted, or the failure by the Company to continue the Eligible Executive's participation in any such plan (or in such alternative plan) on a basis not materially less favorable, both in terms of the amount or timing of payment of benefits provided and the level of the Eligible Executive's participation relative to other participants, as existed immediately prior to the Change in Control; or

(5) the failure by the Company to continue to provide the Eligible Executive with benefits substantially similar to those enjoyed by the Eligible Executive under any of the Company's pension, savings, life insurance, medical, health and accident, or disability plans in which the Eligible Executive was participating immediately prior to a Change in Control (except for across the board changes similarly affecting all senior executives of the Company and all senior executives of any Person in control of the Company), the taking of any other action by the Company which would directly or indirectly materially reduce any of such benefits or deprive the Eligible Executive of any material fringe benefit enjoyed by the Eligible Executive at the time of the Change in Control, or the failure by the Company to provide the Eligible Executive with substantially the same number of paid vacation days to which the Eligible Executive is entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect immediately prior to a Change in Control.

The Eligible Executive's right to terminate the Eligible Executive's employment for Good Reason shall not be affected by the Eligible Executive's incapacity due to physical or mental illness. The Eligible Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any claim by the Eligible Executive that Good Reason exists shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that Good Reason does not exist.

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(j) "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(k) "Potential Change in Control" shall be deemed to have occurred if any one of the following events shall have occurred:

(1) The Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(2) Any Person publicly announces an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control;

(3) Any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 15% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) with the express intention of acquiring a sufficient amount of securities so as to constitute a Change in Control.

A Potential Change in Control shall be deemed to have terminated and no longer be in effect if: (i) with respect to paragraph (1) above, the agreement is terminated; and (ii) with respect to paragraphs (2) and (3) above, the parties involved publicly announce an intention not to take the action which would have constituted a Change in Control.

(l) "Term" shall mean the three (3) year period commencing on January 1, 2008, and ending on December 31, 2010.

Executed effective as of January 1, 2008.

SIERRA PACIFIC RESOURCES

By: /s/ Steve Wood

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EXHIBIT 10.2

COLLECTIVE BARGAINING AGREEMENT

NV ENERGY
6226 W SAHARA AVE
LAS VEGAS, NV 89151-0001
(702) 402-5000

EFFECTIVE 02/01/2008 – 02/01/2011

IBEW LOCAL 396
3520 BOULDER HIGHWAY
LAS VEGAS, NV 89121
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LOA ELECTRIC SYSTEM CONTROL CENTER OPERATORS

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AGREEMENT

This Agreement, made and entered into as of **February 1, 2008**, by and between NV Energy, a corporation, hereinafter referred to as the Company, and Local Union No. 396 of the International Brotherhood of Electrical Workers, an affiliate of the A.F.L./C.I.O., hereinafter referred to as the Union.

WITNESSETH

Whereas, for the purpose of facilitating the peaceful adjustments of differences that may arise from time to time between the parties hereto, and to promote harmony and efficiency to the end that the Company, the Union and the general public may mutually benefit. Now therefore, in consideration of the provisions, covenants and conditions herein contained, the parties hereto agree as follows, to-wit:

ARTICLE NO. 1
INTRODUCTION / CONTINUITY OF SERVICE / NON-DISCRIMINATION

1.1 **INTRODUCTION:** The Company, in Clark and Nye counties, in the state of Nevada, a public utility engaged in the service of generating, transmitting and distributing electric power and energy, hereby recognizes Local Union No. 396 of the International Brotherhood of Electrical Workers, A.F.L./C.I.O., as the exclusive bargaining agent for its employees who are employed in Customer Service, Districts, Material/Warehousing, Reprographic Services, Mail Room/Receiving Departments, Lines, Fleet Services, Meter Services, Communications, Materials, Generation, Substations, and Survey Organizations excluding all supervisory, confidential and professional employees within the meaning of the National Labor Relations Act, such covered employees more specifically defined in Exhibit I (CLASSIFICATION DESCRIPTIONS), for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment and other conditions of employment which may be subject to collective bargaining.

1.2 **CONTINUITY OF SERVICE:** It is mutually recognized that the interest of the Company, the Union and the welfare of the general public, requires the continuous rendering of service by the Company, and the parties agree that recognition of such obligations of continuous service is imposed upon both the Company and its employees.

The Company, to facilitate the continuous performance of such service, agrees to meet with the Business Manager of the Union or his designated representative in reference to any matter within the scope of the Agreement, and agrees that it will cooperate with the Union in its efforts to promote harmony and efficiency among all of the employees of the Company.

The Union agrees that the employees covered by this Agreement, will not be called upon or permitted to cease or abstain from the continuous performance of the duties pertaining to the positions held by them with the Company. The Company agrees to do nothing to provoke interruption of or to prevent such continuity of performance as required in the normal and usual operations of the Company's property. It is mutually agreed that any difference that may arise between the above parties shall be settled in the manner hereinafter provided.

The Union agrees that the employees covered by this Agreement will individually and collectively perform loyal and efficient work and service and that they will cooperate in promoting and advancing the welfare of the Company and the protection of its service to the public at all times.

The Union agrees that there will be no strikes, stoppages of work or slowdowns of the Company's operations during the term of this Agreement, and the Company agrees that there will be no lockouts during the term of this Agreement.

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1.3 **NON-DISCRIMINATION:** Neither the Company nor the Union will discriminate against any employee in the application of the terms of this Agreement because of race, religion, sex, age, color, national origin, veteran status, disability or any other legally protected status. It is understood that job titles used in this Agreement, which indicate the male gender, are not intended to restrict classifications to employees of the female gender.

1.4 **LAWS:** It is understood and agreed that if mandatory laws or government rules or regulations applicable to or in conflict with any of the provisions of this Agreement become effective and binding upon the parties, such conflicting provisions of this Agreement shall be subject to modification as required and the parties shall meet and confer to determine mutually agreeable language to conform to the laws, government rules and/or regulations.

If laws, government rules and/or regulations hereafter enacted require changes in the structure and/or services provided by the Company, then the Company and Union will, upon mutual consent, reopen negotiations concerning the terms of this Agreement that are directly affected by the changes.

1.5 **AMENDMENT:** This Agreement shall be subject to amendment at any time by mutual consent of the parties. Such amendment must be written, state the effective date of the amendment, and be executed in the same manner as this Agreement.

1.6 **PICKET:** No employee covered hereunder shall be required, as a condition of employment, to pass through a picket line recognized by the Union provided that said picket line is in connection with a lawful strike sanctioned by a Union which has a legal right to represent the employees of the struck Employer and the strike and picket line in connection with a primary dispute with said struck Employer until a neutral gate is established. However, in the event of an emergency the employee may be required to pass through the picket line.

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ARTICLE NO. 2
UNION SECURITY

2.1 **UNION DUES:** The Company shall deduct money from Union employees' wages and pay it to the proper officers of the Union, provided the employee who is a member of the Union individually and voluntarily authorized such deduction to be made. The form of the check-off authorization is attached to this Agreement as Exhibit III (CHECK OFF AUTHORIZATION). The Union shall hold the Company free and harmless from any claims or damages from any party whatsoever for making deductions and shall indemnify the Company against any and all claims or damages, which may originate from the dues check-off process.

2.2 **NEW EMPLOYEES:** The Company agrees to notify the Union of the name and address of new employees within thirty (30) calendar days of their date of hire. The Union Business Manager and / or a designated representative and the Human Resources (HR) Representative will participate jointly in New Employee Orientation; this will provide an overview of Nevada work law and the goals and responsibilities of both the Union and the Company.

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ARTICLE NO. 3
EXCLUSIVE FUNCTIONS OF MANAGEMENT

3.1 **BUSINESS MANAGEMENT:** The supervision and control of all operations and the direction of all working forces, including the right to hire, to suspend or discharge for proper cause, to transfer employees, to relieve employees from duty because of lack of work and for other legitimate reasons, is vested exclusively with the Company.

3.2 **DISCIPLINE:** The Company retains the right to exercise discipline in the interest of good service and the proper conduct of its business, provided an employee who has been laid off, discharged, or disciplined shall be advised in writing of the reason or reasons for such action and shall be offered suitable representation, if so desired, at the time such reasons are provided. Furthermore, should the employee or the Union feel that the terms or conditions of this Agreement have been violated; either shall be entitled to grieve such action in accordance with the provisions set forth in Article 8 (GRIEVANCE PROCEDURE) of the Agreement.

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ARTICLE NO. 4
UNION ACTIVITY

4.1 **UNION BUSINESS**: An employee who requests time off for Union activities, in addition to regular time off, shall be granted such request if such time off will not inconvenience the operations of the Company or increase its operating expenses; provided further, that such employee shall receive no compensation from the Company for such time off.

UNION STEWARD BUSINESS: The Union steward shall, upon request to the supervisor, be allowed reasonable time during regular working hours, without loss of pay, to attend to Union matters on the job, provided such time is not used for solicitation of membership or collection of dues, and does not interfere with regular work schedules.

UNION LEADERSHIP ACCESS: The Company shall allow the Business Manager/Financial Secretary and their designated representatives of the Union access to Company property twenty-four (24) hours a day, seven (7) days a week provided that the Union prearranges access with an e-mail request to HR and a copy to the manager and supervisor of requested area before entering any Company property. Union Leadership will give at least three (3) business days notice and in turn HR will approve the request within two (2) business days so long as such access does not interfere with the operations of the Company. In situations where such timeframes are not feasible, the Company may grant access.

4.2 **BULLETIN BOARDS:** The Company agrees to permit the Union to use reasonable space for the purpose of posting officially signed Union bulletins upon the bulletin boards and/or electronic mail, which are furnished by the Company.

4.3 **CONTRACTING WORK: Refer to Tabs.**

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ARTICLE NO. 5
STATUS OF EMPLOYEES

5.1 EMPLOYEE STATUS DESIGNATION: Employees shall be designated as temporary, probationary, or regular.

TEMPORARY: Temporary employees are eligible for 401(k) Plan after completing one year of service and having worked at least 1,000 hours in that year.

Temporary employees are not eligible for Medical, dental, vision, prescription drug program, LTD, Basic Life, Accidental Death Dismemberment (AD&D), Business Travel Accident, Supplemental Life, Pension unless subsequently hired as a regular employee, Dependent Care Flexible Spending Account (DCFSA), Health Care Flexible Spending Account (HCFSA). All benefits for which temporary employees may be eligible are set forth in this article.

TEMPORARY (Applicable only in Clerical): A temporary employee is one who is hired to fill a position for which there is a temporary authorization. Typically, temporary employees are not hired to perform duties normally assigned to regular employees; temporary employees are hired to perform administrative functions to assist regular employees; and are hired for a specific function and set period of time not to exceed 1,040 hours.

If a temporary employee is offered and accepts a regular position, an adjusted date of hire, crediting actual time worked, will be calculated. If the temporary employee has worked at least 1,040 straight time hours, without cumulative absences of thirty (30) calendar days or more at the time the regular position is awarded, the employee shall be eligible for all applicable benefits on the effective date of the award.

If a temporary employee is offered and accepts a regular position that the employee has not previously occupied while at the Company, the employee must complete a probationary period to evaluate work performance. If, however, the employee has previously occupied the position being awarded, the employee shall receive credit toward the probationary period for actual time worked in that position.

If a TEMPORARY OR LEASED/AGENCY employee works at least 1,040 straight time hours during a twelve month (12) period in the same temporary position, the position will become authorized. The selection for the position will be made in accordance with Article 7, Seniority and Promotions.

The Company will endeavor to provide the Union with a list of temporary and leased/agency employees and hours worked.

TEMPORARY (Applicable only in T&D & Generation): (Does not apply to T&D UDC or Mapping classifications) A temporary employee is one who is hired to fill a position for which there is temporary authorization. If a temporary employee is offered and accepts a regular position, an adjusted date of hire, crediting actual time worked, will be calculated. If the temporary employee has worked at least 1,040 straight time hours, without cumulative absences of thirty (30) calendar days or more at the time the regular position is awarded, the employee shall be eligible for all applicable benefits on the effective date of the award.

If a temporary employee is offered and accepts a regular position that the employee has not previously occupied while at the Company, the employee must complete a probationary period to evaluate work performance. If, however, the employee has previously occupied the position being awarded, the employee shall receive credit toward the probationary period for actual time worked in that position.

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If an employee works at least 1,500 hours during a twelve (12) month period in the same temporary position, the position will become authorized and the employee will be offered regular status in that position.

PROBATIONARY: A probationary employee is one who is hired to fill an authorized full-time or part-time position. Full-time probationary employees shall be eligible for benefits the first of the month following the date of hire. Part-time probationary employees shall be eligible for benefits in accordance with this agreement.

This language is not intended to conflict with the six (6) month probation period.

During the probationary period, the employee may be terminated at the discretion of the Company as long as the termination is not discriminatory and is not for the purpose of keeping jobs filled with probationary employees. Probationary employees who have not satisfactorily completed a formal departmental training and appraisal program may, at the discretion of supervision, have their probationary period extended by up to three (3) months. Supervisors shall not extend the probationary period if they do not have a formal training and appraisal program in place or have failed to use those programs. No later than two (2) weeks prior to the completion of the first six (6) months, the supervisor must notify the employee and the Union Business Manager in writing, if the probationary period will be extended.

In computing the effective date of a change in status from a probationary to regular employee, interruptions in employment, caused by the following circumstances, shall not be credited:

- Discharge
- Resignation
- Absence for more than an accumulative total of thirty (30) calendar days due to:
    - Lay off
    - Sickness
    - Industrial disability
    - Other causes.

If the employee's combined absences, during the probationary period, are for a period greater than the employee's combined actual work time, the employee shall be terminated. The transfer of a probationary employee from one job to another without interruption of work time shall not be considered a break in employment. At the end of the probationary period as defined above, the employee will become a regular employee and will rank in seniority from the original date of hire.

REGULAR: A regular employee is one who has completed a probationary period and is in an authorized full-time or part-time position.

RETURN TO BARGAINING UNIT: A member of the bargaining unit being transferred to a non-represented position due to the lack of Bargaining Unit work shall retain Company seniority for all purposes including layoff, if the employee is returned to the bargaining unit within one (1) year of the initial transfer.

Any employee who bids and accepts a MPAT position within the Company and for any reason returns to the bargaining unit in a full-time regular position shall have an adjusted hire date crediting regular hours worked with the Company for purposes of Company seniority after five (5) years of completed service in a Bargaining Unit position. This language is not intended for any classification that is organized by the Union or granted voluntary recognition by the Company.

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5.2 **APPLICATION REFERRAL:** The Company recognizes the Union as a valuable source for employment referrals, due to the mutual interest in the profitability of the Company. As such, when additional employees are needed to do work which comes under this Agreement, the Company will indicate its requirements, relative to knowledge, skills, and abilities, and will give the Union an equal opportunity to refer applicants for employment. The Company retains the right to evaluate each candidate and make the final hiring decision.

5.3 **TEMPORARY LAYOFF PROVISIONS:** In recognition of the competitive nature of the utility business, innovative solutions are required when unforeseen challenges present themselves. Accordingly, there may be operational circumstances that would permit the temporary layoff of employees for short-term periods of time, out of line of seniority, on a voluntary basis. These provisions are detailed in Exhibit IV (TEMPORARY LAYOFF PROVISIONS) of this Agreement.

5.4 **LAYOFF PROVISIONS:**

DEFINITION OF QUALIFIED: For purposes of defining "qualified", as used in this Article, the definition shall be that an employee is qualified to perform any position, in the CBA, which the employee has previously occupied at the Company.

NOTIFICATION: If it becomes necessary for the Company to layoff regular employees due to lack of work, the Company shall give affected employees as much notice as possible; but in no event shall employees receive less than twenty-one (21) calendar days notice of layoff. Where temporary, part-time and probationary employees are involved, no notice of layoff is required.

SENIORITY: Layoff in all cases due to lack of work will be determined by Company seniority within the classification affected by the layoff. If two (2) or more employees have the same Company seniority date, the following process will be used for breaking the tie: Alphabetically by Hired Last Name … if last names are the same, then First Name …if last name and first name are the same, Middle Name; if last name, first name and middle name are the same, month, day of birth, and year will be used. Employees who are to be laid-off will be permitted to displace a less senior person in any classification for which they are qualified, or may be qualified with minimal training.

RETURN TO BARGAINING UNIT: A member of the bargaining unit being transferred to a non-represented position shall retain Company seniority for all purposes including layoff, if the employee is returned to the bargaining unit within one (1) year of the initial transfer. Employees who leave employment for any reason and return to the bargaining unit within 12 months or less will have their time bridged for seniority, vacation, sick leave, and benefits. There will be no probationary period.

FOUR (4) YEAR QUALIFIER: Any MPAT employee of the Company who accepts a position in the bargaining unit will establish a new date of seniority for the purpose of future layoffs, except as defined above. This date will reflect the day in which these employees accept such a position and will be effective for four (4) years. If there is a reduction in classifications in the bargaining unit, these employees will use the above-mentioned date as their seniority date for the purpose of this reduction or layoff. After four (4) years of service in the bargaining unit, any employee impacted by this language, will be credited with all Company seniority for the purposes of reduction in classification or layoff.

RECALL: In the event of a recall, the Company shall provide notification to affected employees by certified mail to their address of record. Such employees must keep the Company informed of the address where they can be reached. Recalled employees must report to work no later than fourteen (14) calendar days from the date the certified letter was received. Employees who do not report to work within fourteen (14) days from the date the letter was received will be considered a voluntary resignation of employment. Employees will only be considered for recall to the classification from which they were laid-off, unless they make a written application within fourteen (14) calendar days from the date of notification of layoff, to human resources, for any other position for which they are qualified. Applications that do not meet this time frame will only be considered after all timely applications have been honored. Employees must submit a written notice to human resources to rescind their application for consideration for previously held positions prior to formal notification of return to work. Any employee who refuses a recall to any requested position will be considered voluntary resignation of employment and will waive all recall rights to any other position. Employees who have displaced a less senior person in any classification shall be given an offer to return to their former jobs if the vacancy is in their former classification. Recall rights shall cease on any layoff in excess of twelve (12) months.

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TEMPORARY RECALL: In the event of a temporary recall, in accordance with Article 4.3 (Contracting Work), an employee may decline such temporary recall without waiving their rights for recall to a regular position, provided the temporary assignment is for less than ninety (90) days. If an employee accepts a temporary assignment, all benefits will be reinstated upon return to work and they will have recall rights for one(1) year from the date of any subsequent layoff. This right does not expire until the employee has returned to work or refused an offer to return to work. Any subsequent layoff will not create a liability for an additional severance benefit in accordance with this Article.

EMPLOYMENT STATUS: Any regular employee who is laid-off due to lack of work has a right to replace any part-time or temporary employee within (5) working days after notification of layoff, provided the regular employee is qualified to perform the duties of the position filled by the temporary employee. If a regular employee is laid-off because of lack of work and is subsequently offered and accepts the first recall for employment within one (1) year after layoff, the employee shall resume the status of regular employee and shall be credited with Company seniority previously accrued. Employees who are recalled in a classification previously held, or for one in which they are qualified, will not be required to serve another probationary period and will be eligible for benefits immediately. However, employees who leave the service of the Company due to voluntary severance in accordance with this Article, or layoff and who are re-hired after one (1) year from the date of layoff or severance shall not be credited with Company seniority at the time of re-employment and shall be required to serve a new probationary period. Upon completion of five (5) years of subsequent service, an adjusted date of hire will be calculated crediting actual time worked with the Company. This date will be used for the purposes of Company seniority and all related benefits.

5.5 SEVERANCE:

Bargaining Unit Severance Pay Plan: Severance Provision is for employees laid off due to lack of work. For the duration of the severance benefit period, employees will receive medical/dental/vision benefits based on whatever plan they were enrolled in at the time of layoff provided that they make any required premium contributions.

Of weeks for each full year of continuous service (Max. 17 years) + Minimum # of weeks of severance One (1) = Maximum # of weeks of severance Eighteen (18)

Enhanced Severance & Retirement Bridge Program: Employees are eligible for the "enhanced severance & retirement bridge program" options specified below if they are determined to be no longer required due to displacement as a result of sale, divestiture, merger, bankruptcy or any other business event as defined by the Company. Affected employees who are covered under the traditional retirement plan component of the Retirement Plan and have 85 points (age plus years of benefit accrual service) at the time of their displacement will be eligible for severance pay, if they choose to retire in lieu of exercising their "bumping rights". The 85 point provision does not apply to affected employees covered under the cash balance plan component of the Retirement Plan.

Notification Of Individuals: Company will notify Union and employees affected by the event as soon as possible.

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Placement: The Company and the Union will work to place affected employees in available positions for which they are qualified.

Volunteers will be requested and selected by Company seniority. If there are no volunteers, reverse seniority will be used to select employees for the enhanced severance and retirement bridge program.
Employees may be offered a comparable position, defined as the same headquarters location and wage (i.e. comparable or higher wage if qualified).

- The Employee will have 5 (five) working days to notify the Company of their decision. If the employee accepts the comparable position, it will be awarded to them at the appropriate wage rate.
- If the Employee refuses the comparable position, the Employee will be terminated with no severance.

Employees may be offered a non-comparable position (defined as requiring relocation of greater than a 35 mile radius and/or a wage reduction):

- If the Employee accepts and is awarded the non-comparable position, he/she will be eligible for re-training, if required, and up to $2000 relocation expense.
- If the Employee declines, he/she will be eligible for the Enhanced Severance Option or Retirement Bridge Option described below.

Enhanced Severance Option:

- Two (2) weeks of base pay for each year of service, with a maximum of 52 weeks.
- A lump sum payment of $4,500 for training or outplacement services
- Six (6) months of Company paid COBRA

OR

Retirement Bridge Option (applicable only to Traditional Retirement Plan Component):

For affected employees covered under the traditional retirement plan component of the Retirement Plan, if an affected employee who achieved eighty (80) points (in combination of age and benefit accrual service at the time they are displaced, the affected employee will not have to reach the minimum age 55 requirement to be eligible to retire upon the displacement under the traditional retirement plan component or for post retirement medical benefits for which the affected employee is eligible. The affected employee's retirement benefit under the traditional retirement plan component will be reduced by 5% per year for each year under age 62.

Example:
An affected employee who is covered under the traditional retirement
plan component of the Retirement Plan and is age 49 with 31 years of benefit
accrual service (for a total of 80 points) at the time he/she are displaced would be
eligible to "retire" and receive post retirement medical benefits for which they are eligible.

Alternatively, an affected employee who is covered under the traditional retirement plan component of the Retirement Plan may add the following schedule of points to either their age or years of service, or a combination thereof, to affect their retirement eligibility. The employee must achieve a minimum age of 55 (including points) with at least ten (10) years of service to be eligible to retire under the traditional retirement plan component and receive post retirement medical benefits.

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Years of Service	Points
0-9	0
10-14	3
15-19	4
20+	5

Example:
An employee who is age 52 with 28 years of vesting service at the time they are affected can add 3 points to their age and effectively become age 55, and 2 points to their years of service, which gives them 85 points. This qualifies them for an unreduced full retirement benefit under the traditional retirement plan component at the time they retire.

The Retirement Bridge Option is not applicable to employees covered under the cash balance plan component of the Retirement Plan. Eligible employees can select only one option – either Severance or Retirement Bridge. Employees who are eligible to retire without using the Retirement Bridge Program (and employees covered under the cash balance plan component) are still eligible for severance pay. If and employee declines both the Enhanced Severance and Retirement Bridge Program options, they will be eligible for consideration under Article 5.4 "bumping rights".

The severance calculation will apply with one (1) week per year with a minimum of one (1) week severance, i.e. a one-year employee would receive two (2) weeks of severance pay. Rehire rights will be limited to one (1) year. The Company will provide a list of affected employees and listings of job openings as they occur. The Union will be responsible for monitoring the program. When an employee exercises Article 5.4 "bumping rights", the affected employee (bumped employee) will start at the "placement" step of the enhanced severance and retirement bridge program.

See EXHIBIT A ARTICLE No. 5.5 Severance Flow Chart

For purposes of the Flow Chart, the Retirement Bridge Option is shown but is only relevant if applicable. The Retirement Bridge Option is only applicable to individuals covered under the traditional retirement plan component of the Retirement Plan, and is not applicable to individuals covered under the cash balance plan component of the Retirement Plan.

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ARTICLE NO. 6
WORKING HOURS AND RATES OF PAY

ALTERNATIVE SHIFTS:
It is understood that with a thirty (30) calendar days notice the Company or the Union may notify each other and discontinue use of alternative shifts.

RED CIRCLE/GRANDFATHER:
All current Red Circle wages, as of the ratification of the 2005 CBA, shall be "Grandfathered" at such wage and shall continue to receive yearly wage increases; however the wage schedule for "Grandfathered" employees will not be included in the CBA. All "Grandfathered" employees shall be identified at their current wage and a list shall be shared with the Union & Company. Going forward, Red Circled employees shall be defined as employees frozen at their current rate and shall not receive pay increases until annual increases catch up. In the event an employee is involuntarily forced to a lower classification, other than as a result of discipline, such employee shall be "Grandfathered" and shall continue to receive annual wage increases for as long as they remain in their "Grandfathered" position.

6.2 **BREAK PERIODS (Applicable only in Clerical):** A fifteen (15) minute relief period shall be provided for all employees not working seven day coverage during each one-half (1/2) of the shift. Work conditions permitting, each break period shall be given as near the middle of each one-half (1/2) of the shift as possible. If an employee is required to work four (4) continuous hours of overtime, then a fifteen (15) minute break shall be provided, halfway between the four (4) hour period.

BREAK PERIODS (Applicable only in T&D and Generation): A fifteen (15) minute relief period shall be provided for all employees not working seven day coverage during each one-half (1/2) of the shift. Work conditions permitting, each break period shall be given as near the middle of each one-half (1/2) of the shift as possible.

6.3 **LUNCH PERIODS (Applicable only in Clerical):** With the exception of part-time employees, supervisors will establish a meal period, without pay, of either one-half (1/2) or one (1) hour.

LUNCH PERIODS (Applicable only in T&D & Generation): Supervisors will establish a meal period without pay, approximately four (4) hours after the start of a shift, but no later than six (6) hours after the start of the shift. Employees who are required by management to begin their lunch more than one (1) hour before or after the regular start of lunchtime shall be paid during the lunch period at the straight time rate. There are two (2) pay possibilities for employees with an unpaid lunch. For this example the employees shift is from 7:00 am to 3:30 pm with a one-half (1/2) hour lunch from 11:30 am to noon.

Example #1
Earlier or Late Lunch

Employees who are required to take their lunch either one (1) or more hours before or one (1) or more hours after their regular established lunch period, shall have one-half (1/2) hour of straight time pay added to the hours they worked for that day.

Example #2
No Lunch

Employees who take no lunch period shall have their allotted lunch period added to the end of their work day at time and one half (1 ½).

REGULAR DAY-SHIFT AND SHIFT EMPLOYEES: The unpaid lunch period shall not exceed one-half (1/2) hour unless mutually agreed to by the Company and the Union.

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SEVEN DAY COVERAGE EMPLOYEES: These employees will be considered to have a paid lunch period as part of their regular shift.

Example

A line troubleman whose shift is from 7:00 am to 3:00 pm will have a thirty (30) minute paid lunch period to be taken in accordance with operational efficiencies.

6.4 OVERTIME: Refer to Tabs.

6.5 OVERTIME EQUALIZATION (Does not apply to UDC or Mapping Classifications): The Company will endeavor to distribute overtime work as evenly as possible among those employees qualified to perform such work. For the purpose of distributing overtime, the Company will maintain and post overtime lists in each sub-department indicating time offered and time worked. Each department will create policies and procedures (BY LOCATION, SHIFT – as defined by Article 6.1 AND CLASSIFICATION REFER TO TABS), for overtime equalization through labor/management meetings.

6.6 PAY PROVISIONS:

PAY DAYS: Pay days shall be at biweekly intervals.

WAGES: The schedule of job classifications and wage rates, as mutually agreed to, are made a part of this Agreement, and are marked "Exhibits I and II" respectively.

Wages shall be paid at biweekly intervals on the Thursday following the close of the two-week pay period provided that if the regular payday falls on a holiday, payment shall be made on the preceding workday.

SPECIAL PAY REQUESTS: The Company recognizes there will be circumstances such as weeks of vacation and vacation in association with holidays, which will create special requests of the payroll department. Unless the situation is an emergency, all special checks will be limited to individuals who are absent for at least the Wednesday through Friday of a pay week. Exceptions to this practice will require written approval from the department manager and must be presented to payroll no later than forty-eight (48) hours in advance of the requested time for payment.

RECOVERING OVERPAYMENTS: Deductions from an employee's wages, to recover overpayments made in error, will not be made unless the employee is notified prior to the end of the month following the month in which the check in question was delivered to the employee. The Company and the employee will agree upon a schedule for re-payment.

6.7 CALL-OUTS: Call out is defined as when an employee who is neither working regular time or overtime hours, is directed or asked to report to work for hours which had not been previously assigned. In all call out situations, an employee will receive double time for the hours worked as a result of the call out.

Employees called out for overtime duty shall receive at least two (2) hours pay at the appropriate rate.

6.8 REST TIME: Employees who are required to work overtime within the eight (8), ten (10), twelve (12) hour period immediately preceding their scheduled starting time, according to the employees assigned shift, shall be entitled to time off with straight time pay equal to time worked during this time frame. This is not applicable to a call out or scheduled overtime of three (3) hours or less immediately proceeding the employee's normal starting time.

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If an employee is entitled to rest time off, such time off would normally begin at the start of the regular shift. By mutual Agreement between the supervisor and the employee, rest time may be taken during the last part of the regular shift. An employee shall not be required to work during his rest period provided adequate relief is available, however, should an employee be required to work during this period, he shall receive straight time for all time worked during his rest period in addition to his rest period pay.

6.10 **SHIFT DIFFERENTIAL:** Fixed shift employees will be paid their shift differential for all hours worked on that day. For example, a second shift employee who works ten (10) hours on a particular day would be paid ten (10) hours of second shift differential.

FIRST SHIFT: No shift differential shall be paid for the first shift.

SECOND SHIFT: A differential shall be paid for the second shift according to the following schedule:

February 1, 2008 thru February 1, 2011 .... $1.45 per hour

THIRD SHIFT: A differential shall be paid for the third shift according to the following schedule:

February 1, 2008 thru February 1, 2011 ………………$1.60 per hour

The appropriate overtime rate will be applied to the shift differential. Shift differentials shall be payable only for hours actually worked and shall not be payable for non-work time such as holidays, sick leave, vacation and rest time.

SEVEN-DAY COVERAGE EMPLOYEES **(Applicable only in T&D)**: Employees will be paid the shift differential applicable to the shift under which any hours worked may fall.

6.11 **ESTABLISHING PERMANENT SCHEDULES (Applicable only in T&D and Generation):** The right to establish working schedules and methods of shift rotation for employees, to assign individuals to schedules and to make changes in schedules, rests with the Company. Whenever the Company assigns an employee to a schedule that is different than the schedule they are regularly assigned and such assignment is expected to last ninety (90) calendar days or more, the following conditions shall apply:

NOTIFICATION **(Applicable only in T&D and Generation)**: Employees will be given as much notice as possible and in all cases, at least twenty-four (24) hours and prior to the end of their last regular shift. In this notification, the employee will be informed of the hours of work, including the days off and meal periods if applicable, work location, expected duration of the shift if other than indefinite, estimated composition of the work force, and the type of the shift (regular day, fixed shift, or rotating). The Company will limit days off to days inclusive of or in conjunction with Saturday or Sunday providing that such schedules will not interfere with the continuous rendering of service by the Company. If the Company fails to satisfy the twenty-four (24) hour notification requirement, the premium for the first five (5) days of the new shift will be extended until the notification requirement has been satisfied.

STAFFING OF SCHEDULES:
VOLUNTEERS **(Applicable only in T&D and Generation)**: When new shifts are announced, the Company will permit affected employees to volunteer for these assignments. The highest Company seniority will be used to select from the volunteers and these employees will not receive a premium for their first five (5) days of this new assignment.

LEAST SENIOR QUALIFIED **(Applicable only in T&D and Generation)**: The least senior, qualified employee in the classification affected, may be assigned. Any employee so assigned will receive a premium of time and one-half (1 1/2) for the first five (5) days of this assignment for all hours worked outside of their previous schedule.

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RIGHT OF ASSIGNMENT **(Applicable only in T&D and Generation)**: The Company may assign employees to these schedules for operational efficiency purposes. Any employee so assigned will receive a premium of time and one-half (1 1/2) for the first five (5) days of this assignment for all hours worked outside of their previous schedule.

SHIFT DIFFERENTIAL **(Applicable only in T&D and Generation)**: The appropriate shift differential, if any, shall apply immediately to all hours worked for those who volunteer for these shifts. For those employees paid a premium for the first five (5) days of such an assignment, the shift differential will apply beginning on the sixth day of the assignment, or the first day on which the premium is not paid.

RETURN TO ORIGINAL OR OTHER SCHEDULE **(Applicable only in T&D and Generation)**: Employees, who are assigned to a new schedule and are returned to their original schedule before five (5) days have elapsed, will be entitled to the premium mentioned above for the five (5) day period. Employees assigned to a second, new schedule during the initial five (5) day premium payment period will receive an additional five (5) days of premium from the date the new schedule begins.

Example #1

Employees who receive four (4) hours of premium per day who are returned to their former shift after only two (2) days would continue to receive this premium for three (3) additional workdays.

Example #2

Employees who have worked only two (2) days of a new schedule and are notified they will start a second new schedule on the fourth day, will receive eight (8) days of premium pay (three (3) for the first schedule and five (5) for the second).

Example #3 (Applicable only in Generation)

Employees who are assigned a new schedule during their regular work schedule are entitled to premium pay as outlined in Article 6 for the next forty (40) regular straight time hours.

TRAINING EXCEPTIONS: The Company may, for the purposes of training only, change schedules without incurring the premium penalties mentioned above. The Company will notify all employees as far in advance as possible, but not later than the end of their last scheduled work day in the week prior to such training. This notification will detail the nature, location, and duration of the training. If such notification is not given, and an employee is called at home and informed of a change in schedule for training purposes, this employee will be paid time and one-half (1 1/2) for the first two (2) days of the training for all hours worked outside of their normal schedule.

TRAVEL TIME FOR OUT OF TOWN TRAINING: Any employee who is required to travel out of town on a normal day off or after normal working hours for the purpose of Company training, will be paid actual driving time to and from the training site. When flying to such training, employees will be paid one (1) hour from their home to the airport, actual flying time to the destination, and one (1) hour from the airport to the hotel. All compensation for such travel time will be at a straight time rate and will not be considered time worked.

SCHEDULE PREFERENCE AGREEMENTS (Applicable only in T&D and Generation): The Company recognizes that in departments where multiple schedules exist, there may be a desire to create a mechanism for movement between such schedules, while protecting the operational efficiencies of the organization. To satisfy these mutual interests, departments are encouraged to create shift preference Agreements, which will define the terms and conditions for the transfer from one schedule to another. Under no circumstances, would such transfers create premium pay liability in accordance with the provisions of this Article. Each schedule preference Agreement will be created through labor/management meetings within the affected work group and will be acknowledged by memorandum of Agreement between the Company and the Union.

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6.12 **ASSIGNMENT TO AN ESTABLISHED SCHEDULE (Applicable only in T&D and Generation):** When seven (7) day coverage employees, other than relief employees, are transferred from one schedule of work days or work hours to another established and populated schedule, they shall not be entitled to overtime compensation for work performed during regular work hours of any day involved in the transfer, provided that:

- They have been notified of such transfer not less than twenty-four (24) hours in advance of the starting time of the new shift or work period;
- They have had a minimum of one shift off between schedules;
- As a result of such transfer they have not been required to work more than forty (40) hours at the straight time rate in any workweek involved;
- They have not been required to work more than one (1) short change in the work week involved, provided, however, that such short change was not the result of a voluntary action on the part of an employee, (i.e., Calling in sick, taking an unauthorized day off for personal reasons, etc.).

6.13 **EMERGENCY OR TEMPORARY SCHEDULES (Applicable only in T&D and Generation):** The Company may schedule employees to work for periods other than their regular work hours when additional schedules are required for emergency or temporary conditions. Such conditions are expected to last for less than ninety (90) calendar days and, if they exceed this time frame they will be considered to be established schedules requiring compliance with the procedures for staffing and establishing schedules defined above, unless mutual Agreement to extend such schedules is established by the Company and Union.

NOTIFICATION **(Applicable only in T&D and Generation)**: The Company shall communicate the hours of work, meal periods, days off, location, nature of the work, estimated composition of the workforce, and expected duration of this schedule.

STAFFING OF EMERGENCY OR TEMPORARY SCHEDULES:
VOLUNTEERS **(Applicable only in T&D and Generation)**: The Company may solicit volunteers for assignment to these schedules. If employees volunteer for these assignments, they will receive a premium of time and one-half (1 1/2) for all straight time hours worked outside of their normal schedule or shift for the first five (5) days of this assignment. When there are more volunteers than required for the shift, the most senior, qualified employees will be assigned.

LEAST SENIOR QUALIFIED **(Applicable only in T&D and Generation)**: The least senior, qualified employee in the classification affected, may be assigned. Any employee so assigned will receive a premium of time and one-half (1 1/2) for the first five (5) days of this assignment for all hours worked outside of their previous schedule.

RIGHT OF ASSIGNMENT **(Applicable only in T&D and Generation)**: The Company may assign employees to these shifts for operational efficiency purposes. Any employee so assigned will receive a premium of time and one-half (1 1/2) for the first five (5) days of this assignment for all hours worked outside of their previous schedule.

SHIFT DIFFERENTIAL **(Applicable only in T&D and Generation)**: After the five (5) day premium requirement has been fulfilled, the appropriate shift differential shall apply.

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RATE OF PAY AND ROTATION **(Applicable only in T&D and Generation)**: On the first day that there is no requirement for a premium and each day thereafter, the appropriate rate of pay and shift differential, if applicable, will be provided for all hours worked. If any such schedule extends beyond forty-five (45) calendar days, the Company and the Union may agree to rotate the assigned employees. Employees returned to their former schedule as a result of this rotation, will not be entitled to the premium mentioned above.

RETURN TO ORIGINAL SCHEDULE **(Applicable only in T&D and Generation)**: At the completion of this assignment, employees will be returned to their original schedule without a requirement for any additional premium payment. Employees, who are assigned to an emergency or temporary schedule and are returned to their original schedule before five (5) days have elapsed, will be entitled to the premium mentioned above for the five (5) day period.

Example (Applicable only in Generation):

Employees who are assigned a new schedule during their regular work schedule are entitled to premium pay as outlines in Article 6 for the next forty (40) regular straight time hours.

6.14 OUT OF TOWN WORK:

BOARD AND LODGING **(Applicable only in T&D and Generation)**: The Company will furnish adequate board and lodging for all employees sent out of the service territory (for the purpose of this article Laughlin is considered out of the service territory). This rule does not apply to lunch meals where employees start from and return to headquarters everyday, nor does it apply to employees hired for any particular job, which may be outside the city, or where employees travel to and from regularly assigned headquarters on Company time.

EQUALIZING ASSIGNMENTS **(Applicable only in T&D and Generation)**: When making temporary out of town assignments, the Company will endeavor to distribute such assignments equally among all employees qualified to perform such work.

MILEAGE ALLOWANCE **(Applicable only in T&D and Generation)**: Except as provided herein, employees electing to travel to and from their assigned work locations shall do so at their own expense. When an employee is authorized to drive his own car to conduct Company business, he will receive a mileage allowance equal to Internal Revenue Services (IRS) maximum allowable mileage expense. Requests for the allowance described herein shall be submitted to, and distributed by the Company every two (2) weeks and in accordance with procedures established by the Company.

6.15 MEALS:

MEAL TIMES: When working overtime before or after the regular day, or shift, or when called out for overtime work, and such work is continuous for two (2) hours or more, the Company shall provide all meals unless employees are released before the meal time. The normal unpaid meal times shall be:

- one and one-half (1-1/2) hours before the employee's normal starting time,
- eight (8) hours before the employee's normal starting time,
- four (4) hours after the normal starting time, and
- two (2) hours after the normal quitting time

Meals will be provided as close to these times as circumstances of the work will permit. Employees may elect to complete their assignment and take their meal period upon completion of their task. This meal period would be unpaid time unless directed by supervision to work through the meal period and such work continues more than one (1) hour from the stated mealtime. This paid meal period will be limited to one-half (1/2) hour at the appropriate rate of pay.

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CALL OUT **(Applicable only in T&D and Generation)**: When an employee is called out one and one-half (1 1/2) hours or more previous to his starting time, the Company shall provide breakfast and reasonable time to eat.

Applicable only in Clerical: For purposes of this Article, no meal allowances will be provided for any scheduled overtime work on an employee's usual days off when the Company has given advance notice more than twelve (12) hours prior to the start of scheduled overtime and prior to the end of the last shift.

MEAL RATES: When employees are released on or after a normal meal period, or periods as outlined above, and do not elect to eat a Company provided meal, they shall be given a meal allowance. These allowances will be paid through the payroll system in the employee's next paycheck.

February 1, 2008 thru February 1, 2011……………..$16.00

If an employee elects to consume a Company provided meal in lieu of the allowance, the cost of any meal shall not exceed the allowance as provided for above. If the cost of the meal exceeds this amount, the employee will be notified of the amount of the difference and the employee must reimburse the amount within thirty (30) calendar days after receipt of such notification. The department's Vice-President may waive these limitations if such limitations place an undue hardship on the employee.

6.17 **EARLY RELEASE:** Employees relieved from duty, for reasons other than misconduct, during the first half of the regular day or regular shift shall be paid for not less than one-half (1/2) of the shift; if relieved after having been on duty more than one-half (1/2) of the regular day, they shall be paid for a full shift, except that if they are relieved at their own request they shall be paid only for time worked. These provisions do not apply to overtime assignments.

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ARTICLE NO. 7
SENIORITY AND PROMOTIONS

7.1 **SENIORITY:** There shall be one (1) type of seniority, namely, Company seniority. Company seniority shall be considered in such matters as retirement, layoff, and whenever provisions of this Agreement refer to seniority. In cases, where two (2) or more employees have the same Company seniority date, the following process will be used for breaking the tie: Alphabetically by hired last name … if last names are the same, then first name … if last name and first name are the same, middle name; if last name, first name and middle name are the same, month, date of birth, and year will be used.

7.2 **SENIORITY POSTINGS:** The Company shall post a Company seniority list on the Company Intranet (Matrix) to be updated annually. Any seniority corrections should be made in writing to HR. Upon request, the HR office will furnish the Union Leadership or his designee a copy of the current seniority list.

7.3 **STAFFING VACANCIES:**

POSTING REQUIREMENT: When there are no qualified employees who have requested an intra-departmental work location change into job vacancies, which are expected to last for more than ninety (90) calendar days, the Company shall post such job vacancies or new jobs on the Company Intranet, or at www.NVEnergy.com, and on reader boards* throughout the company facilities for a period of fourteen (14) calendar days. It shall be the duty of the Company to include the nature of the job, its location and duties, reasonable qualifications required and the rate of pay, unless such information is listed in the CBA. Positions posted will be available for Union review on the Company Intranet, or at www.NVEnergy.com. Employees may file their applications via the Company Intranet or at www.NVEnergy.com. However, the Company may not consider any application received after the job bid closing date. The successful candidate will be transferred to their new department no later than thirty (30) calendar days after the award of the job. If the successful candidate is not transferred to their new department after thirty (30) calendar days, the employee will begin receiving the new pay wage on the thirty-first (31) day after the date of the award.

*Subject to IT&T technology and feasibility.

JOB POSTING SYSTEM: The Company shall publish job posting and awarding procedures, which, at a minimum, comply with the provisions of this Agreement. These procedures will constitute the Company's job posting system. Any bargaining unit employee covered by the CBA may apply and compete equally for any position within the Company**.** Employees are disqualified from bidding if they have a letter of discipline, which is less than one (1) year old in their HR personnel file. Employees will not be disqualified from bidding if they have a letter of discipline for meter reading accuracy, which is less than one (1) year old in their HR personnel file, provided that the job for which they are bidding does not involve reading meters as part of their regular duties. Employees will not be disqualified from bidding if they have a letter of discipline which is less than one (1) year old in their HR personnel file for cash handling provided that the job for which they are bidding does not involve cash handling as part of the regular duties. Any employee who is hired or voluntary returns to their former position in accordance with article 7.8 (Trial Period) to any position within the CBA shall not be considered for another position for six (6) months from their hire date or date of return. However, if there are no internal applicants for a position, the Company and Union agree to consider the aforementioned employees.

In addition, any employee who is hired, promoted, or transferred to a Meter Reader position shall not be permitted to apply for another position for six (6) months from their hire date or date of promotion/transfer.

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SELECTION CRITERIA: Exclusive of the provisions of Articles 7.9 (INTRA-DEPARTMENTAL WORK LOCATION CHANGE), in filling vacancies the following factors shall be considered:

- Trade Knowledge
- Training
- Past performance with the Company
- Ability, skill, adaptability, efficiency
- In addition, the Company retains the right to administer equally fair tests, demonstrations, or physical assessments when such tests will assist materially in determining the qualifications of employees.

When, in the discretion of the Company, all factors are substantially equal, Company seniority shall govern.

INTERVIEW: If an interview is scheduled, then the Company will contact the Union Business Manager or Assistant Business Manager at least three (3) days prior to any scheduled interviews. The Union Business Manager or designated representative will observe as a neutral.

HEARING PROCEDURES: In lieu of any grievance procedure concerning Article 7.3 (STAFFING VACANCIES), the Company shall offer the three (3) most senior bidders (if applicable) and the employee with the second highest matrix score (if applicable) who are more senior than the successful bidder a hearing before the bid committee with the steward for the department, the senior person or persons and one (1) other Union member. If the number of senior bidders exceeds the parameters mentioned above, a group meeting will be conducted with the remaining senior bidders to explain the decision and answer any relevant questions. The Company shall not assume any penalty for bid hearings that are delayed.

NO QUALIFIED BIDDERS: If no applications are received from any qualified bargaining unit employees within the posting period, before filling the position from outside of the bargaining unit, the Company shall follow the provisions described in the Transfer Policy.

7.5 **MOVING EXPENSES:** Should the Company assign an employee, who has not volunteered, for reassignment, to an established Company headquarters located more than thirty (30) driving miles by the most reasonable route from his regularly established Company headquarters, and such assignment is not temporary in nature, the Company will pay the employee $2000 for moving expenses, for the purpose of establishing a new primary residence, within a two (2) month period immediately following such assignment. In addition, the Company shall pay the actual costs to relocate a mobile home, which is the employee's primary residence.

7.6 **SUBDEPARTMENTS: Refer to Tabs**

7.7 **PAY PROVISIONS:** When employees are awarded bids in accordance with Article 7.3 (STAFFING VACANCIES) of this Agreement, their rate of pay for the awarded job shall be the rate established for the classification as listed in the appropriate Agreement. If the awarded job has more than one rate, such rates being based on time spent in classification, the employees shall be assigned the lowest rate in the classification, which will provide an increase to the employee. Employees thus assigned a rate step above the starting rate will not advance to a higher step until they have served the time indicated by the assigned step. Should no rate in the classification provide an increase, the employee shall be assigned the highest rate of the new classification as defined in the CBA.

7.8 **TRIAL PERIOD:** Employees promoted or transferred in accordance with this Article shall be employed on the job to which they were promoted or transferred for a reasonable trial period not to exceed ninety (90) calendar days. If, following the trial period, they are still unable to perform the job to which they are promoted or transferred, they shall be returned to the former job classification they held or to another job classification of similar requirements and the previous rate of pay, as determined by the Company.

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Example:

An FSR is awarded an FSI position. Before forty-five (45) calendar days, he decides that he no longer wants to be an FSI. He is then returned to an FSR position (or similar position) at his previous rate of pay.

7.9 **INTRA-DEPARTMENTAL WORK LOCATION CHANGE:** Employees desiring to change work location within the same sub-department and classification shall submit a work location change form to the appropriate department head. Through labor/ management meetings, departments shall develop procedures for work locations changes.

(Applicable only in Generation): The transfer will be awarded to the most senior eligible employee within the classification. Successful candidates will agree to a six (6) month trial period with associated goals and measures, mutually agreed upon by the Company and the Union. At three (3) months the Company shall present the transferred employee with an evaluation of his/her progress thus far. The Company will be responsible for providing any and all assistance available to the employee in order for them to become proficient in this time period. If at the end of the evaluation period the transferred employee is unable to perform the work, the employee will be returned to the location and classification from which they transferred. The next senior qualified employee requesting a transfer will be given the same opportunity. Employees hired after February 1, 2002 will follow article 7.3 Selection Criteria and Article 7.8 prior to being granted an intradepartmental transfer. The most qualified individuals will be offered the opportunity first; when all factors are substantially equal seniority will prevail. Successful candidates will agree to a ninety (90) day trial period with associated goals and measures.

7.10 **BRIDGED TIME FOR RE-HIRED EMPLOYEES:** Previous employees, who are rehired as a regular employee, one year after the date they left the Company (as regular employees), shall not be credited with Company seniority at the time of re-employment and shall be required to serve a new probationary period.

When the employee has completed five (5) years of subsequent service, in a full-time regular position, an adjusted hire date will be calculated, crediting regular hours worked with the Company for purposes of Company seniority and all related benefits other than retirement benefits in which case the Plan document control.

This agreement is separate and not intended to conflict with Article 5.4 of the CBA.

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ARTICLE NO. 8
GRIEVANCE PROCEDURE

8.1 **DEFINITION**: A grievance shall be defined as a dispute regarding the interpretation and application of the provisions of this Agreement filed by the Union or by an employee covered by this Agreement alleging a violation of the terms and provisions of this Agreement. Disputes specifically excluded in other Articles of this Agreement from the Grievance Procedure shall not be construed as grievances within the definition set forth above.

8.2 **TIME LIMITATIONS**: The Company and the Union recognize the grievance process as an effective tool in resolving differences in the work place. Once timely notification of a grievance has been given, the Union and Company may mutually agree to extend the time limitations. However, it is in the interest of both the Company and the Union to expedite the process and encourage the timely resolution of the issue. Failure to adhere to the established timelines by either party will result in a procedural forfeit. If the Company fails to process the grievance in a timely manner the Union would be awarded the remedy requested as long as such request was, (i) reasonable, (ii) consistent with the violated article or articles, and (iii) applicable only to the actual Grievant or Grievants. If the Union fails to file or process the grievance in a timely manner, then the grievance and the remedy requested would automatically be waived and forfeited. All procedural forfeits will be considered non precedent setting and shall not be considered in the arbitration or the consideration of any other grievance.

The Union and Company, by mutual Agreement, may elect to bypass certain steps, due to the nature of the grievance.

Except by mutual Agreement to extend the time limitations, or as otherwise provided herein, an arbitrator shall not have the authority to excuse a failure by the Union, the Company or the aggrieved employee to comply with the time limitations set forth, regardless of the reason given for such failure.

8.3 **GRIEVANCE PROCESS**:
NOTIFICATION: When a dispute arises relative to the administration of the provisions of this Agreement, the employee and/or Union Steward must complete a grievance form citing the article or articles allegedly violated by the Company and submit it to the appropriate supervisor for signature (with an electronic copy to the Human Resource Manager) no later than twenty-one (21) calendar days after the grievance arises. The time period to file a grievance shall start from the first day the Company can show that the Union or an employee affected by the Company's action knew or should have known of the situation.

It is in the best interest of both parties to keep the same Steward involved from start to finish. The Company will make a reasonable effort to use the same Steward throughout the process.

After each step in the process, the Union shall officially sign the grievance form, verifying that their interests have been satisfied or to pursue resolution at the next step.

STEP ONE (GRIEVANCE MEETING – SUPERVISOR): The highest level supervisor or their designee over that workgroup shall schedule a meeting with the grievant and steward within twenty-one (21) calendar days of receipt of the grievance form. The grievant and the supervisor will define interests and work on resolving the issue in a manner satisfying those interests. If the issue is not resolved at step one (1), the Supervisor will refer the grievance to the next step, accompanied by any and all pertinent documentation gathered during the initial investigation, with the reason or reasons for denying the grievance within twenty-one (21) calendar days of the step one (1) meeting.

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STEP TWO (GRIEVANCE MEETING—HUMAN RESOURCE MANAGER) Within twenty-one (21) calendar days after receipt of the Step 1 answer, or in the case of a termination, twenty-one (21) calendar days after notification of the termination decision, if the Union and/or the employee want to pursue the grievance, the Union must notify the Human Resource Manager of the decision to pursue the grievance and gives the grievance to the Human Resource Manager. The notification must be sent via certified mail and electronic mail. The Human Resource Manager or their designee shall schedule a meeting with the grievant, steward, supervisor HR Partner and the Business Manager or their designees within twenty-one (21) calendar days of receipt of the grievance form from the Union. The Company and Union shall review all information provided, conduct further investigation if necessary. If the grievance is not settled at the step two (2) meeting, the Company will communicate its position in writing within twenty-one (21) calendar days of the step two (2) meeting. This written notification will be sent via certified mail and electronic mail.

STEP THREE (ARBITRATION): Within twenty-one (21) calendar days of receipt of management's Step 2 response, the Union may request arbitration by delivering a written notice (sent via certified mail and electronic mail) to the Human Resource Manager of its intent to arbitrate the dispute. If the Union does not respond within twenty-one (21) calendar days of receipt of the Step 2 response, the issues involved in the grievance will be considered resolved and the matter closed.

Within fourteen (14) calendar days after receipt of the notice of intent to arbitrate, the parties will request the Federal Mediation and Conciliation Service to furnish a list of seven (7) arbitrators primarily from the southwest region of the United States from which the arbitrator shall be selected. Such selection shall be accomplished by the Union and the Company striking one (1) name from the list in turn until only one (1) name remains. Each party has the right to strike one complete list.

TERMINATIONS

In recognition of the significance of terminations, arbitration relative to termination grievances shall be expedited whenever possible. In this regard, termination grievances must proceed directly to step two (2) of this procedure. However, if either the Company or the Union fails to process the grievance in a timely manner, the Arbitrator shall have the authority to excuse such failure if the Arbitrator finds the failure has a reasonable basis and did not result in a disadvantage or prejudice to the other party. Unless mutually agreed to extend the time limitations in writing, termination grievances should be arbitrated within six (6) months of the termination date.

SCOPE OF ARBITRATION

The arbitrator's decision shall be submitted in writing and shall be final and binding on all parties to this Agreement. The cost of the arbitrator and the cost of necessary expenses required paying for facilities and recording of the hearing of cases shall be borne equally by the Company and the Union. The arbitrator shall not have the authority to modify, amend, alter, add to, or subtract from any provision of this Agreement.

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ARTICLE NO. 9
Safety

9.1 **MUTUAL INTERESTS:** The Company and the Union share a mutual interest in fostering safe working conditions for all employees. The Company and the Union will endeavor to create programs, procedures and policies which will define the Company and the Union as leaders in providing and promoting a safe workplace. The Company shall make reasonable provisions for the safety of employees in the performance of their work. The Union shall cooperate in promoting the realization of the responsibility of the individual employee with regard to the prevention of accidents.

9.2 **SAFETY COMMITTEE:** Each department shall have their own Safety Sub-committee, and at least one (1) representative from each departmental Safety Sub-committee shall serve on the Company's Safety Committee. The selection of the Company's Safety Committee members shall be made jointly by the Chairman of the Committee and the Business Manager of the Union. The Chairman of this Committee shall be selected by the Company. Each year thirty three and one third percent (33-1/3%) of the Committee members shall be replaced in accordance with the selection provision.

9.3 **REPORTING DEFICIENCIES:** Each member of the Safety Committee shall be expected to actively participate in identifying and reporting to the area safety representative any deficiency or unsafe condition discovered in the assigned work area. Recommendations to improve the operational safety shall be made to the manager, safety services, and to the department supervisor. A copy shall also be presented to the Chairman at the next Safety Committee meeting.

9.4 **SAFETY MEETINGS:** The Chairman shall hold Safety meetings at reasonable intervals subject to call.

9.5 **SEMI-ANNUAL INSPECTIONS:** Every six (6) months the Safety Committee Chairman shall appoint at least three (3) members to perform an inspection of the Company facilities. If required, these inspections may occur more often at particular facilities. The Committee Chairman may request additional employees who work at the site to assist in the inspection. The Company will allow the appointees reasonable time, as determined by the Chairman, to perform this inspection. They will prepare a written report, including recommendations for corrective actions and forward it to the Committee Chairman and Company President.

9.6 **RULE VIOLATIONS:** In the event employees violate safety rules published by the Company, the Company reserves the right to administer appropriate disciplinary action.

9.7 **SAFETY INVESTIGATIONS:** When a lost time disabling injury occurs as a result of a suspected careless act or unsafe working condition, a safety investigating committee shall be chaired by Safety Services to review the facts and reconcile safety deficiencies and recommend corrective action. A safety committee member designated by the Union and assigned to the work area in which the injury occurred, shall serve on the investigating committee.

9.8 **INCLEMENT WEATHER:** Employees who report for work on a straight-time work day and who, because of inclement weather or other similar cause, are unable to work in the field that day, shall receive pay for the full day. However, they may be held pending emergency calls and may be given first-aid, safety or other instruction, or they may be required to perform miscellaneous work in the yard, warehouse, or other sheltered locations. Through labor/management meetings, and in conjunction with safety services, each department shall establish policies, which clarify safe work procedures during inclement weather. Employees on overtime days excluding emergencies shall receive pay for time worked or time held on Company property or two (2) hours, which ever is greater.

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9.9 **RAIN GEAR:** Employees who are required to work in the field will be assigned appropriate rain gear, which will be maintained by the employees and replaced by the Company when such gear is worn out in the course of employment and returned to the Company by the employee.

9.10 **ENERGIZED PANELS:** Employees who are assigned to work in the field will not be required to work on exposed and energized metering panels during rainy weather but may be assigned related duties as necessary.

9.11 **HEALTH AND SAFETY:** The parties hereto agree to cooperate in using all reasonable means to eliminate conditions of danger to either the general public, the Company or its employees. No employee shall knowingly engage in an unsafe act. Whenever it becomes necessary to employ day shift employees assigned to the Company's business offices, where security personnel are assigned, outside the normal work hours, and such work is during the hours of darkness, all arrivals and departures from Company owned parking facilities shall be observed and controlled by security personnel. Parking facilities shall, when possible, be adjacent to the Company's business offices.

The Company agrees to furnish such safety devices and equipment including but not limited to first aid kits, AED, CPR protection mask, hard hats, all PPE, safety glasses, leather gloves, sun block, as may be reasonable and necessary for the health and safety of its employees and the Union agrees, on behalf of the employees, that such equipment will be used.

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ARTICLE NO. 10
HOLIDAYS

10.1 **ELIGIBLE EMPLOYEES**: Regular employees and probationary employees, who are eligible for benefits, shall be entitled to holidays off with pay. Employees on leaves of absence or disability leave are not entitled to holiday pay, except if the employee begins leave or returns from leave during the week of a holiday.

10.2 **WORKED HOLIDAYS:** Shift employees may be permitted to take holidays off which fall on their scheduled workdays. Employees scheduled to work on a holiday shall be paid at the rate of time and one-half (1 1/2) for time worked during regular working hours in addition to holiday pay. Employees who are called out to work on a holiday shall be paid at the rate of double time for time worked in addition to holiday pay. Time worked in excess of the regular workday will be paid at the appropriate overtime premium. Except for shift employees, holidays shall not be considered scheduled workdays.

10.3 **COMPANY HOLIDAYS:** When a holiday falls on a Saturday, the preceding Friday shall be observed, and when a holiday falls on a Sunday the following Monday shall be observed. Whenever an employee's regular days off are other than Saturday and Sunday, the first day off within the workweek shall be considered as Saturday and the second day off within the workweek shall be considered as Sunday for the purpose of this Article. A rotating shift employee working on a schedule which provides four (4) consecutive days off shall observe the day prior to the four (4) days if the holiday falls on the first of the four (4) days, and shall observe the day following the four (4) days if the holiday falls on any of the other three (3) days for the purpose of this Article.

Holidays	2008	2009	2010
New Years Day	Jan 1	Jan 1	Jan 1
Martin L King Day	Jan 21	Jan 19	Jan 18
Presidents Day	N/A	Feb 16	Feb 15
Memorial Day	May 26	May 25	May 31
Independence Day	July 4	July 3	July 5
Labor Day	Sept 1	Sept 7	Sept 6
Veterans Day	Nov 11	Nov 11	Nov 11
Thanksgiving Day	Nov 27	Nov 26	Nov 25
Thanksgiving Friday	Nov 28	Nov 27	Nov 26
Christmas Eve	N/A	Dec 24	Dec 24
Christmas	Dec 25	Dec 25	Dec 25
	Three (3) floating holidays	One (1) floating holiday	One (1) floating holiday

In addition to the designated Company holidays, eligible employees shall observe one (1) floating holiday in accordance with the provisions of Article 10.4. It is understood that the one (1) floating holiday does not apply to the Generation 12 hour shift or 36 for 40 shift agreements.

10.4 **FLOATING HOLIDAY:** An employee may observe a floating holiday on any day the employee desires so long as a seven-day notice has been given regardless of operational or other needs. For the purpose of this article, the calendar week begins Sunday and ends Saturday. Should an employee be called in or be required to work on a previously approved "holiday", the employee shall be paid the applicable overtime rate, except if both the employee and supervisor mutually agree to change the observance of the holiday. The floating holiday does not carry over from one payroll year to the next, and must be used in the payroll year in which it is received.

10.5 **BANKED HOLIDAYS (Applicable only in T&D and Generation):** If eligible employees are required to work on any day observed as a holiday and are authorized to work for the straight time hourly rate of pay, then an equal number of hours will be allocated to their banked holiday account. With written consent of the Company, employees may carry over up to sixteen (16) hours of banked holidays to the next year.

10.6 **TEMPORARY EMPLOYEES:** Temporary employees will not receive pay for holidays not worked but shall be paid the appropriate overtime premium for all time worked on holidays.

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10.7 **SICK LEAVE IN CONJUNCTION WITH A HOLIDAY:** An employee who does not report for work either the day before and/or the day after a paid holiday, including the floating holiday, and who has not been excused by his or her supervisor for either the day before and/or the day after a paid holiday shall receive no pay for the holiday. The Company may require satisfactory evidence of an employee's illness or injury before holiday pay will be granted. If the Company requires medical evidence, the Company must inform the employee of the requirement to provide evidence no later than two (2) hours after the employee's regular starting time on the day of the absence. If required and the employee does not comply with this request, the employee will not be paid for the holiday or the day of absence, and may be subject to disciplinary action.

10.8 **ALTERNATIVE SCHEDULES:** As a result of the implementation of alternative work schedules, any issues associated with the provisions of Article 10 (Holidays) will be resolved by Memorandum of Understanding between the Company and the Union.

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ARTICLE NO. 11
VACATIONS

11.1 **CONSIDERATIONS:** Vacation with pay may be granted at any time during the calendar year in which it is earned, subject to the following considerations.

- Desirability of scheduling in such a manner as will cause a minimum of interference with service to the Company's customers, and;
- The selection of all vacation periods based on the employee's Company seniority, provided the selection is made no later than January 31st.

11.2 **FIRST TWO (2) CALENDAR YEARS OF EMPLOYMENT:** Probationary and regular employees shall earn vacation during the first two (2) calendar years of their employment according to the month in which they are hired. Probationary and regular employees may request and be granted vacation anytime during this period.

<u>Month HiredVacation Hours</u>
January80 hours
February77 hours
March73 hours
April70 hours
May67 hours
June63 hours
July60 hours
August57 hours
September53 hours
October50 hours
November47 hours
December43 hours

Example:
If an employee is hired March 2008, the employee is granted 73 hours vacation to be used by payroll year-end. New employees may carry their 73 hours vacation over in this scenario. In the beginning of the payroll calendar year of the second year of employment, 80 hours of vacation will be front loaded to be used by payroll year-end.

11.3 **ACCRUED VACATION:** Regular employees will be granted vacations, with straight time pay, according to the following schedule:

<u>After Continuous Service of</u> **<u>Vacation Hours</u>**
2 years through 5 years 80 hours
6 years through 12 years 120 hours
13 years through 20 years 160 hours
21 years through 30 years 200 hours
31 years and above 240 hours

11.4 **VACATION ADJUSTMENTS:** An employee's vacation accrual shall be adjusted for all periods of leave of absence including leaves for illness or injury as defined elsewhere in this Agreement by reducing the number of vacation hours accrued in direct proportion to the number of hours of leave within the employee's anniversary year. Such reductions shall be applied to any accrued and unused vacation available in the calendar year the adjustment is made, or when such adjustment exceeds the employee's available vacation, the excess shall be applied against the employee's next vacation accrual or the employee's final paycheck, whichever occurs first. It is understood that no adjustment to vacation accrual will be made for sick leave or during the first sixty (60) calendar days of any disability leave.

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11.5 **VACATION BONUS:** In addition to the vacation accrued in accordance with the above schedule, (ARTICLE 11.3 ACCRUED VACATION) any employee who completes ten (10) years continuous service and each five (5) years of continuous service thereafter, shall be granted a vacation bonus of forty (40) hours in the year such term of employment is attained. The vacation bonus will accrue, and may be taken subject to the provisions of this Article. Vacation bonuses will be determined based on the employee's rehire date and not the original hire date which is used to determine the years of service the employee would receive based on Article (7.10 Bridged Time for Re-Hired Employees).

11.6 **UNUSED VACATION:** All unused or carried over vacation time accumulated in the year of termination of employment after an employee's first anniversary date, up to and including the employee's last day worked, shall be paid at termination of employment, at the employee's current base rate. This does not apply to the vacation bonus when the employee has not completed the minimum service specified.

Example:

An employee terminates employment in June, the employee will only receive vacation pay for six months of that year; i.e. the employees' vacation allotment is 120 hours a year at time of termination he will be eligible for 60 hours of pay provided he hasn't used any vacation.

It is understood that employees may not carry vacation time over to the following year without the written consent of the Company. This does not apply to Article 11.2 (Vacation First Two (2) Calendar Years of Employment).

A regular employee who has been laid off for lack of work and is recalled within one (1) year, who has in excess of one (1) year Company seniority, shall accrue vacation in accordance with Article 11.4 (VACATION ADJUSTMENTS).

11.7 **DEPARTMENTAL POLICIES:** Each department will develop standards and procedures for scheduling vacations, which, at a minimum comply with Article 11.1 (CONSIDERATIONS).

11.8 **HOLIDAY WHILE ON VACATION:** If a holiday occurs on a workday during an employee's vacation, it shall not be counted as hours of vacation. The employee shall receive straight time pay for the holiday.

11.9 **HOSPITALIZED WHILE ON VACATION:** Employees on vacation, who becomes hospitalized for at least one day, shall not be required to use vacation time during the period of incapacitation. Employees who are capable of completing any light duty must choose to remain on vacation or report for light duty.

11.10 **CALL-OUT WHILE ON VACATION:** An employee shall not be expected to work on his regularly scheduled days off immediately preceding or following pre-scheduled vacation. However, if an employee is called out and accepts such an assignment on the regularly scheduled days off immediately preceding or following pre-scheduled vacation, the employee shall receive the appropriate overtime rate for this work. An employee called out during scheduled vacation will be paid double time for all hours worked and the employee may reschedule the unused portion of his vacation hours in accordance with Article 11.1 CONSIDERATIONS above, if the call-out was for work during the employee's normal work hours. Additionally, if the call-out creates rest time, the employee may reschedule vacation equal to the rest time earned from this assignment.

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ARTICLE NO. 12
SICK LEAVE / DISABILITY

INTRODUCTION
The Union agrees to share the responsibility in protecting the sick leave plan from abuse by any of its members, recognizing that the plan is intended to provide pay coverage under situations of actual need.

MEDICAL ATTENTION
Sick leave may be used for obtaining medical information or treatment including exams or treatments for care of the eyes or teeth of eligible employees. Such absences should be approved in advance where possible and limited to the time necessary for treatment, examination or recovery.

12.1 **ELIGIBILITY:** Full-time employees shall be entitled to accumulate sick leave with pay at the rate of eight (8) hours of sick leave for each month worked.

12.2 **NOTIFICATION AND VALIDATION:** The Company may require satisfactory evidence of an employee's illness or disability before sick leave will be granted. If an employee abuses the sick leave provisions of this Agreement by misrepresentation or falsification, the employee shall restore to the Company all sick leave payments received as a result of such abuse. An employee must notify their supervisor or a member of management, or see that their supervisor is notified, as soon as it is apparent that the employee will be unable to report for work. The employee must provide this notification before the beginning of the normal workday. The employee should notify the supervisor as far in advance as possible of the expected date of return. Lack of notification without a reasonable explanation will result in denial of sick pay benefits.

12.3 **EXCLUSIONS AND EXCEPTIONS.** Employees shall not be entitled to sick leave while on vacations (except as provided in Article 11.9 HOSPITALIZED WHILE ON VACATION), while temporarily laid off by the Company, during the period of notice of severance of employment, upon severance of employment, or while receiving disability payments or industrial compensation.

12.4 **SICK LEAVE BONUS:** Employees who are eligible for sick leave in accordance with Article 12.1 (ELIGIBILITY), who use no more than two hundred twenty (220) hours of sick leave each five (5) years, shall be granted a bonus of five (5) days vacation in addition to that granted under the provisions of Article 11.3 (ACCRUED VACATION), each five (5) years based on the following considerations:

- On January 1, 1987, and January 1, of each fifth year thereafter, the sick leave records of those employees with hire dates prior to August 1, 1981, will be audited. Those employees who have used no more than two hundred twenty (220) hours of sick leave during the five (5) year period immediately preceding the audit will be granted five (5) days vacation to be taken within the twelve (12) month period immediately following the audit date and in accordance with the provisions of Article 11 (VACATIONS).

- For employees hired after July 31, 1981, their sick leave records will be audited as of the first day following the completion of five (5) years and six (6) months of service and each fifth (5th) year following the initial audit. Those employees who have used no more than two hundred twenty (220) hours of sick leave during the five (5) year period immediately preceding the audit will be granted five (5) days vacation to be taken within the next twelve (12) month period immediately following the audit in accordance with Article 11 (VACATIONS).

- All unused vacation accumulated under the provisions of this sick leave bonus plan shall be paid at termination of employment as provided under Article 11.6 (UNUSED VACATION) except that no proration of vacation entitlements will be allowed for time periods of less than five (5) years.

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12.5 **LIGHT DUTY:** Injured employees who are temporarily unable to perform the functions of their own jobs but are capable of performing light duty work shall be released for light duty assignments either within their own department or another area of the Company where work is available. In the interest of effective case management, the HR department shall administer the light duty work program. Employees working in light duty assignments shall be eligible for a percentage of their base pay according to the following schedule:

- 100% of base pay for the first ninety (90) calendar days
- 85% of base pay thereafter

- The employee must have a light duty work release from a doctor. The employee may be allowed to work overtime if it is a continuation of their shift. Employees on light duty will not be eligible for callouts or scheduled overtime. Any employee who returns to work for regular duty must have a full duty release from a doctor. Employees will be eligible for a full light duty benefit after they have worked thirty (30) calendar days from the time of that release. If an employee returned to regular duty status works for less than thirty (30) calendar days and is then returned to light duty status for the same injury or illness, the employee will then continue with the original time period.

Employees, who are injured on the job and are unable to perform their regular duties indefinitely due to partial disability, may be subject to the provisions outlined in Article 12.7 (JOB INCURRED INJURY/PARTIALLY DISABLED EMPLOYEES).

12.6 **JOB INCURRED INJURY/SALARY PROTECTION:** Any employee who suffers a job incurred injury during the term of this Agreement and who is awarded temporary total compensation benefits as defined in the Nevada Industrial Insurance Act shall receive supplemental disability payments in such amounts and under such conditions as described below:

- The combined amount of disability compensation to which the employee is entitled under any federal, state, and local law, and from the Company shall not exceed the percent of the employee's weekly earnings, from the table listed below, where such earnings are computed at the employee's regular rate for a forty (40) hour, seven (7) day period.
- Supplemental payments shall be made for the first day recognized by the Workers' Compensation Administration, and shall terminate with the date of the last day of disability recognized by the Workers' Compensation Administration, as evidenced by the remittance portion of the disability check from the Workers' Compensation Administration, which must be presented to the Company, for a maximum period of benefits as defined in the following schedule of benefits, for any one accident regardless of the various periods of disability which may be compensated for the one accident.

LENGTH OF SERVICE	MAXIMUM PERIOD OF BENEFITS	PERCENT OF BASE EARNINGS
6 months	13 weeks	55
5 years	26 weeks	60
10 years	52 weeks	65
15 years	60 weeks	70
20 years	65 weeks	75

- For a job-incurred disability of less than five (5) days, which does not qualify for Workers' Compensation Administration compensation, employees must use any accrued sick leave, and upon exhaustion of such accrued sick leave shall receive disability benefits as defined above. Any medical absence of five (5) days or more due to a work related injury or illness will be paid by the Workers' Compensation Benefit; employees will not use accrued sick leave.
- No supplemental disability payments shall be made for any disabling accident caused by the injured employee's violation of any safety rule.
- Any employee who performs activities for which compensation is received or which exceed the scope of the prescribed physical limitation pertaining to such disability while receiving disability compensation described in this section, shall forfeit his entitlement to all disability benefits and his employment shall be terminated.

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12.7 **JOB INCURRED INJURY/PARTIALLY DISABLED EMPLOYEES:** When, in the opinion of the Company's doctor after consultation with the employees' doctor, regular employees with at least one (1) year of Company service cannot perform their regular work because of partial disability, but can perform other work, the following plan shall be applicable:

Each case shall be considered on its merits by a committee consisting of the Business Manager of the Union and a HR Representative, and two (2) additional members, one (1) of whom shall be designated by the Union and the other by the Company. The committee shall have the authority to waive the seniority and bidding provisions of this Agreement in order to place the disabled employee, and it shall determine the seniority rights of such employee. This committee may call on anyone who may be able to furnish pertinent information.

In no event will this Article apply if the employee's disability occurs while self-employed or working for others, for remuneration (except on Union business), or is involved in misconduct or an extreme violation of Company safety rules.

The panel shall complete an evaluation of the type of work the employee is able to perform or may be able to perform in the future. Evaluation of the employee's capabilities may include but shall not be limited to a physical examination and doctor’s reports, the employee's physical and mental ability, willingness to work, and trainability.

Depending upon the evaluation of the employee and where necessary and practical, the Company shall provide job related education and training. The panel shall also conduct periodic review of these cases to determine if an employee's condition has changed; if the employee's condition has changed, the panel will reevaluate the employee's job assignment.

The panel will determine the job classification which is appropriate for the work the employee is able to perform, as well as the proper pay rate, taking into account the new classification pay rate or the rate indicated on the following schedule, whichever is greater.

Years Of Company Service	A Pay Rate That Is Not Less Than
1 to 4 years inclusive	70% base rate when injured
5 to 14 years inclusive	80% base rate when injured
15 to 24 years inclusive	85% base rate when injured
25 years and over	90% base rate when injured

As long as such employee is paid more than the maximum rate for the job classification in which the employee is placed, the employee shall receive only fifty (50) percent of any base wage increase or lump sum payment in lieu of a base wage increase. Such fifty (50) percent shall be calculated on the employee's personal rate at the time of the increase.

The placing of a disabled employee in a different job shall not constitute an increase in the Company's normal work force. However, the Company may temporarily increase the number of authorized positions to accommodate an individual when a future vacancy is clearly defined and recognizable.

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If the committee is unable to place an individual in accordance with these provisions they would be eligible for vocational rehabilitation training, and benefits through the Workers Compensation Insurance. Upon this determination, the individual's employment with the Company will be terminated, and any accrued benefits will be paid at the time of termination.

The parties agree that the provisions of this Article may be suspended with sixty (60) days written notice, documenting the reasons for this request and the interests, which would need to be addressed for the continuance of this program.

INJURIES RELATIVE TO DOG BITES

The Company and Union discussed meter reading injuries relative to dog bites. The Company and Union agreed to communicate and reinforce, with a representative from the Call Center and Commercial Offices, the importance of their initial contact with the customer in annotating relevant information regarding animals. The Company will endeavor to locate and provide a list of local attorneys who might be interested in representing employees negatively impacted by dog bites.

12.8 **SHORT TERM DISABILITY BENEFIT:** A full-time employee, who has worked more than one thousand forty (1040) straight time hours who shall suffer any disabling illness or injury while not in work status, shall be entitled to disability payments in such amounts and under such conditions as described herein:

- An eligible employee shall be entitled to receive payments not to exceed the percent of the employee's weekly straight time earnings, such earnings to be computed on the employee's regular rate for a forty (40) hour, seven (7) day period, for a maximum period of benefits at the percent of earnings as defined in the following schedule of benefits.

LENGTH OF SERVICE	MAXIMUM PERIOD OF BENEFITS	PERCENT OF BASE EARNINGS
6 months*	13 weeks	55
5 years	26 weeks	60
10 years	52 weeks	65
15 years	60 weeks	70
20 years	65 weeks	75

* Employees in this category may be granted up to thirteen (13) additional weeks of leave without pay for continued disability.

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- No disability payments for an illness shall be made until at least a three (3) business days waiting period has been observed, however, an employee must use accrued sick leave to satisfy the waiting period or to extend the waiting period to the maximum of the amount of accrued sick leave.
- Any female employee who becomes pregnant and is unable to work shall be entitled to disability benefits under this Article, as described above, subject to the following conditions. She must present a document from her attending physician saying that she is under the doctor's care because of the pregnancy and is unable to work. The period of the disability shall begin at least three (3) days after the attending physician declares the employee disabled and shall end when the employee is no longer disabled as determined by the attending physician. Pregnant employees must use all accumulated sick leave before disability payments will start. A female employee will not be eligible for pregnancy related disability benefits except for her own disability. An employee who is on maternity leave and recovering from disability may request to have her leave extended for up to three (3) months after termination of pregnancy for child care or other reasons.
- Any employee who performs activities for which compensation is received or which exceed the scope of the prescribed physical limitation pertaining to such disability while receiving disability compensation described in this section, shall forfeit their entitlement to all disability benefits and their employment shall be terminated.
- Any employee who returns to work in a light-duty status from short-term disability will not create a new benefit eligibility until they have had a full-duty release and worked for thirty (30) calendar days from the time of that release. If an employee returns to short-term disability without satisfying this requirement, their short-term disability benefit will reflect their prior usage and continue until expiration of such benefits.
- Any employee, who is unable to perform the duties of their position as a result of a non-job-incurred injury, would be considered for any vacancy for which they are qualified. If awarded a position in accordance with Article 7 (SENIORITY AND PROMOTIONS), the employee would receive the appropriate rate of pay for that position.
- Any employee that exhausts their short-term disability benefit and is unable to return to work at that time, may request one unpaid leave of absence for up to ninety (90) calendar days to allow time for further recuperation or possible vacancies for which they are qualified. Such employees will be allowed to continue their medical coverage at the appropriate COBRA rate for this period of time. If this individual is unable to return to work at the expiration of this unpaid leave, their employment with the Company will be terminated and all accrued benefits will be paid at the time of termination.

12.10 **FAMILY SICK LEAVE (FSL):** Employees will be allowed to use up to thirty-two (32) hours, in four (4) hour increments, of accrued sick leave per payroll year to care for an immediate family illness or emergency. Unused hours cannot be carried over to the next year. There will be no occurrences when sick leave is used for this purpose. FSL cannot be used in conjunction with a Holiday or Vacation.

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ARTICLE NO. 13
EMPLOYEE BENEFIT PROGRAMS

This Article is amended and restated as of February 1, 2008, except as otherwise set forth herein.

13.1 MEDICAL/PRESCRIPTION DRUG/DENTAL/VISION

The NV Energy Comprehensive Welfare Benefit and Cafeteria Plan ("Welfare Plan") shall be incorporated, by reference, into the Agreement for purposes of establishing the terms and conditions governing benefits for Medical, Prescription Drug, Dental, Vision, Disability, Group Life Insurance, Flexible Spending Accounts, and Wellness Benefits.

The Company agrees to maintain all of these benefits for eligible employees during the term of this Agreement and will provide corresponding medical expense, vision expense, and dental expense coverage for eligible dependents in accordance with the terms and conditions of the Welfare Plan document for the life of this Agreement. The Company reserves the right to select any insurance carrier or to self-insure all or any portion of these benefits.

OPTIONS: The Company will permit employees to select between health care plan options which may be available under the plan. Currently, such options are:

1. Self-insured Preferred Provider Organization (PPO), previously referred to as the NPC Union Plan, Administered and governed by the Company and its vendors)
2. Fully-insured PPO (Administered and governed by the respective insurance carrier)
3. Health Maintenance Organization (HMO) (Administered and governed by the respective insurance carrier)
4. No coverage, contingent upon proof of other insurance.

OPEN ENROLLMENT: Elections of medical plan options will be made in the fall of each year during an open enrollment period. The election remains in effect for the entire Plan Year, unless the employee incurs a "Qualifying Status Change" as defined by the Internal Revenue Code Section 125, Cafeteria Plan, and makes a consistent benefit election change as permitted under the Welfare Plan. With the exception of the Flexible Spending Accounts, if an employee fails to enroll, coverage will default to the previous year's coverage for himself and dependents, provided such coverage is available.

EMPLOYEE CONTRIBUTIONS: The rates for medical coverage, will be actuarially determined each plan year, based on previous claims experience. The rates for the fully insured PPO and the HMO will be as quoted by the respective insurance carriers. Payroll deductions for required employee contributions will be taken the first and second pay periods of each month, and will be made on a pre-tax basis to the extent permitted under law.

During the term of this Agreement, the cost share for all options will be 82% Company and 18% Employee; provided that the annual increase in the amount of Employee Contributions will never be more than a 15% increase each year during the term of this Agreement for the Self-Insured PPO.

PREFERRED PROVIDER ORGANIZATION: Under the, Self-Insured PPO, when a preferred provider is available within a thirty (30)-mile radius of the employee's residence (or the residence of the dependent seeking care) residence, and there is more than one (1) preferred provider available to perform the services, the employee will be subject to the PPO provisions and Non-PPO penalties.

COVERAGE OUTSIDE THE PPO AREA: Under the Self-Insured PPO, participants located in an area thirty (30) miles or more from a preferred provider will be reimbursed for services of a Non-PPO provider at the preferred provider scale, and will be subject to the usual, customary, and reasonable (UCR) charges for the area in which the service is received.

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CO-INSURANCE: Under the Self-Insured PPO, co-insurance is 80% Company / 20% Employee for care and services rendered by a preferred provider and 60% Company / 40% Employee for care and services rendered by Non-PPO providers.

MENTAL HEALTH BENEFIT: Pre-authorization required.

Mental health outpatient care:

- 100% after $20 co-pay
- 60% after deductible for Non-PPO provider
- Limited to fifty (50) visits per year

Mental health inpatient care:

- 80% after deductible for PPO provider
- 60% after deductible for Non-PPO provider
- Limited to thirty (30) days per year

DENTAL BENEFIT: The Company will, during the term of this Agreement, provide a dental care benefit, including a dental PPO and an orthodontic benefit for all eligible employees and dependents in accordance with the terms and conditions of the Welfare Plan document. Coverage includes the following:

- Annual benefit is $2,000 per person
- Annual deductible is $25 per person/$75 family
- Preventive care is covered at 100% with no deductible if a PPO provider is used and 100% after $25 deductible if a Non-PPO provider is used.
- After deductible, the following dental treatments are covered at:
- 80% for Basic Periodontics/Prosthetics and Oral Surgery
- 50% after deductible for Major Restoration
- Orthodontia is covered at 100% after deductible up to a separatelifetime maximum of $2,000
- All percentages are subject to usual, customary, and reasonable(UCR) charges

VISION BENEFIT: A vision care benefit will be available for eligible employees and eligible dependents during the term of this Agreement under the terms and conditions of the Welfare Plan document. This benefit covers professional services; examinations every twelve (12) months based on the last date of service; lenses every twelve (12) months based on the last date of service, frames once every twenty-four (24) months based on the last date of service. Examinations will have a twenty-five ($25) dollar co-pay for a PPO provider and a maximum of forty dollars ($40) paid for a non-PPO provider. The vision care benefit also provides for up to two pair of prescription safety glasses for employees whose job duties require eye protection in accordance with the Company's established safety standards, once every twelve (12) months based on the last date of service, if needed.

PRESCRIPTION DRUG BENEFIT: A prescription drug benefit will be available for eligible employees and eligible dependents during the term of this Agreement under the terms and conditions of the Welfare Plan document. This benefit will allow participants to obtain prescription drugs through preferred pharmaceutical outlets. The following co-pays currently apply for this benefit:

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- Retail
  1. Generic ("Tier 1") = $5 co-pay for 30-day supply
  2. Brand Name ("Tier 2") = $15 co-pay for 30-day supply
  3. Non-Preferred ("Tier 3") = $35 co-pay for 30-day supply

- Mail Order - Available for "Maintenance" (Life-Sustaining) Drugs Only
  1. Generic ("Tier 1") = $10 co-pay for 90-day supply
  2. Brand Name ("Tier 2") = $30 co-pay for 90-day supply
  3. Non-Preferred ("Tier 3") = $70 co-pay for 90-day supply

If there is no generic substitute, the brand name co-pay applies. If the doctor indicates ("dispense as written") and a generic substitute is available the brand name co-pay applies. If the employee and/or dependent choose a brand name and there is a generic available, they will pay the brand name co-pay plus the difference in cost between the generic and brand name prescription.

13.2 WELLNESS PROGRAM

Full-time employees and part-time employees (provided they work at least 20 hours per week) will be eligible for the Company's wellness program during the term of this Agreement in accordance with the terms and conditions of the Welfare Plan document. Participation in the wellness program may begin on the 1st day of the month following date of hire. Temporary employees are not eligible to participate.

The following terms will apply:

- Employee participation shall be voluntary.
- The Company will pay the entire cost of the wellness program.
- The level of benefits, terms and conditions are at the discretion of the Company.

13.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT (DCFSA)

The Company will, during the term of this Agreement, provide a Dependent Care Flexible Spending Account (DCFSA) that allows pre-tax funding of dependent care and child care expenses, in accordance with the terms and conditions of the Welfare Plan document. Eligibility will begin on the first day of the month following date of hire. Temporary employees are not eligible for this benefit. Payroll deductions will be taken the first and second pay periods of each month.

13.4 HEALTH CARE FLEXIBLE SPENDING ACCOUNT (HCFSA)

The Company will, during the term of this Agreement, offer a Health Care Flexible Spending Account (HCFSA) that allows pre-tax funding of qualified health care expenses for employees and dependents, in accordance with the terms and conditions of the Welfare Plan document. Eligibility will begin on the first day of the month following date of hire. Temporary employees are not eligible for this benefit. Payroll deductions will be taken the first and second pay periods of each month.

13.5 RETIREMENT

The NV Energy Retirement Plan, restated on January 1, 2000, is a defined benefit pension plan bearing Plan No. 001 ("Retirement Plan"). The Plan, as amended, shall be incorporated by reference into this Agreement. The Company has, since January 1, 1976, funded all benefits under the Retirement Plan. All participants in the retirement plan, which was in effect before January 1, 1976, have and are guaranteed all accrued benefits under that retirement plan as computed on December 31, 1975. Following is a summary of certain Retirement Plan provisions, which will be in effect during the term of this Agreement, provided that eligibility, coverage, benefits and all provisions of the Retirement Plan shall be governed by the terms and conditions of the Retirement Plan document.

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A. CASH BALANCE PLAN

Effective December 31, 2008, a cash balance plan component will be implemented under the Retirement Plan. The accrued benefits of all current participants (other than participants who satisfy the “75 Point” requirement described below and who elect to continue in the traditional retirement plan component) will be converted to an account under the cash balance plan component to be maintained for the participant. All eligible employees who are hired or rehired, or who transfer to a union position, on or after January 1, 2009, will be covered under (and, if applicable, converted to) the cash balance plan component.

The conversion from the traditional retirement plan component to the cash balance plan component will be calculated by the actuary for the Retirement Plan based on legal requirements and reasonable actuarial factors. In connection with the conversion, actuarial adjustments based on the “Rule of 85” under the traditional retirement plan component will be applied to the traditional retirement plan component accrued benefit as of December 31, 2008, only for participants who satisfy the “Rule of 85” age plus benefit accrual service requirements. Thus, for participants who have not satisfied the “Rule of 85” requirements at the time of the cash balance conversion, the actuarial increase, if any, resulting from the application of the “Rule of 85” will be effective at the time of retirement, assuming the “Rule of 85” requirements are met at the time. Additionally, although the interest factor used in the conversion calculations will not include any “wear away” assumptions, benefits will be subject to “wearing away” in the future, based on a number of factors, including interest rates and time of retirement.

Benefits under the cash balance plan component will be funded entirely by the Company. A participant’s cash balance account will be credited with contribution credits and interest credits. Beginning January 2009, contribution credits will be made monthly (the first contribution credit to be made in February 2009). For active participants on October 13, 2008, the contribution credit rate will be equal to a specified percentage of the participant’s eligible earnings as follows:

Total Age + Service at December 31, 2008	Percentage of Eligible Earnings
Under 55	4%
55-59	5%
60-64	6%
65-69	7%
70 or above	8%

The contribution credit rate for new hires, rehires and transfers on or after October 13, 2008, will be 4%.

Interest credits will be subject to legal requirements set forth in the Internal Revenue Code, and will initially be equal to the 30-year Treasury rate plus 75 basis points with a minimum interest rate of 5.27%.

Active participants who, as of December 31, 2008, have at least 75 “points” (age + vesting service) will have a one-time opportunity (during an election period established by the Company) to elect to remain in the traditional retirement plan component of the Retirement Plan.

All active participants who are employed on October 13, 2008, and continue to be employed on January 1, 2009, will receive a one-time contribution in the amount of $4,000 to be credited to their cash balance account. Employees who are eligible to elect to remain in the traditional retirement plan component, and who so elect, will receive credit for the one-time contribution of $4,000 in a special cash balance account which will be subject to the terms of the cash balance plan component and will earn interest credits, but no contribution credits. This one-time contribution will be made as soon as reasonably practical after January 1, 2009.

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B. TRADITIONAL RETIREMENT PLAN COMPONENT

APPLICABILITY OF TRADITIONAL RETIREMENT PLAN COMPONENT: Beginning December 31, 2008, the traditional retirement plan component shall apply only to active participants who, as of December 31, 2008, have at least 75 "points" (age plus vesting service) and who elect (during a one-time election period established by the Company) to elect to remain in the traditional retirement plan component. For employees, if any, who satisfy such requirements, Retirement Plan benefits will be provided in accordance with the terms of the traditional retirement plan component as set forth in the Retirement Plan document.

C. GENERAL PROVISIONS APPLICABLE TO CASH BALANCE PLAN COMPONENT AND TRADITIONAL RETIREMENT PLAN COMPONENT

Retirement Plan provisions relating to eligibility, vesting, and benefit distributions are set forth in, and governed by, the terms of the Retirement Plan document. During the term of this Agreement, such provisions shall not be modified in a manner that results in a material diminution in the value of Retirement Plan benefits for employees covered by this Agreement. The Company may amend the Retirement Plan in any manner necessary to maintain its tax qualified status. disburse

13.6 POST RETIREMENT MEDICAL

During the term of this Agreement, employees who are actively employed on October 13, 2008 and retire on or after age fifty-five (55) with at least ten (10) years of service will be eligible for post-retirement medical benefits, subject to the terms and conditions of the Welfare Plan.

The post-retirement medical calculation for the employer contribution is as follows:

a) For employees who retire from the Company prior to reaching age sixty-five (65), the Company will contribute $260 per year of service. If an employee retires prior to reaching age sixty-two (62) and has not obtained 85 points as outlined in the Retirement Plan, the $260 is reduced by 5% for each year under age sixty-two (62). Upon reaching age sixty-five (65), the $260 is reduced to $130 per year of service.

b) For employees who retire from the Company on or after reaching age sixty-five (65), the Company will contribute $130 per year of service.

Employees hired, rehired or who transfer into the bargaining unit after October 13, 2008 will not be eligible for Post-Retirement Medical Benefits as set forth in b) above.

13.7 401(K) PLAN

The NV Energy 401(k) Plan ("401(k) Plan") shall be incorporated, by reference, into this Agreement for purposes of establishing the level of benefits, and shall govern eligibility and benefits under the 401(k) Plan. Following is a summary of certain 401(k) Plan provisions, which will be in effect during the term of this Agreement, provided that eligibility, coverage, benefits and all provisions of the 401(k) Plan shall be governed by the terms and conditions of the 401(k) Plan. The Company may amend the 401(k) Plan in any manner necessary to maintain its tax qualified status.

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ELIGIBILITY. All regular full-time and part-time employees are eligible the first day of the first full pay period after their date of hire. Temporary employees may join the plan after completing one year of service and having worked at least 1,000 hours in that year.

AUTOMATIC ENROLLMENT: All new hires will be automatically enrolled at a 3% deferral rate upon initial eligibility. All new hires will be provided the opportunity to opt-out of the 401(k) Plan prior to initial eligibility. Employees may elect to stop or change contributions to the 401(k) Plan at any time. In the absence of any investment election, contributions will be invested 100% in the default investment fund established under the Plan.

VESTING: There is no vesting period. Company match is 100% vested upon receipt.

MATCHING CONTRIBUTIONS: The matching contribution is 100% of the employee's contribution, to a maximum of 6% of eligible income.

EMPLOYEES DEFERRAL CONTRIBUTIONS: Employees' deferral limit is the lesser of 100% of the employee's compensation, or $46,000 (for plan year 2008), subject to IRS adjustments and limitations.

"CATCH-UP" CONTRIBUTIONS: Eligible employees who have attained at least age fifty (50) on or before the close of each Plan Year, shall be eligible to make pre-tax catch-up contributions in accordance with, and subject to the limitations of, IRS Code Section 414(v).

LOAN PROVISION: Loans may be taken against 401(k) account balances, minimum $1,000, maximum $50,000 (or 50% of total account balance, whichever is less). General-purpose loans are required to be paid back within five (5) years. Loans for the purchase of a primary residence are required to be paid back within ten (10) years. Details regarding loan provisions, including loan fees, interest rates and repayment, are incorporated within the SPR 401(k) Plan Participant Loan Policy.

13.8 LIFE INSURANCE

Life insurance benefits will be provided during the term of this Agreement subject to the terms and conditions of the Welfare Plan.

BASIC LIFE: The greater of $46,000 or 1.4 times your base pay (maximum $1,000,000). Benefits from this policy shall be in addition to any other insurance plan. Eligibility is the first day of month following date of hire.

BASIC ACCIDENTAL DEATH & DISMEMBERMENT (AD&D): The greater of $46,000 or 1.4 times your base pay (maximum $1,000,000) paid in the event of death resulting from an "accident" as defined by the respective insurance carrier. Benefits from this policy shall be in addition to any other insurance plan. Eligibility is the first day of month following date of hire.

BUSINESS TRAVEL ACCIDENT: All employees covered by this Agreement will be covered by an accidental death and dismemberment policy in the amount of $500,000. This policy shall apply only when an employee is traveling on Company business outside their regularly assigned work location. Benefits from this policy shall be in addition to any other insurance plan. Eligibility is the first day of month following date of hire.

SUPPLEMENTAL LIFE: The Company will provide a supplemental life insurance program that allows employees desiring such coverage to purchase supplemental life insurance for themselves at group rates. The following options are available:

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- Employee coverage from .5x to 5x an employee's base salary (maximum $1,000,000)
- Spouse's coverage from $10,000 to $150,000 in increments of $10,000. However, any employee's spouse who had an amount of over $150,000 as of December 31, 2004 will be allowed to continue that amount into the future without charge.
- Child(ren) either in the amount of $5,000 or $10,000.

13.9 LONG TERM DISABILITY

Long term disability benefits will be provided during the term of this Agreement subject to the terms and conditions of the Welfare Plan.

ELIGIBILITY: Employees may purchase Long Term Disability (LTD) coverage on a voluntary basis through payroll deduction. Eligibility will be the 1st month following date of hire. Temporary employees are not eligible for this benefit. Payroll deduction will be taken on a post-tax basis the first and second pay periods of each month.

COVERAGE: Coverage is the lesser of 60% of monthly base earnings rounded to the nearest dollar or the maximum disability benefit ($10,000 a month), less other income benefits as named in the summary description.

LONG TERM DISABILITY (LTD) ELIGIBILITY AND OPEN ENROLLMENT PROCESS:

The eligibility period and enrollment process associated with Long Term Disability (LTD). The Agreement currently states (in Article 13.8), "The Company will provide a long term disability (LTD) plan, to extend disability benefits at a reduced rate upon termination of benefits described in Article 12.6 (JOB INCURRED INJURIES/SALARY PROTECTION) OR 12.8 (SHORT TERM DISABILITY BENEFIT) ABOVE. The employee through payroll deduction will pay for premiums for such coverage. All administrative expenses, exclusive of carrier expense normally absorbed in the rates, will be borne by the Company. We are not proposing any changes to the language, only administrative practice.

For existing employees, we limit the option to enroll or terminate participation in the LTD plan to an annual open enrollment window, consistent with the health plan open enrollment window. As consideration, we will change the eligibility date from "completion of probationary period" to be "the first of the month following date of hire" and eliminate the evidence of insurability requirement for employees who enroll during the open enrollment period. All other exclusions and/or limitations would remain in place pursuant to our contract with the LTD insurance carrier.

Elimination of the "evidence of insurability" requirement will allow an employee to enroll in the LTD Plan during the open enrollment period without question. However, the insurance Company will not pay benefits for any period of Disability caused or contributed to, or resulting from, a Pre-existing Condition. "A pre-existing Condition" means any Injury or Sickness, for which the Employee incurred expenses, medical treatment, care or services including diagnostic measures, took prescribed drugs or medicines, or for which a reasonable person would have consulted a Physician within 3 months before his or her most recent effective date of insurance."

In any event, the Pre-existing Condition Limitation will not apply to a period of Disability that begins after an Employee is covered for at least 12 months after his or her effective date of coverage.

13.10 SHORT TERM INCENTIVE PLAN "STIP"

Each contract year during the term of this Agreement there will be up to a 4% Short Term Incentive Pay (STIP) bonus potential. The STIP will be paid upon achievement of corporate and business unit goals as defined by the Company. The corporate and business unit goals will be identical for all employees, including MPAT, and will change each year. If the corporate financial target is not achieved in a contract year, the STIP will not be funded. The financial target is the trigger. Extraordinary events affecting performance of a goal may be considered by the CEO in determining the size and existence of the award.

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ELIGIBILITY

- Must be employed on the last day of the fiscal year
- Regular Full-Time or Part-Time Employees
- Temporary Employees are not eligible
- Employees must complete a six (6) month (and/or 1040 hours) probationary period by the last day of the year-end payroll period.

CALCULATION

- STIP will be calculated using the employee's hourly rate as of the end of the payroll year; multiplied by the actual regular/straight time hours worked, not to exceed 2080 hours. Once earned, annual award will be paid on or before April 15th for the prior years performance.

(Straight time hours x base hourly wage) x Achievement Percentage:
Achievement Percentage = STIP Opportunity of 4% x Performance Results

PRORATION

The Company will prorate the STIP for the following reasons:

- Employee retires
- Deceased
- Company initiated severance

The Company will also prorate the STIP if an employee transfers from one bargaining unit to another (i.e. from IBEW 396 to IBEW 1245, or visa versa), or from a MPAT position to a bargaining unit position or visa versa.

13.11 **JOINT BENEFITS COMMITTEE:** A joint benefits committee was established February 1, 2002 for the purpose of reviewing medical, benefits, dependent care, costs, issues and trends. Joint decisions are made on benefits programs and are binding. The Committee will consist of the Union Business Manager and four (4) Union members and at least two (2) MPAT employees designated by the Sr. Vice President of Human Resources. The Committee will be chartered to review health and welfare plans, pension and 401(k) plans during the term of this agreement.

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ARTICLE NO. 14
LEAVES OF ABSENCE

14.1 **SHORT TERM LEAVES:** Provided the needs of the Company will permit, time off without pay for any period of thirty (30) calendar days or less may be granted employees upon a written application to their department head showing good and sufficient reason for such request. This shall not be construed as a leave of absence without pay, as the term is used in this Agreement. A leave of absence without pay is defined as a period of authorized absence from service in excess of thirty (30) calendar days.

14.2 **JUSTIFICATION:** Leaves of absence shall be granted to regular employees for urgent substantial personal reasons, provided adequate arrangements could be made to take care of the employee's duties without undue interference with the normal routine of work. Leave will not be granted if the purpose for which it is requested may lead to the employee's resignation.

14.3 **DURATION:** A leave shall commence on and include the first work day on which an employee is absent and terminate with and include the work day preceding the day the employee's leave expires. The conditions under which an employee shall be restored to employment on the termination of his leave of absence shall be clearly stated by the Company on the application for leave form.

14.4 **SENIORITY:** Except as otherwise provided herein, an employee's seniority shall not accrue while on leave without pay. However, an employee's status as a regular employee shall not be impaired by a leave of absence. Any period of authorized absence without pay for thirty (30) calendar days or less shall not affect an employee's seniority status. Upon return from leave, an employee shall return to regular status.

14.5 **UNION OFFICE:** The Company shall, at the request of the Union, grant a leave of absence without pay for four (4) years or less to an employee who is appointed or elected to any office or position in the Union whose services are required by the Union. The seniority of an employee who is granted a leave of absence under the provisions of this Section shall accrue during the period of such leave. Upon mutual Agreement with the Union, the Company may extend the leave of the incumbent for additional terms up to four (4) years per request. The Company will provide medical coverage for this individual at the single coverage rate. This individual must make the established monthly employee contribution for health coverage.

In the event such employee on leave for the Union Office decides to return to work for the Company, the employee will be returned to the position and location they previously occupied. In the event any employee is displaced by such move, the Company will adhere to Article 5.4 of the Collective Bargaining Agreement. However, it is understood that Recall and Temporary Recall language shall not apply to any contract in affect as of the date of such event. The Company will still retain the right to utilize contractors without Recalling such displaced employees.

14.6 **PUBLIC OFFICE:** Employees elected or appointed to public office shall be granted a leave of absence for the duration of such appointment or election. Such absence shall not affect accrual rates for seniority purposes; however, sick leave and vacation shall not accrue during this period and group medical benefits shall be paid by the employee at the Company's current premium rate.

14.7 **MILITARY LEAVE:** A leave of absence shall be granted to employees who enter the armed forces of the United States; however, any such leave of absence and the reinstatement of any such employee shall be subject to the terms of the Selective Training and Service Act of 1940, as amended. Employees who are members of the armed services who are drafted and are called to active duty shall accrue Company seniority while they are absent on military duty.

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A regular employee, or a temporary employee who has worked more than one thousand forty (1040) straight time hours, who is a member of the armed forces reserve units, or the National Guard, and who is required to attend annual training sessions, will be granted a leave of absence for the duration of such assignment. In addition, the Company will pay such employee the amount, if any, by which the remuneration received from the government is less than the base straight time earnings the employee would have received for the same period, not to exceed eighty (80) hours in a calendar year. Such items as subsistence, travel, uniform and other allowances will not be included in computing the remuneration received from the government. The Company will require satisfactory evidence of attendance and remuneration received.

14.8 **FAILURE TO RETURN FROM LEAVE:** If employees fail to return immediately on the expiration of their leave of absence, or if they accept other employment while on leave, they shall forfeit the leave of absence and terminate their employment with the Company.

14.9 **FUNERAL LEAVE:** A regular employee, who has worked more than one thousand forty (1040) straight time hours, who is absent from duty due to a death in the employee's immediate family will be excused without loss of regular pay for the time required not to exceed forty (40) hours for making funeral arrangements and attending the funeral, provided the employee attends the funeral, furnishes a death certificate to the payroll department within thirty (30) calendar days. Additional time may be taken to insure four (4) working days off; any hours in excess of forty (40) hours can be taken as vacation or personal time off without pay. Immediate family shall mean the employee's grandparents, mother, father, stepmother, stepfather, brother, sister, spouse's grandparents, spouse's parents, spouse's children, spouse, son, daughter, or grandchildren, daughter-in-law, son-in-law, brother-in-law and sister-in-law.

The Company recognizes that there may be instances where the loss of a family member other than those cited in this article causes the same amount of hardship on the employee. As such, subject to the approval of an HR Representative; funeral leave may be granted for family members not listed in this article. When deciding whether to grant the leave; the HR Representative will conduct an analysis with a presumption that the leave is warranted.

Furthermore, this does not forego the responsibility for the employee to adhere to the attendance policy. The employee must notify the immediate supervisor and subsequently contact an HR Representative for approval.

In addition, the Union and Company agree after a complete and thorough investigation, any employee found to have manipulated this article for other than what it is intended for will be disciplined up to and including termination.

14.10 **JURY DUTY:** When regular employees, or temporary employees who have worked more than one thousand forty (1040) straight time hours, are absent from work in order to serve as a juror or to report to the court in person in response to a jury duty summons or to report for jury examination, they shall be granted pay for those hours spent in such service during their regular work day or regular work week. Employees shall furnish the Company with a statement from an officer of the court setting forth the time and days on which they reported for jury duty and their compensation due or received for+ jury duty.

14.11 **SUBPOENA:** If employees are absent from work, in order to serve as a witness in a case in a court of law to which they are not a party, either directly or as a member of a class action suit, and where such absence is in response to a legally valid subpoena or its equivalent, the employee shall be granted leave with pay for those hours for which the employee is absent from work during the employee's regularly scheduled working hours, provided the employee submits evidence of such service as a witness, detailing the time required to testify.

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14.12 **FAMILY LEAVE:** Employees who are eligible for benefits but have less than one (1) year of service with the Company are entitled to forty-five (45) calendar days of unpaid family leave to use for the birth or adoption of a child. Vacation pay may be used for a portion of this leave of absence but will not extend the leave to more than forty-five (45) calendar days.

14.13 **FAMILY AND MEDICAL LEAVE:** Employees who are eligible for benefits and have one (1) year or more of Company service may be entitled to twelve (12) weeks of unpaid leave in accordance with the Federal Family and Medical Leave Act (FMLA) of 1993.

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ARTICLE NO. 15
GENERAL PROVISIONS

15.1 **SUPERVISORY RESPONSIBILITIES IN EMERGENCY CONDITIONS:** It is the intention of the Company that supervisors shall generally confine their activities to the supervision of the work or operations being performed. In certain instances, should emergency conditions arise, it may be necessary for them to perform those tasks normally assigned to bargaining unit employees. Under ordinary circumstances, such instances will very rarely occur, but since the safety of personnel or Company property may be in jeopardy, it must remain management's prerogative to determine when conditions require the actions described above. In the same manner it is the intention of management that the "chain of command" be adhered to, by both supervisors and bargaining unit employees. However, in the case of emergencies, there will be occasions when it may be necessary for a senior supervisor to bypass normal chain of command in order to prevent difficulties. Common sense and good judgment must be exercised in applying these paragraphs.

For Facilities classifications only: Intended to expand Article 15.1. Due to the inherent nature of the facilities department, Management will have increased flexibility to provide necessary support and assistance without violating terms of this agreement. This flexibility is not intended to replace bargaining unit employees.

15.2 **NEW CLASSIFICATIONS/WAGES:** Any new rate covering work normally performed by employees within the bargaining unit shall first be discussed with the Union and the rate established for such work shall be that mutually agreeable to both parties. When advances in technology or other changes that materially affect job duties and responsibilities, the Union and the Company will agree to revise job descriptions as needed.

15.3 **REMOVING LETTERS OF DISCIPLINE:** Any employee, who receives a written letter of reprimand which is a part of the personnel file maintained in the Company's HR office, may, after three (3) years from the date of such letter, request in writing to have the letter removed. Upon such written request, the Company shall remove the letter and return it to the employee. If the behavior that warranted the letter has changed or been corrected, the employee's current supervisor can remove the letter from the employee's personnel file by documenting this change in behavior and providing written authorization to HR. Letters of reprimand older than three (3) years will not be considered for purposes of placement, promotion or discipline. Situations that require a review of an employee file will also prompt the Company to remove any letters of reprimand three (3) years or older.

15.4 **FACILITIES:** The Company will provide on its premises clean, sanitary and reasonably comfortable rest and wash rooms, including first aid cots for female employees, together with a proper place for storing lunches carried by employees, and reasonably safeguarding employee's out-of-door clothing and necessary personal effects on the Company's property during the time employees are on duty. The Union agrees to cooperate with the Company in the maintenance of these facilities.

15.5 **FAMILY ISSUES:** The Company and the Union recognize that work/family issues will continue to be at the forefront of workplace activities. As such, the Company and the Union have agreed to address the issues of job sharing, telecommuting and other alternative work schedules or programs which allow both the Company and employee maximum flexibility without jeopardizing customer service. These issues will be addressed through labor/management meetings and may be initiated on a case-by-case basis.

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15.6 **LABOR / MANAGEMENT MEETINGS:** The Company and the Union agree to hold periodic meetings to discuss matters, which are covered by the Agreement. These meetings will be held on Company premises during work hours and shall be held as needed, with thirty (30) calendar days notification from either the Company or the Union. The number of employee attendees who are covered by the Agreement shall be limited to the stewards and other employees reporting to the Company premises designated as the site of a particular meeting. Both the Company and Union recognize the value in formally convening to discuss issues that affect departmental policies, procedures, and collective bargaining provisions. The Company and Union agreed to continue holding departmental labor/management meetings as a forum to clarify; address interests, and problem-solve solutions that mutually benefit all employees. The Company recognizes the value of participation and input from all its employees and the Union's facilitation of this process is critical to our mutual success.

15.7 **INCENTIVE PROGRAMS**: The Company and the Union agree to discuss all incentive programs which are an addition to base wages.

15.8 **PROJECT TEAMS / COMMITTEES:** The prevalence of project teams/committees that require the specific skills and abilities possessed by employees in bargaining unit jobs is increasing each day. The Company acknowledges that it must obtain agreement from the Union before assigning bargaining unit employees to any project teams/committees which are outside of the employee's regular duties, particularly when the project team/committee's task could affect the working conditions of employees represented by the Union. Any such assignment shall be staffed from qualified volunteers on a project by project rotating basis. The Company further agrees to notify the Union when assigning an individual bargaining unit employee to a special project which may last longer than 1040 hours. In addition, team member(s)' wages and/or benefits are expected to be only those described in the current CBA. If the Company wishes to extend additional incentives/bonuses to bargaining unit employees on the team/committee, the Company will negotiate with the Union before extending any such offers to bargaining unit employee(s).

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ARTICLE NO. 16
WORKING RULES

16.4 **APPRENTICE PROGRAM (Applicable only in T&D and Generation):** The NV Energy Apprenticeship Training Program, revision I, dated December 20, 1982, shall be incorporated by reference into this Agreement and any modifications or amendments must be handled in accordance with Article 17 (TERM OF AGREEMENT)

Joint Apprenticeship Training Programs shall be established by the Company and the Union, registered with the Nevada State Apprenticeship Council and shall be administered in accordance with the standards set by the Nevada State Apprenticeship Council. The programs which are to be included in the training programs require the recommendation of the applicable Joint Apprenticeship Committee(s) and approval and acceptance by the President of the Company, and the Business Manager of the Union.

Joint Apprenticeship Training Committee: Each Joint Apprenticeship Committee shall be comprised of an equal number of members appointed by the Company and the Union, the apprentice trainer present as a neutral, and an apprentice training supervisor appointed by the Company who will serve as Chairman of the Committees to develop, coordinate and administer the programs. The Joint Apprenticeship Committees shall have the responsibility for investigating problems of apprenticeship training such as standards of progress, methods of testing and scoring progress of apprentices and procedures for demotion or termination when apprentices fail to meet established standards or requirements. Any motions made by one side must be seconded by the other side; all motions shall be by majority vote.

The Committee members appointed by the Union shall receive their rate of pay for actual time spent in the Joint Apprenticeship Committee meetings called by the Chairman.

Part of the Apprenticeship curriculum shall be the history of the IBEW, not to exceed ten (10) class hours per apprenticeship. The Union will be responsible for supplying the Company with all necessary training materials.

APPRENTICE/JOURNEYMAN RATIO: The ratio of apprentices to Journeymen shall not exceed one to three (1:3) or a major fraction thereof. The work performed by apprentices shall be assigned and reviewed by the appropriate working foreman or designated Journeyman, subject to the approval of the appropriate supervisor.

FIRST YEAR APPRENTICE: An apprentice who has been in the apprenticeship for a period of less than twelve (12) months shall not be assigned any work which, in the opinion of the immediate supervisor, is hazardous.

TWENTY-FOUR (24) MONTH APPRENTICE: Any apprentice who has been in the apprenticeship for a period of less than twenty-four (24) months, shall not work on conductors energized in excess of seven hundred fifty volts (750). After that period, and after successful completion of Hotstick School, the apprentice may work under the direct supervision of a Journeyman on all voltages, which, in the opinion of the immediate supervisor, would not create an undue hazard at that stage of the training.

APPRENTICE LINEMAN: An apprentice lineman who has completed at least twenty four (24) months as an apprentice with the Company may be used to install and maintain private area lighting on existing poles and will be assisted by a groundman for this work, contrary to language elsewhere in this Agreement. Private area lighting, which requires the excavation for an installation of a pole, shall be accomplished by a special line crew. The assignment of any apprentice to the private area lighting program shall be on a non-permanent basis and rotated in accordance with the apprentice program.

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16.6 **TOOLS, EQUIPMENT AND WORK CLOTHES (Applicable only in T&D and Generation):** An employee shall initially furnish hand tools which are reasonable and acceptable to the Company and necessary for the work to be performed. The Company will furnish all protective equipment including but not limited to, FR clothing, leather gloves, hard hats, safety glasses, safety shields, and any other tools or clothing required by OSHA, at no cost to the employee.

The Company will provide a safe and dry place for the storage of employees' tools. (Safe and dry means a storage box that can be locked.) The employee shall be responsible for the above listed tools and must ensure that they have been securely stored at all times. Properly secured tools that are stolen shall be replaced promptly by the Company. Tools that are worn out or destroyed in the normal and proper operation of that tool will be repaired or replaced by the Company.

16.7 **WELDING REQUIREMENTS (Applicable only in T&D and Generation):** When an employee performs welding work above ground floor or around energized electrical apparatus, there shall be a qualified observer present**.**

16.9 **TEMPORARY APPOINTMENTS:** Wherever a vacancy occurs in any job classification, the Company may temporarily fill such vacancy by appointment for a maximum of forty-five (45) calendar days. Upon notification, that such appointment will last longer than forty-five (45) calendar days, the Company will fill the position with the qualified senior volunteer.

After sixty-five (65) weeks from the date of the original vacancy, temporary appointments will be filled following provisions of Article 7.3 Staffing Vacancies.

This article is not meant to circumvent normal staffing guidelines.

When an employee relieves an employee of a higher classification for time worked, the employee shall receive the rate of pay for the higher classification for the time worked in the higher classification.

Represented Employees shall receive a 10% pay increase when temporarily appointed to the General Foreman classification.

It is understood that an employee temporarily appointed to the Lead Lineman classification in "Transmission and Distribution – Lines Department" must abide by these additional restrictions:

- Only work extension of shift
- Only accept trouble calls up to one (1) hour prior to end of shift
- No other overtime is permitted unless no other foreman is available for such overtime

The following restrictions will only apply if the Company has twenty-four (24) hour coverage or more than two (2) shifts in any combination, or the Company eliminates overtime and reduces schedules to only straight-time coverage. (i.e. no extension of shift):

An employee will not be temporarily appointed to a higher classification when employees of that classification who normally report for work at the same location are able and available to do the work for which the temporary appointment is intended.

If a shift employee, for reasons other than a scheduled vacation, is unable to report to work, an employee (who is on the designated days off) from the same classification, including relief employees in that classification, who normally reports for work at the same location will be called by telephone to cover the vacant shift. If an employee, who is on the designated days off, holding the same classification who normally reports for work at the same location is not available, the employee of the same classification who normally reports for work at the same location on the previous shift will work half of the vacant shift and the employee of the same classification who normally reports for work at the same location on the shift following the vacant shift will work the remaining half of the vacant shift. If for any reason these arrangements cannot be made, the Company may temporarily appoint an employee to cover the vacant shift.

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The Company may temporarily appoint a shift employee for scheduled vacations, provided that all overtime involved from such temporary appointment be worked by an employee holding the classification who normally reports for work at the same location from which the vacation was granted.

It is understood that if the relief operator in Generation is available, that operator may be used to relieve as described under "Exhibit I (CLASSIFICATION DESCRIPTIONS)".

GENERAL FOREMAN WORKING (TEMPORARY APPOINTMENT ONLY)
An employee assigned on a temporary basis at the Company's discretion, to assume a leadership role under any combination of the following circumstances:

- On special projects when required to direct crew operations and coordinate all aspects of construction, maintenance and repair of company facilities. Will aid in the design of facilities and also participate in the planning stages of such projects,
- Replace a supervisor who will be absent from their duties.
- When directing the work of other foremen and their crews (foreman over foreman),
- Assume other duties as deemed appropriate by management except for the following:

1. time sheet approval
2. vacation approval
3. completing performance appraisals (may give input)
4. approving meal tickets and credit card receipts
5. approving accounts payable items
6. scheduling of overtime
7. any function that may lead to discipline

16.10 **REQUIRED LICENSES, PERMITS, CDLs (Applicable only in T&D and Generation):** Employees required to operate any motorized vehicle or equipment on public roadways in the normal course of employment shall be required to possess and maintain all licenses and permits required by state and/or federal laws. The Company will provide suitable training to all employees required to operate equipment or vehicles where a commercial drivers license (CDL) is required and shall issue a certificate upon satisfactory completion of the driver training and testing program. Employees who by their regular work assignments, may be required, as a condition of employment and Nevada Revised Statue, to maintain an active commercial drivers license (CDL), shall be provided reasonable time with pay during their regular working hours, to obtain or renew such licenses provided such activities are not a result of the employees violation of any state or federal law or public policy.

16.11 **VESSEL CONDITIONS (Applicable only in T&D and Generation):** Employees entering vessels/compartments will comply with OSHA standards addressing temperature and duration of exposure.

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ARTICLE NO. 17
TERM OF AGREEMENT

17.1 **DURATION:** This Agreement shall take effect on February 1, 2008, and shall continue in effect for the term February 1, 2008 to February 1, 2011, and shall continue in full force and effect from year to year thereafter unless written notice of termination shall be given by either party to the other at least sixty (60) calendar days prior to the end of the then current term.

17.2 **AMENDMENTS:** If either party desires to amend this Agreement, it shall give notice thereof to the other party at least sixty (60) calendar days but not more than seventy (70) calendar days, prior to the end of the then current term, and the party desiring to amend or revise this Agreement shall submit to the party so notified a detailed outline of the Articles and Sections to be amended or revised at the time the notice is given, except and unless otherwise mutually agreed to by the parties during this period of notice defined herein. Negotiations on the amendments or revisions shall take place, so far as possible, in the sixty (60) calendar day period prior to the end of the then current term. Failure of the parties to agree on such proposed amendment or revision shall not cause termination of this Agreement unless either party has given notice of termination as provided in Article 17.1 above.

17.3 **PROVISIONS IN CONFLICT WITH THE LAW:** In the event that any provision of this Agreement shall at any time be made invalid by applicable legislation, or be declared invalid by any court of competent jurisdiction, such action shall not invalidate the entire Agreement, it being the express intention of the parties that all other provisions not made invalid shall remain in full force and effect.

17.4 **CHANGE IN COMPANY STATUS:** This Agreement shall be binding upon the successors and assigns of the Company, and no provisions, terms or obligations herein contained shall be affected, modified, altered or changed in any respect whatsoever by the consolidation, bankruptcy, merger, sale, transfer, reorganization or assignment of the Company, or by any change in the legal status, ownership or management thereof.

17.5 **EFFECTIVE DATE OF AGREEMENT:** It is mutually agreed by and between the parties signatory hereto that the Agreement dated February 1, 2005 is superseded by this Agreement dated as of February 1, 2008 except as otherwise expressly provided herein, the provisions of this Agreement shall be effective February 1, 2008.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on February 1, 2008.

____

Paul Kaleta
Corporate Sr. Vice President & General Counsel
NV Energy

____________ _________________________

Charles W. Randall
Business Manager/Financial Secretary
IBEW Local 396

NEGOTIATING COMMITTEE

NV Energy	**IBEW Local 396**
Steven T. Rodzos	Charles W. Randall
Dariusz Rekowski	Jesse Newman
Mike Zaccagnino	Jeremy (Frog) Newman
Schad Koon	Ronnie Hives
John West	Casey Wills
Tim Coughlin	Marc Orr
Bob Connolly	Shannon Skinner
Tish Sullivan	Catherine Hildreth
Michael Lenear-Liston	Karl McGlothin
Lourdes Martin	Denise Nishimura
	Bill McKendry

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EXHIBIT III
International Brotherhood of Electrical Workers
Local Union No. 396

CHECK OFF AUTHORIZATION

I, ____, herewith authorize
(print name) (employee no.)
NV Energy to deduct initiation and/or reinstatement fees and monthly dues owing to the International Brotherhood of Electrical Workers Local 396, in accordance with the Constitution and By-Laws of the Union, and direct such amounts so deducted be sent to the Secretary-Treasurer of the Union for and on my behalf.

When the full amount of the initiation or reinstatement fee has been withheld from my earnings, such authorization for deduction of initiation or reinstatement fee only shall be null and void, and shall thereafter have no further force or effect.

This agreement between the Union and I shall be in effect from year to year unless I give written notice to the Union of my desire to terminate my membership with the Union. The Union will notify the Company on a biweekly basis if necessary of those employees who wish to revoke this deduction; such deductions will cease in the pay period following receipt of such notice from the Union.

It is recognized that neither the Company nor the Union shall be under any liability to me, the undersigned, with respect to the deductions provided herein.

Signed ____

Date ____

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EXHIBIT IV
TEMPORARY LAYOFF PROVISIONS

The following provisions shall apply relative to a temporary layoff, as referenced in Article 5.4 (LAYOFF PROVISIONS):

NOTIFICATION: Should the Company initiate a temporary layoff, affected employees shall be notified in writing as soon as possible, and will have three (3) business days to indicate their interest for consideration in the layoff.

ELIGIBILITY: Temporary layoffs, out of line of seniority, shall be strictly voluntary. If there are more volunteers than needed within a classification, selection shall be determined by highest Company seniority of the interested employees. If there are no volunteers, the Company shall explore other alternatives that may satisfy the temporary layoff situation.

TIME FRAME: A temporary layoff shall be for the stated time period or less, as indicated in writing at the time of notification. If, during the temporary layoff, the Company recognizes that the layoff may extend beyond the original time frame, employees in layoff status shall be given the option to extend or return to work. If the temporary layoff ends before the stated time frame, employees will be notified immediately, and expected to return to work the next day unless the Company approves other arrangements.

PAY: Employees shall be paid approximately 70% of their current income, which includes income received from unemployment compensation as a result of the layoff. The following formula shall be used to calculate an employee's gross wages while on temporary layoff:

Base rate x 40 Hrs. x 70% - Unemployment Income = Weekly Gross Wages

For the purpose of this calculation, the unemployment compensation amount will be subtracted to arrive at gross wages even if the employee does not receive this benefit. The exception to this provision will be for the first week of the temporary layoff, when employees will be required to serve a waiting week for unemployment compensation. For this initial week, employees will be paid 70% of their base rate.

VACATION: No adjustment to vacation accrual shall be made during the first sixty (60) calendar days of a temporary layoff. However, once the sixty (60) calendar days period has elapsed, an employee's vacation accrual shall be adjusted and treated as any other leave, as outlined in Article 11.4 (VACATION ADJUSTMENTS). Employees in layoff status and unable to use their vacation allotment for that year, the unused vacation shall be automatically carried over to the next year.

SICK LEAVE: Employees shall continue to accrue sick leave monthly, as if they were working. However, employees will not be eligible to use sick leave or short-term disability during the period for which they are on temporary layoff.

HOLIDAYS: Employees shall not be entitled to holiday pay while on temporary layoff. The only situation that would warrant holiday pay is if they began or were recalled from temporary layoff during the week of a holiday.

Example:

If the temporary layoff begins on Tuesday of a week with a Monday holiday, the employee would receive holiday pay for that day.

These provisions do not apply to the floating holiday, as the employee would be allowed to reschedule the day at a future time. If as a result of a temporary layoff an employee is unable to schedule their floating holiday, they will be allowed to carry this holiday into the following year.

SENIORITY: An employee's seniority shall continue to accrue during the period of layoff.

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BENEFITS: An employee's benefits shall remain the same during the period of layoff. Employee's monthly contribution will be deducted from these bi-weekly checks.

PROMOTIONAL OPPORTUNITIES: Employees shall be eligible to indicate their interest in promotional opportunities that may arise during the period of layoff. However, they must individually assume the responsibility of meeting appropriate deadlines for consideration. Any employee awarded a promotion or transfer while on temporary layoff, will be returned to work immediately.

RECALL: Should the Company need to recall employees in a specific classification prior to the previously stated date; employees shall be recalled by Company seniority on a volunteer basis. If there are no volunteers to return, inverse seniority will be used to satisfy these requirements. Any issues delaying an employee's return to work will be addressed on an individual basis. However, the monetary benefits associated with a temporary layoff will end on the date of recall.

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CLERICAL
ARTICLE NO. 4
UNION ACTIVITY

4.3 CONTRACTING WORK:

In case the Company should contract any type of work customarily performed by bargaining unit employees, the Company shall, before awarding such contract, advise the contractor that the work is to be done under not less than the terms and conditions pertaining to hours and wages set forth in this Agreement. Upon award of such contract, the Company shall notify the Union in writing within thirty (30) calendar days of any and all contracts awarded of such contractor and the nature of the work being performed.

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CLERICAL
ARTICLE NO. 5
STATUS DESIGNATION

5.1 **PART-TIME:** A part-time employee is one who is hired for a job that is of indefinite duration and whose regular work schedule is not more than thirty (30) hours per week. The number of part-time employees shall not exceed the rate of one (1) part-time employee to five (5) regular employees (1:5) within the same classification. A part-time employee shall not displace any regular employee covered under the terms of this Agreement and shall be limited to non-field type activities.

If a part-time employee is offered and accepts a regular position, the employees part-time hire date will be used for purposes of seniority and all other benefits.

Benefits for Part-Time Employees:
To participate in the benefits programs, employees must work a minimum of twenty (20) hours per week. The benefits stated below will have the appropriate premium allocation between Company and the employee and eligibility will begin the first of the month following the date of hire.

- Medical, Dental, Vision, and Prescription Drug Program
- LTD
- 401(k)
- Basic Life
- Basic Accidental Death & Dismemberment (AD&D)
- Business Travel Accident
- Pension (see Article 13.1 ELIGIBILITY)
- Dependent Care Flexible Spending Account (DCFSA)
- Health Care Flexible Spending Account (HCFSA)
- Supplemental Life

All benefits for which part-time employees may be eligible are set forth in this article.

Part-time employees monthly premium for the Medical, Dental, Vision and Prescription Drug Programs will be calculated according to the amount of hours worked and based on the following formula.

1. Twenty (20) hours per week = one-half (1/2) time
2. More than twenty (20) but less than thirty-one (31) hours per week = three-quarter (3/4) time.

Part-time employees who work twenty (20) hours per week will pay 150% of the monthly healthcare premiums.

Part-time employees who work more than twenty (20) hours per week but less than thirty-one (31) hours per week will pay 125% of the monthly healthcare premiums.

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The following language covers Clerical, Part-Time employees:

- At least two (2) days off shall be consecutive during the workweek; however, the days off may not be Saturday and Sunday. (Ex: The employee's day off may be Wednesday and Thursday).
- At least two (2) hours in any one-day shall constitute the workday.
- Shift differential will apply as usual.
- Bilingual pay will apply at $15.00 per pay period.
- Full-time employees will be called out first. During emergency situations, full-time employees may not be called-out first in the interest of coverage.
- At least twenty-four (24) hour notice will be given for change in work schedule.
- All language relative to meals in Article 6 would apply after completing eight (8) hours of continuous work.
- For the purpose of processing step increases, 1040 hours worked will be considered equivalent to "six months," as stated in Exhibit II, Schedule of Wage Rates.
- If scheduled to work more than thirty (30) hours per week, except if the hours worked in excess of thirty (30) hours are due to classroom training will receive overtime at Time and a Half (1 1/2).

Employees who are in classroom training may work up to forty (40) hours per week without incurring overtime pay.

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CLERICAL
ARTICLE NO. 6
WORKING HOURS AND RATES OF PAY

6.1 DEFINITIONS:

SHIFT: Hours of work.

SCHEDULE: Days and hours of work.

WORK DAY: Eight (8) hours in any one (1) day shall constitute the work day; however the Company and Union may enter into Agreements which establish alternative work schedules involving work days which have more than eight hours.

WORK WEEK: Except as provided for part-time employees, the basic work week shall consist of five (5) consecutive work days, regularly scheduled between the hours of 12:01 am, Monday, and 12:00 midnight, Sunday, provided that no employee shall be assigned, as part of a regular work schedule, to work on Saturday or Sunday, unless such employee voluntarily requests to work such schedule, or is hired or has requested reclassification for such purpose, and provided further, that employees in the Field Service Representative and Service Dispatcher classifications may be required, as part of their regular work schedule, to work on Saturday. The basic workweek of regular day-shift employees shall be from Monday through Friday and reflect a schedule of forty (40) hours of straight-time work.

REGULAR DAYS OFF: Days off shall be consecutive, however, they may not be within the basic work week.

REGULAR DAY-SHIFT EMPLOYEES: Regular day shift employees are those employees who are assigned to shifts, which are established on a Monday through Friday schedule and work a shift, which begins between the hours of 7:00am and 11:59am. When mutually agreed to by the Union and Company, the day shift starting time may be scheduled as early as 6:00am to take advantage of daylight hours. Leads classified in the Field Service and/or Meter Reading department(s) may be scheduled as early as 5:00am.

SHIFT EMPLOYEES: Shift employees are all employees not defined as regular day-shift employees.

SHIFT DIFFERENTIAL: An incremental increase for working on a second or third shift.

SHIFT DESIGNATIONS: No shift periods shall start between the hours of 12:01am and 5:59am, unless mutually agreed to by Memorandum of Understanding between the Company and the Union. The following designations shall apply:

FIRST SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 6:00a.m., or thereafter but before 12:00 noon shall be designated as first shifts.

SECOND SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 12:00 noon or thereafter but before 8:00 p.m., shall be designated as second shifts.

THIRD SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 8:00 p.m., or thereafter but before 12:01a.m., shall be designated as third shifts.

6.3 OVERTIME: In computing overtime, intermission taken out for meals served other than on the job shall be deducted, and any holiday or vacation paid in that pay period will be considered as time worked.

NO PYRAMIDING OF OVERTIME: The employee will only be entitled to the highest single premium rate applicable to the work assigned by the CBA. There will be no pyramiding of overtime.

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TIME AND A HALF: Except as otherwise provided in this Article, the following situations shall require payment at one and one-half (1-1/2) times the regular established wage rate:

- Time worked in excess of eight (8) hours per day.
- Time worked in excess of any five (5) scheduled workdays.
- Work scheduled in the three (3) hours immediately preceding the normal starting time.
- Employees scheduled to work on an observed holiday.

DOUBLE TIME: Except as otherwise provided in this Article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees who are scheduled to work within the first five (5) hours of the eight (8) hour period immediately preceding the normal starting time regardless of the day of the week.
- Employees who work on the second day of a two-day off period with an overtime minimum.

6.5 **OVERTIME EQUALIZATION:** The Company will endeavor to distribute overtime work as evenly as possible among those employees qualified and desiring such work. Each department will create policies and procedures for overtime equalization through labor/management meetings. For purposes of distributing overtime, the Company will maintain and post overtime lists in each major sub-department office indicating time offered, time worked and other information for inspection by the employees and the Union.

6.6 **BI-LINGUAL REPRESENTATIVES:** Employees in Customer Service who are designated as bi-lingual representatives shall be paid a thirty-dollar ($30) bonus on a bi-weekly basis. This bonus will be paid when the employee uses sick leave or vacation, but will not be paid when the employee is on disability or using Workers Compensation. New hires will be offered bilingual positions with the understanding that they must pass the bilingual exam during the probationary period. If they do not pass the bilingual exam they will be terminated before the completion of the probationary period. Once employees are certified bilingual employees, they are not allowed to decertify and must remain in the bilingual shifts offered in Customer Service. Existing Customer Service employees may decertify bilingual status before the start of the next shift bid. Employees must wait a year to be certified again and held to this new agreement. Any new existing Customer Service employee that wants to become a certified bilingual employee will be held to this new agreement.

6.8 **CALL-OUTS:**

TWO HOUR MINIMUM: Employees called out for overtime duty shall receive at least two (2) hours pay. Employees called out who work into their regular shift shall be paid the appropriate overtime premium for at least two (2) hours and straight time for the remainder of the shift. The two (2) hour call-out minimum applies but does not change the normal starting time.

Example:

An employee who is called out one (1) hour before the shift would be paid two (2) hours of double time and seven hours of straight time.

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6.10 REQUIRED NOTICE FOR OVERTIME:

SCHEDULED OVERTIME: In scheduling overtime work, a minimum of fourteen (14) hours notice is required, prior to the start of any overtime for a particular day, and before leaving the work site on a regular work day. Without this notice, such work will be considered as a call-out. It is understood that overtime, when worked as an extension of a regular shift, does not require such notification.

Example:

An employee assigned to a 7:00 am to 3:30 pm shift and held over for overtime and is notified to work the next day (his/her day off) at 7:00 am. If notification is given in the first two (2) hours of held over overtime, this overtime is considered scheduled.

CANCELING OVERTIME: A minimum of twelve (12) hours notice is required on canceling pre-scheduled overtime. When customer arrangements are involved, the Company must provide twelve (12) hours notice prior to the employee's next normal starting time. When such notice of cancellation of pre-scheduled overtime work is not given in accordance with the above, employees involved will be paid for two (2) hours at established overtime rates if they report and are retained for work. When such notice of cancellation is not given in accordance with the above, but employees are later notified of work cancellation, they will be paid for two (2) hours at established overtime rates. If they report and are not retained for work, they shall receive pay for two (2) hours at established overtime rates

6.14 VEHICLE USAGE: No employee shall be required to operate a personal vehicle in the course of employment as a condition of employment. Employees shall be required to obtain a Nevada driver's license whenever operation of a Company provided vehicle is a requirement of the job.

Employee's who are authorized to use personal vehicles in the course of their employment shall be compensated for use of the vehicle at a rate equal to the Internal Revenue Service (IRS) maximum mileage expense.

Example #1:

If employees are assigned to work at an office other than their normal base reporting point, after they have already reported for work at their normal base reporting point, and no Company vehicle is available, they shall be compensated for use of their vehicles for the actual miles traveled from office-to-office as designated on the chart attached at the rate equal to the Internal Revenue Service (IRS) maximum mileage expense. If they return home directly from that office, they shall not be compensated for the miles traveled from the office to their home.

Example #2:

If employees report for work at an office other than their normal base reporting point directly from home, they shall not be compensated for the miles traveled from their home to the office nor from the office to their home. Only those miles traveled from office-to-office are eligible for compensation.

Any employee who is authorized the use of a private vehicle during the course of his or her employment shall be provided liability protection under the terms of the public liability and property damage insurance policy maintained by the Company as if the employee were operating a Company-owned vehicle except that if the laws of the State of Nevada establish that the personal insurance policy of the employee shall be the primary insurance, then such consideration shall be first applied. In the event of an accident involving an uninsured motorist where damages to the employee's private vehicle are not recoverable from the responsible party, then costs of repairing such damage shall be reimbursed by the Company.

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Mileage Chart:

	CLK	DI	HCUST	HSVC	IND	LGHLN	N LV	PRSN	RG	RYAN	SPRNG	SNRIS	S SVC CTR
CLARK	0	5	7	5	13		13	14	64	19	14	6	12
DESERT INN	5	0	14	16	6		9	6	59	14	9	4	11
HEND CUST	7	14	0	2	14		22	22	71	23	20	13	16
HEND SVC	5	16	2	0	12		20	20	69	21	18	11	15
INDUST RD	13	6	14	12	0		10	4	54	9	6	7	8
LAUGHLIN						0		107					97
NLV	13	9	22	20	10		0	10	51	6	11	9	13
PEARSON	14	6	22	20	4	107	10	0	58	13	3	12	7
RG PLANT	64	59	71	69	54		51	58	0	45	58	58	52
RYAN SVC	19	14	23	21	9		6	13	45	0	17	13	16
SV SVC	14	9	20	18	6		11	3	58	17	0	13	6
SUNRISE	6	4	13	11	7		9	12	58	13	13	0	16
S. SVC CTR	12	11	16	15	8	97	13	7	52	16	6	16	0

6.15 **REQUIRED NOTICE:** The Company will provide two (2) days notice when an employee is assigned to work in an office other than the employee's base reporting point. If the Company does not provide two (2) days notice, the employee shall be paid one (1) hour at time and one-half (1-1/2) for each day until the two (2) day notice period has been satisfied.

6.16 **REPORTING LOCATION:** Employees in the bargaining unit shall report for work at regularly established Company headquarters, shall travel from job to job and between job and headquarters on Company time and shall return to the regularly established Company headquarters at the conclusion of the day's work. The Company retains the right to assign and/or reassign the employees to reporting locations.

6.18 **SHIFT BID POLICY**

Semi-Annual Application Process

Full-time regular and part time (not temporary) employees in the Call Center and Commercial Offices will have the opportunity to complete a Shift/Location Preference Application form on a semi-annual basis, during the months of April and October. These requests will be valid for the six (6) month period following the month in which the application is filed. Shift/location changes will be made on the basis of Company seniority between employees in the same classification; Lead Person, CSR provided that the employees are capable of interchanging while ensuring full protection of operational efficiencies under all circumstances and conditions. The Shift Bid committee shall consist of Union Stewards and Team Leaders. There shall be at least three (3) meetings, which consist of: preparation meeting, selection meeting and post meeting.

Filling Vacancies

When a vacancy occurs, by reason of an increase or decrease in manpower requirements due to a transfer, promotion, or termination, preference will be given to the applicant with the longest Company seniority who has made application in accordance with the above provisions. The vacant shift, which is created by moving the successful applicant, will be available for consideration only to employees at that location. A newly hired employee will fill the final vacancy, created by any subsequent moves.

Due to the requirements of efficient operations, there may be circumstances where the senior applicant cannot be accommodated and must remain on his/her shift/location or be reassigned to a less desirable schedule. In each such instance, a meeting will be held with the applicant, a steward if requested, the supervisor, the appropriate HR Partner and representative(s) of the Union to discuss the need for such an assignment. This meeting will detail the Company's concerns and describe a plan of action to correct the situation. The Company will identify the timeframe the employee will be required to remain on this less desirable schedule. If the above stated timeframe is to exceed six (6) months, a formal hearing will be conducted to review and discuss related issues. Employees transferred to another shift/location due to a reduction in departmental requirements may make location preference within one (1) calendar week of the beginning of this new assignment and such request will be considered timely until the next application period.

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Probationary Employees
Probationary employees will be assigned to shifts/locations for a minimum of six (6) months, and will not have access to shift/location change provisions until the six (6) month period has been satisfied and then only at the next application period or if a vacancy occurs before the next application period, however their shift is assigned based on classification seniority.

Newly Assigned Employees: Employees entering a new classification will be assigned to shifts/locations until such time that the supervisor determines that they have completed all of the necessary training, at which time they will be assigned according to seniority in their classification to a vacant shift/location. They will then have access to the shift/location change provisions at the next application period or if a vacancy occurs before the next application period. They may make application for shift/location preference within one (1) calendar week of the time that their training is completed and such request will be considered timely until the next application period.

Temporary and Part-Time Employees: Temporary and part-time employees will not have access to shift/location change provisions until they assume regular status crediting actual time worked for purposes of this Agreement. These employees will be eligible for consideration during the next application period. However shifts are assigned based on classification seniority for part time employees only.

Hardship Requests: It is recognized that, under certain circumstances such as serious home conditions or ill health, it may become necessary for an employee to request a temporary shift/location change. Such request shall be made in writing to the supervisor, stating the reason for the request and the length of time for which the change is desired. Consideration will be given on a case-by-case basis according to the merits of such requests; and wherever practical, deserving applicants will be temporarily transferred for a specific period as follows:

Any vacancy in the employee's classification on the desired shift/location. If no vacancy exists, the senior applicant for the shift to which the hardship employee is currently assigned will be offered the opportunity to exchange schedules for the duration of the hardship. If there are no applicants, another employee may voluntarily exchange schedules with the hardship applicant for the requested length of time, if the exchange is practicable under all circumstances. In the event there are no volunteers to exchange schedules with the hardship applicant, the supervisor, a Labor Relations Consultant and the Union Business Manager will discuss the merits of such requests for possible resolution.

Vacation: The Company recognizes its obligation in accordance with Article 11.1 of the CBA relative to vacation scheduling. However, if an individual is granted a new shift/location as a result of the April/October application process, his/her previously approved vacation will be subject to availability on the newly assigned shift/location. Management will endeavor to accommodate the original vacation request(s) whenever possible, but the employee assumes the risk that their original vacation dates may not be available.

6.19 FLEX SCHEDULING
With prior approval of immediate supervision, regular employees will be allowed flexibility in the starting and quitting times of their scheduled eight (8), ten (10), twelve (12) hour shifts. The purpose of the program is to enable employees to attend to family, medical, community and other needs which may occasionally arise by reporting to work later than scheduled or leaving work earlier than scheduled, and to make up the scheduled time not worked.

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The program will be administered subject to service requirements of the Company and the following conditions:

- An employee who works less than a regular scheduled shift will be paid only for the time actually worked on that shift.
- Make-up hours must be worked within the workweek in which a flex schedule is granted. Also, make-up hours shall not be denied once the flextime has been taken off.
- Corresponding make-up hours shall be reflected as such in the employee's time card.
- No more than sixteen (16) flex hours will be allowed in any rolling thirty (30) day period.
- Make-up hours available but not worked within the workweek will be treated as an unpaid absence and shall be subject to the attendance policy.
- Employees may use vacation time as make-up time with supervisory approval.
- Make-up hours will be paid at straight time regardless of the shift or day on which they are worked.

No grievance will be filed asserting that the program violates any provision of the Labor Agreement, which may conflict or be inconsistent with the program.

6.22 **ELIGIBILITY TO APPLY FOR VACANCIES:** Employees who are hired in a position in the Clerical Collective Bargaining Agreement shall not be permitted to apply for other positions for six (6) months after their hire date. However, if there are no internal applicants for a position, the Company and Union agree to accept applications from Clerical employees who were hired less than six (6) months prior to the job posting before considering external applicants. If an employee's probationary period is extended, they will not be able to bid until probationary period is completed.

6.23 **STARTING WAGE RATES FOR EXPERIENCED CSR'S:** Employees who are hired as Customer Service Representatives (CSR)'s in the Call Center or who are promoted or transferred to CSR positions in the Call Center who have at least two (2) years of continuous experience working in a call center with the same Company, shall be granted one year of credit and paid at the third (3) step of the wage progression for CSR. Customer Service Representatives in the Call Center who do not have at least two (2) years of continuous experience working in a call center will be paid at the first (1) step of the wage progression for CSR. Employee must provide proof of experience prior to interview.

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CLERICAL
ALTERNATIVE SHIFT SCHEDULES
FOUR-TEN HOUR SHIFT IN CUSTOMER SERVICE

WORKING HOURS AND RATES OF PAY:

Workday: Ten (10) hours in any one (1) day shall constitute the workday.

Work Week: Four (4) workdays, regularly scheduled between the hours of 12:01 am, Monday, and 12:00 midnight, Sunday, shall constitute the basic work week. The work week of alternative-shift employees shall be from Monday through Sunday and reflect a schedule of forty (40) hours of straight time work.

Days Off: In regards to four-ten shifts there will be a minimum of two consecutive days off during the work week. The third day off may be scheduled non-consecutive.

Shift Designations: The following designations shall apply:

- FIRST SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 5:00am, or thereafter but before 12:00 noon shall be designated as first shifts.
- SECOND SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 12:00 noon or thereafter but before 8:00pm, shall be designated as second shifts.
- THIRD SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 8:00pm, or thereafter but before 12:01am, shall be designated as third shifts.

Lunch Periods: refer to Article 6.3 General.

Overtime: In computing overtime, intermission taken out for meals and any holiday or vacation paid in that pay period will be considered as time worked.

Time And A Half: Except as otherwise provided in this Article, the following situations shall require payment at one and one-half (1 1/2) time the regular established wage rate:

- Time worked in excess of ten (10) hours per day.
- Time worked in excess of any four (4) scheduled workdays in that workweek except when in conjunction to Flex Scheduling per Article 6.19.
- Work scheduled in the three (3) hours immediately preceding the normal starting time.
- Employees who are scheduled to work on an observed holiday.
- Employees who are scheduled for overtime and such is canceled per Article 6.9 (Required Notice For Overtime)

Double Time: Except as otherwise provided in this Article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees who work on the third regular day off.

Rest Time: Employees who are required to work overtime within the ten (10) hour period immediately preceding their scheduled starting time on a regular work day, shall be entitled to time off with straight time pay equal to time worked during this time frame. This is not applicable to a call out or scheduled overtime of three (3) hours or less immediately proceeding the employee's normal starting time.

Meals: refer to Article 6.15 General.

Holidays: It is understood that Employees may, at their discretion, use two (2) hours of vacation time, flex time or two (2) hours of unpaid time on holidays to ensure a full eighty (80) hour pay period. When a holiday falls on an employee's regularly scheduled day off the company will endeavor to schedule the day off as the last scheduled non-overtime work day immediately preceding the holiday or the non-overtime work day immediately following the holiday shall be observed as the holiday for the purpose of this Article. However, the holiday could be scheduled within the pay period to minimize any operational issues. Notice of the date that the holiday will be observed shall be posted within the work group a minimum of one week prior to the holiday itself.

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EXHIBIT I
CLERICAL
JOB CLASSIFICATION DESCRIPTIONS
(Alphabetical)

FIELD SERVICE REPRESENTATIVE (5161)
Performs various assignments relating to field Customer Service and Metering activities, including the duties of Meter Reader. Individual assignments are based on requests from the Customer Service department and customer service orders which include, but are not limited to, turn-ons and turn-offs, check readings, and miscellaneous testing of both customer-owned and Company-owned electrical equipment. May enter substations, co-generation facilities and LGS facilities to probe and read time-of–use meters. The employee will be required to operate a vehicle for the Company. Performs other related work, including semi-skilled work in other meter services areas, for which the employee is capable and qualified to safely perform as assigned. FSR's required to perform meter reader duties will be selected using inverse seniority for work during the normal shift.

SENIOR CUSTOMER SERVICE REPRESENTATIVE (5174)
Performs very sophisticated clerical tasks, which require extensive decision-making authority, and independent judgment. Employees in the classification work in the following areas:

- Head Cashier
- Service Dispatching
- Districts
- LGS Billing

CUSTOMER SERVICE REPRESENTATIVE (5374FT/5376 PT)
Performs varying degrees of clerical functions, from intermediate to fairly sophisticated, which require typing skills and the use of office equipment, personal computers, and business software systems. Customer interaction requires extensive use of customer service skills and a significant degree of decision-making authority. Employees in the classification work in the following areas:

- Call Center
- Commercial Office Support
- Customer and Field Operations
- Customer Credit and Billing
- PBX
- Material Management

REVENUE PROTECTION INVESTIGATOR (5162)
Employee performs specialized assignments relating to current diversion and meter tampering. The employee will also be required to perform technical investigations with established procedures on customer-owned and Company-owned equipment; does not include instrument metering. The employee will be required to work closely with low voltage electricity, while investigating, with various testing equipment. Will be familiar with associated office equipment, and work with and have knowledge of other department's functions, relating to detection and billing. Will drive a Company vehicle and be assigned to the Revenue Protection Department. Performs other related work, including semi-skilled work in other areas, for which the employee is capable and qualified to safely perform as assigned.

LEAD
In the absence of appropriate supervision or when directed, leads, assists, and works with other departmental personnel to ensure the efficient operation of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a customer or field service capacity, and perform other work as needed.

MAIL & SUPPLY TECHNICIAN (5416)
Performs a variety of support service functions, which may include assisting departments to input orders, verifying electronic supply orders on ERP system and other electronic ordering systems, maintaining necessary stock, filing and duties related to inventory management, communicates with internal customers and occasional interface with external customers and operates office equipment, including but not limited to mail processing, switchboard and printing/duplicating equipment. Responsible for maintaining machines in clean operating condition and may perform some routine maintenance and adjustments. May be assigned other related duties as necessary such as maintaining a safe and clean work area, driving Company vehicles, pickups, delivery and lifting (as outline in Union handbook lifting requirements) will include the use of necessary tools to assist in performing duties as assigned. Require experience in office environment and basic operation of computer systems.

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METER READER (5412 FT/5415 PT)
Employee reads meters, including probing time-of-use survey and LGS commercial meters, in Company service areas, and records readings, comments, and miscellaneous information on proper forms and into handhelds. Indicates abnormal or unusual conditions relative to meters and facilities. May be required to operate vehicle for Company. Performs other related work, including preparing reports, for which the employee is capable and qualified to safely perform as assigned. The ratio for part-time Meter Readers will be five (5) full-time employees for every one (1) part-time employee.

REPROGRAPHIC TECHNICIAN (5270)
Employee will be responsible for the production of in-plant printed and copied material. Including but not limited to: offset printing, bindery, and finishing equipment as well as networked and non-networked production copying equipment. Will be responsible for maintaining/keeping department and equipment in clean and safe operating condition. Provide general administrative support and may be assigned other duties as assigned. This position supports Supply Services.

TRAINER FIELD OPERATIONS (5182)
Assists management and the Customer Service Training & Performance Department by identifying training needs, participating in job/task analyses, providing small group and/or one-on-one and just-in-time training support, and actively participating in planning the Trainer In-Service Program. Responsible for performing regular Field Service, limited Customer Service functions and working with training staff on training goals and self-development in training capacity. This position will support the Field Operations Department including, but not limited to: Meter Reading, Field Services and Meter Operations. May be required to work various shifts and at various locations.

TRAINER CUSTOMER CARE (5183)
Assists management and the Customer Service Training & Performance Department by identifying training needs, participating in job/task analyses, providing small group and/or one-on-one and just-in-time training support, and actively participating in planning the Trainer In-Service Program. Responsible for performing regular Customer Service functions and working with training staff on training goals and self-development in training capacity. This position will support the Customer Service Department including, but not limited to: Call Center Operations, Credit & Collections, Billing and the commercial offices. May be required to work various shifts and at various locations.

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CLERICAL – WAGES					
JOB CODE	**JOB TITLE**	**STEP**	**02/01/08 5.00%**	**02/01/09 4.50%**	**02/01/10 4.25%**
5061	Lead Field Service Rep	1	$25.57	$26.72	$27.85
5161	Field Service Rep	1	$20.17	$21.08	$21.97
	2nd Six Months	2	$21.42	$22.38	$23.34
	3rd Six Months	3	$23.31	$24.36	$25.39
5162	Revenue Protection Investigator	1	$23.46	$24.51	$25.55
	2nd Six Months	2	$24.48	$25.58	$26.66
	3rd Six Months	3	$25.40	$26.54	$27.67
	4th Six Months	4	$26.36	$27.54	$28.71
5174	Senior Customer Service Rep	1	$19.36	$20.23	$21.09
	2nd Six Months	2	$20.23	$21.14	$22.04
	3rd Six Months	3	$21.14	$22.09	$23.03
	4th Six Months	4	$22.09	$23.09	$24.07
	5th Six Months	5	$23.23	$24.27	$25.30
5175	Lead Customer Service Rep	1	$22.93	$23.96	$24.98
5177	Lead Field Srvc Investigator	1	$29.01	$30.32	$31.61
5182	Trainer METER	1	$25.57	$26.72	$27.85
5183	Trainer TSO	1	$25.57	$26.72	$27.85
5270	Reprographic Tech	1	$19.10	$19.96	$20.81
	2nd Six Months	2	$19.79	$20.68	$21.56
	3rd Six Months	3	$20.49	$21.41	$22.32
	4th Six Months	4	$21.15	$22.10	$23.04
	5th Six Months	5	$21.84	$22.82	$23.79
5274	Customer Service Rep	1	$13.68	$14.30	$14.90
5273 p/t	2nd Six Months	2	$14.90	$15.57	$16.23
	3rd Six Months	3	$16.09	$16.81	$17.52
	4th Six Months	4	$17.30	$18.08	$18.85
	5th Six Months	5	$18.52	$19.36	$20.18
5411	Lead Meter Reader	1	$24.14	$25.23	$26.30
5412	Meter Reader	1	$14.72	$15.38	$16.04
5415 p/t	1st Three Months	2	$15.30	$15.99	$16.67
	2nd Three Months	3	$15.80	$16.51	$17.22
	2nd Six Months	4	$16.33	$17.06	$17.79
	3rd Six Months	5	$16.86	$17.62	$18.37
	4th Six Months	6	$17.40	$18.18	$18.95
	5th Six Months	7	$17.92	$18.73	$19.53
	6th Six Months	8	$18.47	$19.30	$20.12
	7th Six Months	9	$18.96	$19.82	$20.66
5416	Technician, Mail & Supply	1	$12.28	$12.83	$13.38
	2nd Six Months	2	$13.37	$13.97	$14.56
	3rd Six Months	3	$14.46	$15.11	$15.76

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4th Six Months	4	$15.82	$16.53	$17.24
5th Six Months	5	$17.43	$18.21	$18.99

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T & D
ARTICLE NO. 4
UNION ACTIVITY

4.3 T & D CONTRACTING WORK:

In case the Company should contract any type of work customarily performed by Bargaining Unit employees, the Company shall, before awarding such contract, advise the contractor that the work is to be done under not less than the terms and conditions pertaining to hours and wages set forth in the Collective Bargaining Agreement. Upon award of such contract, the Company shall notify the Union in writing within thirty (30) calendar days of any and all contracts awarded of such contractor and the nature of the work being performed. For all work that is contracted out, there shall be a match of man for man for all Bargaining Unit Classifications affected for all hours worked by such contractor. The Company will not contract any of its construction and maintenance work while having available competent employees to do such work. In the event the Company has employees on layoff with recall rights, the Company will not establish contracts for work that is customarily performed by such Bargaining Unit employees unless affected employees are not qualified to perform the work (as defined in Article 5.4 LAYOFF PROVISIONS). If the Company has employees in layoff status who are qualified to perform work, which the Company intends to contract, the Company may recall these employees for the term of the contracted work without creating the liability for an additional severance in accordance with Article 5 (STATUS OF EMPLOYEES) of this Agreement. The man for man match shall apply for all work except for construction of new transmission lines.

4.4 CONTRACTING WORK – MAPPING ONLY:

In case the Company should contract any type of work customarily performed by Bargaining Unit employees, the Company shall, before awarding such contract, advise the contractor that the work is to be done under not less than the terms and conditions pertaining to hours and wages set forth in the Collective Bargaining Agreement. Upon award of such contract, the Company shall notify the Union in writing within thirty (30) calendar days of any and all contracts awarded of such contractor and the nature of the work being performed. Due to the nature of the work, company reserves the right to retain and not exceed 25% of their projects as contractors. In the event the Company has employees on layoff with recall rights, the Company will not establish contracts for work that is customarily performed by such Bargaining Unit employees unless affected employees are not qualified to perform the work (as defined in Article 5.4 LAYOFF PROVISIONS).

4.5 CONTRACTING WORK – UDC & SENIOR PROJECT COORDINATORS ONLY:

In case the Company should contract any type of work customarily performed by Bargaining Unit employees, the Company shall, before awarding such contract, advise the contractor that the work is to be done under not less than the terms and conditions pertaining to hours and wages set forth in the Collective Bargaining Agreement. Upon award of such contract, the Company shall notify the Union in writing within thirty (30) calendar days of any and all contracts awarded of such contractor and the nature of the work being performed. Due to the nature of the work, company reserves the right to retain and not exceed 25% of their projects as contractors. In the event the Company has employees on layoff with recall rights, the Company will not establish contracts for work that is customarily performed by such Bargaining Unit employees unless affected employees are not qualified to perform the work (as defined in Article 5.4 LAYOFF PROVISIONS).

4.6 CONTRACTING WORK – FACILITIES ONLY

Both parties reserve the right to sit down and discuss all construction projects prior to the start of such project.

NEW CONSTRUCTION AND SYSTEM UPGRADES: FACILITIES ONLY:

The company will assign Bargaining Unit Quality Assurance person to each new construction and system upgrade project. If the "Q.A." person assigned feels the work is beyond his/her scope, the appropriate craft person shall be assigned. The Q.A. person will help to insure the contractor is performing work up to our standards, as well as be the contact person for equipment maintenance in the future. The Q.A. person will periodically monitor the progress as well as perform his/her normal duties. The Q.A. person for Facilities will be a Tech III.

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T & D
ARTICLE NO. 6
WORKING HOURS AND RATES OF PAY

6.1 DEFINITIONS:

SHIFT: Hours of work.

SCHEDULE: Days and hours of work.

WORK DAY: Eight (8) hours in any one (1) day shall constitute the work day; however the Company and Union may enter into Agreements which establish alternative work schedules involving work days which have more than eight hours.

WORK WEEK: Five (5) consecutive work days, regularly scheduled between the hours of 12:01am, Monday, and 12:00 midnight, Sunday, shall constitute the basic work week. The basic workweek of regular day-shift employees shall be from Monday through Friday and reflect a schedule of forty (40) hours of straight-time work.

REGULAR DAYS OFF: Days off shall be consecutive, however, they may not be within the basic workweek.

REGULAR DAY-SHIFT EMPLOYEES: Regular day shift employees are those employees who are assigned to shifts, which are established on a Monday through Friday schedule and work a shift, which begins between the hours of 7:00 am and 11:59am. When mutually agreed to by the Union and Company, the day shift starting time may be scheduled as early as 6:00am to take advantage of daylight hours. Only Fleet Services and Clerk Dispatchers starting time may be scheduled as early as 5:30am.

SEVEN DAY COVERAGE: A schedule of fixed or rotating shifts that cover seven (7) days per week, twenty-four (24) hours per day.

SHIFT EMPLOYEES: Shift employees are all employees not defined as regular day-shift employees. This includes employees assigned to fixed shifts and seven (7) day coverage.

SHIFT DESIGNATIONS: No shift periods shall start between the hours of 12:01 am and 5:59 am, unless mutually agreed to by memorandum of understanding between the Company and the Union. The follow designations shall apply:

FIRST SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 6:00 a.m., or thereafter but before 12:00 noon shall be designated as first shifts.

SECOND SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 12:00 noon or thereafter but before 8:00 p.m., shall be designated as second shifts.

THIRD SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 8:00 p.m., or thereafter but before 12:01a.m., shall be designated as third shifts.

SHIFT DIFFERENTIAL: An incremental increase for working on a second or third shift.

SHIFT PREMIUM: An incremental increase for all hours worked outside of the employee's previous schedule for the first five (5) working days of a newly established permanent, temporary or emergency schedule.

SHORT CHANGE: A transfer from one established schedule to another with only one shift off between schedules.

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COMPANY HEADQUARTERS: Any headquarters established for the purpose of engaging in work covered by this Agreement when such work will continue for an indeterminate period of time.

6.4 **OVERTIME:** In computing overtime, intermission taken out for meals served other than on the job shall be deducted, and any holiday or vacation paid in that pay period will be considered as time worked.

NO PYRAMIDING OF OVERTIME: The employee will only be entitled to the highest single premium rate applicable to the work assigned by the CBA. There will be no pyramiding of overtime.

TIME AND A HALF: Except as otherwise provided in this Article, the following situations shall require payment at one and one-half (1 1/2) times the regular established wage rate:

- Time worked in excess of eight (8) hours per day.
- Time worked in excess of any five (5) scheduled workdays in that workweek.
- Work scheduled in the three (3) hours immediately preceding the normal starting time.
- Employees scheduled to work on an observed holiday.
    - Employees on seven (7) day coverage who are scheduled or called out for overtime except as defined in "Double Time."
    - Employees who are scheduled for overtime and such is canceled per Article 6.9 (REQUIRED NOTICE FOR OVERTIME).

DOUBLE TIME: Except as otherwise provided in this Article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees, other than those assigned to seven (7) day coverage, (excluding line troubleman), who are scheduled to work within the first five (5) hours of the eight (8) hour period immediately preceding the normal starting time regardless of the day of the week.
- Employees who work on the second day of a two-day off period, or on the second or fourth days off of a four days off period with an overtime minimum as provided in Article 6.7 (CALL-OUTS).

DOUBLE TIME AND A HALF: Except as otherwise provided in this Article, the following situations shall require payment at two and one-half (2 1/2) times the regular established wage rate:

- For all time worked in excess of sixteen (16) consecutive hours.

BREAK PERIOD: Employees entitled to pay at this rate will continue at this rate until they have been released for a period of at least six (6) continuous hours. Any break of six (6) hours will be considered an interruption of continuous work time. It is understood that any employee may be returned to work exactly six (6) hours from their most recent release, satisfying the required break. It is also understood that any employee released for such a break may be called back to work before six (6) hours have elapsed.

MEAL PERIODS: Meal periods while working overtime will not be considered as part of the six (6) hour break and will not be considered time worked, unless employees are directed to work through their meal period. Employee's unpaid meal period which occurs during regular work hours will be included in the computation of the six (6) hour break, when this break is calculated from the end of the employee's last regular shift. Accordingly, an employee may be called out five and one-half (5 1/2) hours from the end of their last regular shift without creating a requirement for this rate.

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STRAIGHT TIME PAY: Employees sent home for a six (6) hour break will not lose any straight time pay for normally scheduled hours, as a result of such a break.

Example

Employees assigned to a 7:00 am to 3:30 pm shift and released two (2) hours early so they may have a six (6) hour break before a scheduled outage would be paid for the two (2) hours at the straight time rate and this would satisfy the six (6) hour break.

Employees must use any rest time pay accumulated as a result of an overtime assignment before these provisions would apply. If an employee's accumulated rest time does not cover the entire six (6) hour break, the employee will receive straight time pay for any regularly scheduled hours not worked due to this break.

6.5 **OVERTIME EQUALIZATION: (Does not apply to UDC or Mapping classifications)** The Company will endeavor to distribute overtime work as evenly as possible among those employees qualified to perform such work. For the purpose of distributing overtime, the Company will maintain and post overtime lists in each sub-department indicating time offered and time worked. Each department will create policies and procedures (BY LOCATION, SHIFT – as defined by Article 6.1 AND CLASSIFICATION), for overtime equalization through labor/management meetings.

6.7 **CALL-OUTS:**

TWO-HOUR MINIMUM: Employees called out for overtime duty shall receive at least two (2) hours pay. Reasonable travel time (defined below) to and from home will be considered as time worked for the purpose of satisfying the two (2) hour minimum, and will be paid at the appropriate overtime rate.

Example #1

Employees called out who work two (2) hours and travel one (1) hour (round trip) will be paid for three (3) hours.

Example #2

Employees called out who work four (4) hours and travel one (1) hour (round trip) will be paid for five (5) hours.

Example #3

Employees called out who work one (1) hour and travel one (1) hour (round trip) will be paid for two (2) hours.

Example #4

Employees called out who work fifteen (15) minutes and travel one (1) hour (round trip) will be paid for two (2) hours.

Example #5

Employees called out who work into their regular shift shall be paid the appropriate overtime premium for at least two (2) hours, which includes travel time to work only. This does not change the normal starting time for the purpose of extending the shift.

MULTIPLE CALL-OUTS: Employees called-out more than once in the twenty-four (24) hour period from midnight one day to midnight the following day shall be paid at least the two (2) hour minimum mentioned above for the first call. For subsequent calls, employees shall be paid for a one (1) hour minimum with the same travel time considerations mentioned above. For the purpose of this section, concurrent calls or successive calls without a break in work time shall be considered as a single call.

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TRAVEL TIME: Employees are entitled to travel time according to the following chart:

Locations	Las Vegas Valley	Reid Gardner	Laughlin
Las Vegas Valley	.5 hour	1 hour	2 hours
Moapa Valley	1 hour	.5 hour	3 hours
Boulder City	.75 hour	1.5 hours	1.5 hours
St. George/Alamo	2 hours	1.5 hours	4 hours
Mesquite	1.5 hours	.75 hour	3.5 hours
Laughlin	2 hours	3 hours	0
Henderson	.75 hour	1.5 hours	1 hour

6.9 REQUIRED NOTICE FOR OVERTIME:

SCHEDULED OVERTIME: In scheduling overtime work, a minimum of fourteen (14) hours notice is required, prior to the start of any overtime for a particular day, and before leaving the work site on a regular work day. Without this notice, such work will be considered as a call-out. It is understood that overtime, when worked as an extension of a regular shift, does not require such notification.

Example:

An employee assigned to a 7:00 am to 3:30 pm shift and held over for overtime and is notified to work the next day (his/her day off) at 7:00 am. If notification is given in the first two (2) hours of held over overtime, this overtime is considered scheduled.

CANCELING OVERTIME: A minimum of twelve (12) hours notice is required on canceling pre-scheduled overtime. When customer arrangements are involved, the Company must provide twelve (12) hours notice prior to the employee's next normal starting time. When such notice of cancellation of pre-scheduled overtime work is not given in accordance with the above, employees involved will be paid for two (2) hours at established overtime rates if they report and are retained for work. When such notice of cancellation is not given in accordance with the above, but employees are later notified of work cancellation, they will be paid for two (2) hours at established overtime rates. If they report and are not retained for work, they shall receive pay for two (2) hours at established overtime rates

6.18 MUTUAL ASSISTANCE: The Company and the Union recognize the importance of assisting communities whose citizens may be in severe distress due to outages caused by wild fires, storms, etc. In order to facilitate being able to send NV Energy's employees while not hindering the day-to-day operations of the business; it is agreed that: 1) the Company will select those employees whose qualifications will be most valuable in assisting the community that is suffering due to outages/adverse conditions. Selection of qualified employees will be made according to the (i) "on call crew" at the time the assignment is made, and (ii) the low equivalent overtime list at the time the assignment is made; however, 2) any Employee in discipline for misconduct or whose assignment would disrupt an ongoing NVE major project will not be eligible for assignment under this Article.

Any employees selected by the Company to assist the suffering community must own the requisite gear/clothing for giving assistance in the specific climate where the outage has occurred. Any employee without the proper gear must either turn down the selection or be responsible for purchasing proper gear/clothing at the employee's own expense.

Any employees selected to assist a community in distress will work under and be subject only to the NV Energy/IBEW Local 396 Collective Bargaining Agreement.

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T & D
ARTICLE NO. 16
WORKING RULES

16.1 **SAFETY GEAR:** Rubber gloves, hose, hoods and blankets may be used to make as safe as possible any work performed on any equipment having conductors energized in excess of 750 volts, in addition, hot line tools may be used where applicable. The safety precautions taken by the crew are the direct responsibility of the foreman in charge. The Occupational Safety and Health Standards as contained in sub-part "v" of the Occupational Safety and Health Act (OSHA) shall be considered minimum standards for work performed on power transmission and distribution equipment.

16.2 **TWO MAN CREW:** A two (2) man crew shall be made up of two (2) Journeymen Lineman or one Journeyman Lineman and an Apprentice Lineman that is qualified to complete the particular work assigned. In all cases the company will endeavor to use two (2) Journeymen lineman, and designate one of them as the employee in charge to direct all the work.

16.3 **T&D ENERGIZED WORK:** All lines energized at 4 kv, phase to phase, or above shall be handled in accordance with 1910.269 subpart "R" of the Occupational Safety and Health Act (OSHA). When working on energized lines / electrical apparatus with live line tools, two (2) qualified and authorized employees shall be on the pole to do the work. They shall be at all times under the observation of a foreman who shall have no other duties at the time the work is being performed. Foreman shall use their judgment in and be responsible for the proper placing of their employees (ie, Foreman may delegate the observation duties to a qualified Journeyman Lineman when necessary) As an exception to the rule, one (1) such employee may be allowed to clean insulators in un-crowded conditions, do hot meggering, make current and voltage test, connect or remove the hot taps from the fuse holders to the line, provided the fuses are removed and adequate clearance can be maintained or emergency repairs by troubleman to the extent necessary to safeguard the general public. No employee shall be assigned to hot work on two hundred thirty thousand (230kv) or on higher voltages unless that employee has received training on such voltages.

16.5 **FRAMING AND POLE CONSTRUCTION:** All framing and erecting of poles or towers in the field shall be done by the line crew. All framing in any pole yard shall be done by a Journeyman lineman with the ratio of assisting apprentices and/or groundmen no greater than that in the majority of line crews on the system.

16.8 **TEMPORARY LEAD LINEMAN:** In the temporary absence of a regular Lead Lineman, when there is three (3) or more employees on a crew, one of those employees shall be paid at the Lead Lineman's rate of pay for all hours worked. The employee chosen to be the lead will be responsible for all duties within the Lead Lineman job description; however this language is not intended to conflict with (Article 7.3 Staffing Vacancies).

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EXHIBIT I
T & D
JOB CLASSIFICATION DESCRIPTIONS
(Alphabetical)

APPRENTICE COMMUNICATIONS ELECTRICIAN (7024)
Assists the communications electrician while in training of Journeyman; installs and maintains the sophisticated voice, data and video communications equipment while working under the direct supervision of Journeyman Communications Electrician. May be required to perform other activities as assigned.

APPRENTICE EQUIPMENT MECHANIC 7013)
Assists the equipment mechanic while undergoing training for the Journeyman level. Does such work as tuning motors, adjusting valves and ignitions, cleaning fuel systems and radiators', adjusting clutches, brakes and carburetors, tests compression of oil and fuel pressure.

APPRENTICE LINEMAN (7020)
Assists in all work performed by a lineman while engaged in learning lineman work under the direct observation of a Journeyman lineman; climbs poles in the installation of cross arms, guy wires, insulators, pins and wires, etc., splices transformer leads and solders and tapes connections and may be required to perform other duties as assigned.

APPRENTICE METERING ELECTRICIAN (7022)
Assists in all the work performed by the Meterman while undergoing training for the Journeyman level; tests meters, programs meters, completes all appropriate paperwork, sets all meters, wires panels, wires primary, secondary, substation, generation, and transmission metering circuits all under the supervision of a Journeyman Meterman, and may be required to perform other duties as assigned.

APPRENTICE SUBSTATION ELECTRICIAN (7021)
Assists the substation electrician while in training for Journeyman; assists the Journeyman in his work in the construction, maintenance and operations of substations and switchyards; cleans, makes tests and does minor repair of all substation equipment, fixtures, wiring, and may be required to perform other duties as assigned.

CIRCUIT INSPECTOR (6111)
Makes periodic, routine and emergency inspections and repairs of all electrical distribution facilities, and property owned by the Company, including rights-of-way, and overhead line and underground facilities; identifies system encroachments, and deteriorating and defective equipment; and prepares related reports necessary to perform required maintenance and repairs. May be required to operate sonic, or other test equipment, perform incidental tasks, minor repairs that can safely be completed by a Journeyman, and related work as required. Must be thoroughly familiar with distribution construction standards and practices, and be able to recognize system deficiencies on sight.

CLERK DISPATCHER (5144)
Responsible for Distribution Construction and Maintenance activities related to analyzing construction and maintenance work orders to determine a plan of optimum work method, crew size, equipment and man hours. Coordinates maintenance projects for Transmission and Distribution. Schedules work processes for the coordination, construction and maintenance of underground and overhead distribution projects. Responsible for customer contact on all projects while under construction and maintenance, Receives and logs all work orders. Prepares related material requests and ensures that material is available and staged. Makes arrangements to have holes dug and poles delivered before dispatching crews to jobs. Dispatches crew and keeps log on their location in order to dispatch them efficiently to their next job. Sets up scheduled outages when required and conducts field check jobs. Prepares daily and monthly reports and work orders and closes out all jobs. Answers radio and telephones and does general office clerical work as required. Performs other related work for which employee is capable and qualified to perform as assigned.

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CLERK DRIVER (6188)
Drives truck; operates power winch; maintains truck and equipment in orderly manner; does field clerical work, such as maintaining records of materials used, materials needed the following days, preparation of time cards and any other records as directed by the foreman; works as a groundman if so required by the foreman.

COMMUNICATIONS ELECTRICIAN I (6197)
With supervision and oversight be capable of diagnosing the causes of poor performance or non-operation of radio or communication equipment. Performs installation, field testing and maintenance of communications systems, telephone switchboards and other terminal equipment, supervisory, microwave, multiplex, radio, 950 MHz data radios, "T" carrier, fiber optic, hardware, and multiplex tone equipment, scada/ems computer, rtu, and all associated hardware, fiber optic cable splicing, remote signal and remote control equipment, load frequency control and telemetering equipment, and any new technology related to Telecom that the company decides to use. This position is not to be considered a permanent position but is a training position for the Communication Electrician II position. The Communication Electrician I shall qualify for the Communication Electrician II position by demonstrating, on-the-job, that he or she has acquired the necessary skills to qualify and then pass a written proficiency exam. Must have a valid FCC general class radiotelephone operator's license, or valid NABER or NARTE certification. May be required to perform any of the duties assigned to the electrician classification. If the employee has successfully completed Company's Communications apprenticeship program, this position can be bypassed and the employee can move directly into the Communication Electrician II classification.

COMMUNICATIONS ELECTRICIAN II (6108)
With almost no supervision and oversight be capable of working independently to diagnoses the causes of poor performance or non-operation of radio or communication equipment. Performs installation, field testing and maintenance of communications systems, telephone switchboards and other terminal equipment, supervisory, microwave, multiplex, radio, 950 MHz data radios, "T" carrier, fiber optic, hardware, and multiplex tone equipment, scada/ems computer, rtu, and all associated hardware, fiber optic cable splicing, remote signal and remote control equipment, load frequency control and telemetering equipment, and any new technology related to Telecom that the company decides to use. Must have a valid FCC general class radiotelephone operator's license, or valid NABER or NARTE certification. Must be a Journeyman communications electrician with at least two years of experience in that classification or successfully completed the Company's Communication apprenticeship program. May be required to perform any of the duties assigned to the Electrician classification.

COMMUNCIATIONS GROUNDMAN (6185)
Performs semi-skilled work functions and tasks when necessary, as assigned by supervisor, communications lead, or Journeyman or apprentice supplied with tools, materials, and supplies while assisting with specific jobs. Work assignments will provide training to enhance job knowledge and skills for progression in career path towards electrical apprenticeship. At no time, however, shall a groundman be allowed to work on energized equipment or liens. Responsible for keeping job sites clean and may be required to perform such other duties as assigned.

COMPANY WIDE WELDER (6130)
Performs all types of high pressure, gas and electrical welding. Will have fabrication skills (ie. gas, electric and mechanical cutting) Must be capable of welding, brazing and/or soldering carbon, stainless, alloy steels, aluminum and bronze. Will be required to work intermittently with T&D personnel, on, below and above ground, if necessary. Will perform any and all tasks for which they are properly trained and can competently and safely perform It is never the intent for a welder to perform work that is traditionally done by Journeyman.

CREW CHIEF (7095)
Directs the work and activities of the Survey Crew in the performance of measurements upon the land of features and fixtures of Company owned land and land rights, construction layout and staking of improvements and facilities, and other survey related activities in support of Company objectives. Maintains and operates all survey and survey related equipment. Reviews plans for accuracy, performs research, calculations and other field checks to insure correctness, maintains data collector files, and oversees survey crew to make sure correct survey procedures and safety requirements are met. Possesses fundamental knowledge of Land Survey principles and practices and actively pursues performance excellence. The Crew Chief shall be responsible for the survey crews activities in the performance of their duties. Performs such other duties as may be assigned.

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DESIGN FACILITATOR (7097)
Reviews construction designs for accuracy and appropriate specifications and standards. Assists design team in the training and development of constructible designs. Researches field equipment and field conditions for compatibility to design. Makes recommendations, decisions and/or changes that will effect the workability, reliability, and safety of the installation and maintenance of equipment. Employee can observe and verify proper installation of facilities in accordance with company specification and standards. Has contact with company employees, customers and company contractors. Must be skilled to perform all types of work specific to the Journeyman Lineman classification. Employee will perform any and all tasks for which they are trained and can competently and safely perform. Performs related duties to help ensure job site and design readiness prior to construction.

ELECTRICAL INSPECTOR (6112)
Responsible for inspecting electrical installations performed by Company and contract personnel, Inspects electrical service requirements within residential subdivisions and/or commercial developments. Will perform electrical inspections and other duties beyond the main trench. Inspects installation and removal of appropriate distribution system. Observes and verified the proper installation of facilities in accordance with Company specifications and standards and performs material audits. Has direct contact with customers and Company contractors. Must be skilled to perform all types of work specific to the Journeyman lineman classification. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

EQUIPMENT MECHANIC (6150)
Performs skilled mechanical work in the maintenance and repair of motor vehicles of all types of motor vehicles, cranes, aerial devices and associated equipment; inspects passenger cars, trucks, pickups and other transportation equipment to determine needed repairs, makes such repairs as are possible in the Company shop, diagnoses motor and other equipment troubles and recommends sending them out or repairing them in-house. Maintains work and vehicle records as required by the Company. Performs all-other work as assigned.

EQUIPMENT OPERATOR (6166)
Operates digger machine in boring of holes for poles and anchors; gives directions for raising and setting of poles; raising of electrical equipment and racks; make minor repairs and adjustment to digger machines; operates other special equipment including jackhammer as required and drives truck or pickup in performance of duties.

FIELD INSPECTOR (6110)
Inspects installation and removal of appropriate systems. Observes and instructs in the proper installation of facilities in accordance with Company specifications and standards and performs material audits. Has direct contact with customers and Company contractors. Must be skilled to perform all types of work specific to the appropriate trade. May be required to operate test equipment, perform incidental tasks and minor repairs that can safely be completed by a Journeyman, and may be required to perform other duties as assigned.

FLEET MAINTENANCE TECHNICIAN (6151)
Will perform all vehicle and equipment classes for preventative maintenance work (to include PM's-A,B & C). Will be required to maintain work, vehicle and equipment PM records. Will be required to obtain ASE certifications in PM class. Upon training, the Fleet Maintenance Technician will be required to check all vehicle safety items, and advise the Lead of the condition of the vehicle or the equipment. Will be required to transport all company vehicles to and from locations to perform PM work, which requires a CDL license. Will be required to perform any of the above tasks. May be required to assist with or perform work in a lower classification and other related work for which the employee is capable and qualified to perform as assigned.

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FLEET UTILITY TECHNICIAN (6182)
Operates mobile tank truck for fueling fleet vehicles at various locations. Must be able to obtain a CDL with haz-mat and tanker endorsements. Performs all types of tire repairs including split rims. Changes all types of tires in-house and in the field. Inspects vehicles for tire repairs of replacements. Operates tow truck for pickup and delivery of disabled vehicles. Assists Equipment Mechanic with preventative maintenance of all types of motor vehicles, cranes, aerial devices and associated equipment. Maintains work and vehicle records as required by the Company. Performs other work as assigned.

HIGH BOOM OPERATOR (6177)
Operates live booms with a reach of more than sixty (60) feet above ground level; makes minor repairs and adjustments on boom and truck; responsible for driving and maintaining truck and boom in safe and orderly manner. Maintains records as required by the Company, works in lower classifications as assigned.

LEAD
In the absence of appropriate supervision and when directed, leads, assists, and works with other departmental personnel to ensure the efficient operation of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a Journeyman capacity, and perform other work as needed. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

LINE CLEARANCE INSPECTOR (6100)
Directs, assigns, and inspects all Company and contract tree trimming maintenance activities. Assists other department personnel to ensure efficient operation of related activities. May be required to develop schedules, direct work assignments, dispatch crews, prepare job related reports, train departmental personnel and perform tree-trimming activities. Has direct contact with customers and promotes good public relations. May also be required to perform Line Groundman responsibilities and other duties as assigned.

LINE GROUNDMAN (6136)
Assists a lineman in a crew in the laboring work involved in the setting up of overhead transmission lines and overhead and underground distribution lines; digs holes; clears rights-of-way; handles tools and materials; steadies poles as they are raised by winch and tamps dirt around the pole to hold it in place: passes work tools, equipment and material from ground to lineman on the poles; may be required to drive a truck; may be permitted to climb. A groundman shall be permitted to climb only in established training sites, which are not energized and may be required to perform other duties as assigned.

LINE PATROLMAN (6180)
Patrols overhead transmission and distribution lines by truck or helicopter. Will observe and report any damaged structures or equipment. Will re-fuse capacitor banks and will fill out and give trouble reports to the supervisor. Must be qualified to use specialized equipment for detecting radio and television interference. May be required to tighten hardware on NV Energy fixtures. Will be required to patrol and tong the static line on the 500kv line semi-annually with another Journeyman. May have to perform light maintenance such as replacing guy guards, switch handles and pull down guys. May be required to switch in remote line locations and substations, and other duties as assigned.

LINE TROUBLEMAN (6113)
Installs services and single phase self-contained meters up to two hundred (200) amps; replaces line and transformer fuses; changes transformer taps when necessary; is skilled in all types of transformer hook ups; does line work to restore customer service; provides limited service and assists customers in emergencies; has direct contact with customers and tries to build good public relations; makes out necessary reports on car/pole accidents and equipment failures; operates OCB's and ACB's and other station equipment in restoring outages and when necessary for line work; must take training period provided by the Company to become qualified on substation and field switching and to operate and check for minor troubles in all line and substation equipment; may work on shift basis.

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JOURNEYMAN LINEMAN (6123)
Constructs high voltage power transmission and distribution overhead & underground lines; makes construction changes to existing lines; fittings and equipment; repairs power lines; services lines and line equipment; sets poles; installs cross arms, transformers, transformer racks, self contained single phase meters of 200 amps or less, and services of various types and sizes.

JOURNEYMAN METERING ELECTRICIAN (6124)
Tests electrical and physical characteristics and accuracy of electricity meters, instrument transformers, transducers, and other electrical devices in the circuit for measuring, monitoring, and analysis of electricity. Performs all tasks except meter reading on all instrument rated metering systems and on self-contained meters over 200 Amps or over 250 volts. Performs all initial installations of three (3) phase meters of any voltage. Assists in tie-line, station, and generation meter testing, installation, repairs, modifications, and verification. Installs, maintains, and performs basic troubleshooting for communication interface with customer load management equipment; Installs, maintains, and removes portable equipment for measuring, monitoring, and analysis of electricity. Utilizes computer to upload/download data and company-developed equipment programs and to enter equipment parameters. Prepares written reports on field and shop activity as necessary. Equipment selection, metering system design, and equipment program development are not within the exclusive scope of this classification.

MAINTENANCE TECHNICIAN (7094)
Performs a variety of skilled work including operating equipment, insulating, painting, lubricating and carpentry. Will be required to perform any of the above tasks if necessary. May be required to assist or perform work in any lower classification. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MAINTENANCE UTILITY TECHNICIAN (7092)
Does unskilled work as necessary; keeps Journeyman or apprentice supplied with tools, materials, and supplies while assisting with a specific job; cleans working area and equipment. Operates other special equipment including jackhammer as required and drives truck or pickup in performance of duties. A maintenance utility technician shall not displace an apprentice or a Journeyman or generation technician. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MAPPING TECHNICIAN I (3103)
This entry-level position performs work under the close guidance and direction of a Mapping Technician II, Senior Mapping Technician, or the Supervisor. This position checks and updates both CAD maps and database attribute files with Work Order/Project designs that range in complexity from simple to moderately complex. The position checks Work Order/Project designs for accuracy, completeness, and adherence to mapping standards and notifies a designated Mapping Technician II, Senior Mapping Technician, or the Supervisor of any inconsistencies or discrepancies discovered in the designs. This position updates the network model and landbase data with corrections provided from a designated Mapping Technician II, a Senior Mapping Technician, or the Supervisor. The position transfers project design landbase information to the CAD maps and database attribute files when necessary. This position maintains the customer-to-transformer link within the mapping system. This position will learn the operation of the mapping software as well as how the mapping software interacts with AutoCAD. Performs other related work for which the employee is capable and qualified to safely perform as assigned.

MAPPING TECHNICIAN II (3104)
This position performs work under the limited guidance of a Mapping Technician II, Senior Mapping Technician, or the Supervisor. This position checks and updates both CAD maps and database attribute files with Work Order/Project designs that range in complexity from simple to highly complex. The position checks Work Order/Project designs for accuracy, completeness and adherence to mapping standards, and notifies a designated Mapping Technician II, Senior Mapping Technician, or the Supervisor of any significant inconsistencies or discrepancies discovered in the designs. This position will attempt to clarify or resolve problems with the designs by contacting the appropriate people responsible for the Work Order/Project. This position updates the network model and landbase data with corrections provided from a designated Mapping Technician II, Senior Mapping Technician, or the Supervisor. The position transfers project design landbase information to the CAD maps and database attribute files when necessary. The position will correct any corrupted CAD maps including landbase files and connectivity maps when found. The position maintains the customer-to-transformer link within the mapping system. The position coordinates with other departments to ensure that project design and as-built information is provided to the department in accordance with the required mapping standards. This position will update the Distribution Operations wallboard information when necessary. This position fully understands the interaction of the mapping software and AutoCAD and will generate solutions to problems that are encountered with this interaction. This position prepares mapping software problem logs. The position may provide training and development to all department technicians. The position may review the work of the Mapping Technician I & II positions. Performs other related work for which the employee is capable and qualified to safely perform as assigned.

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SENIOR MAPPING TECHNICIAN (3105)

This position performs work independently or under the limited direction of the Supervisor. This position reviews completed work within the department for accuracy, completeness, and adherence to established procedures and standards, reporting results to the supervisor. The position independently checks and updates CAD maps, database attribute files, the network model, including landbase updates, and reviews Mapping Technician I & II updates to the CAD maps and database attribute files. This position checks Work Order/Project designs for accuracy, connectivity, completeness, and adherence to mapping standards. This position creates and maintains all mapping standards and documentation. This position reviews landbase changes and determines the impact to the mapping database, and provides guidance to the Mapping Technician I & II positions to accomplish the updates of the landbase information. This position maintains the customer-to-transformer link and reconciles the automated assignment system when errors occur. The position coordinates efforts with other departments to ensure that project design and as-built information is provided to the department in accordance with the required mapping standards. This position prepares mapping software change requests and problem logs, proposes workaround solutions, and verifies and coordinates final problem resolution. The position develops, prepares, and conducts training to the Mapping Technician I & II positions. This position supports all the department needs related to the mapping software and AutoCAD software with regard to the software menus, macros, and scripts. The position resolves any problems related to the department systems and the mapping process or data updates. This position is expected to understand and perform all duties of a Mapping Technician I or II, if necessary. Performs other related work for which the employee is capable and qualified to safely perform as assigned.

MASTER LINE CLEARANCE INSPECTOR (6199)

Directs, assigns and inspects all company and contract tree trimming maintenance activities. Assists other department personnel to ensure efficient operation of related activities. May be required to develop schedules, direct work assignments, dispatch crews, prepare job related reports, train departmental personnel and perform tree trimming activities. They will be required to get and maintain an ISA Certified Arborist license. Has direct contact with customers and promotes good public relations, and may be required to perform other duties for which are properly trained and competently and safely perform. Employees who obtain an ISA Certified Arborist license will be paid an amount equal to five (5) percent more than a line clearance inspector. The Company will pay any cost for getting and maintaining the ISA Certified Arborist license.

MATERIAL SPECIALIST I (6158)

Performs manual and clerical duties in connection with receiving, storing and issuing supplies, tools, and equipment; unloads and unpacks incoming materials; places, shelves and racks stock of machine, hand and construction tools; measures, counts, cuts, crates, marks and stencils materials, supplies, tools and equipment; keeps the premises clean; drives a car or pickup in local purchases of materials and equipment. Operates special pole yard crane to receive, load and unload poles, large transformers and cable reels, switches and other heavy equipment, and determines location and reordering of same. Supervises the orderly accumulation and removal of scrap materials in the pole yard.

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MATERIAL SPECIALIST II (6186)
Performs manual and clerical duties in connection with receiving, storing and issuing supplies, tools, and equipment; unloads and unpacks incoming materials; places, shelves and racks stock of machine, hand and construction tools; measures, counts, cuts, crates, marks and stencils materials, supplies, tools and equipment; keeps the premises clean; operate vehicles as required to execute assigned tasks (including deliveries, purchases, etc). All Material Specialists II must have and maintain a Class A Commercial Drivers' License (CDL) in the State of Nevada. The Company will responsible for the cost of any physical and license renewal fees. Operates special pole yard cranes to receive, load and unload poles, large transformer and cable reels, switches and other heavy equipment, and determines location and reordering of same. Supervises the orderly accumulation, and removal of scrap materials in the pole yard. This position will be paid an amount equal to fifty cents more than the Material Specialist I classification.

Failure to maintain a Class A, CDL in the State of Nevada will result in demotion to the Material Specialist I and reduction in the rate of pay to the Material Specialist I rate.

Om the initial filling of this classification, all current Material Specialist I will be offered the opportunity to advance to the Material Specialist II classification. After 1/1/09, any openings the Company chooses to fill in the Material Specialist II classification will be posted and will be filled through the bidding process.

MATERIAL UTILITY TECHNICIAN 7093)
Performs unskilled and semi-skilled labor as necessary. Keeps warehouse and outside areas clean. May operate forklift for loading and unloading of materials for deliveries. Drives warehouse vehicles for material deliveries and local purchases of material and equipment. Two hours minimum upgrade if material is to be purchased during town run. Must be able to obtain a CDL within 90 days of hire date. May assist Material Specialist in putting away material and loading material for crews. The ratio should not exceed 1 Material Utility Technician for 7 Material Specialists (1:7). A Material Utility Technician shall not displace a Material Specialist.

MECHANIC SPECIALIST (3146)
Maintains all types of construction and transportation equipment and accessories. Diagnoses mechanical, hydraulic and electrical problems, makes and recommends repairs. Designs equipment modifications, constructs and installs parts and similar apparatus, including booms and winches, to accommodate the required changes. Performs pressure and structural welding, operates metal lathes, and other precision machinery, and does other related mechanical work as required.

METER SHOP DISPATCHER (5181)
Responsible for coordinating and scheduling all Meter Shop field activities; analyzing Customer Service Orders to determine a plan of optimum workload, crew size and man hours; coordinating work with service, maintenance and trouble crews as well as scheduling special meter tests and the installation of special metering devices. Dispatches crews as necessary, answers radio and telephones and does general office clerical work as required. Responsible for ordering Meter Shop related materials. Also, responsible for maintaining effective work relationships by communicating effectively and professionally with both internal and external customers.

METER TESTER (7085)
Inspects, tests, calibrates and repairs single-phase electric meters. Checks and regulates meter registration against standards at various load and power factors. Makes written reports of meter testing results. Performs other related work, including unskilled work in other Meter Services areas, for which the employee is capable and qualified to safely perform as assigned. Employees selected as a Meter Tester must have completed the Basic Math Class as a pre-qualification.

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METERING UTILITY TECHNICIAN (6196)
Does unskilled work as necessary; keeps Journeyman, testers, and apprentices supplied with tools, materials, and supplies while assisting with a specific job; cleans working area and equipment including meter glass. Works with warehouse to assign meters to field workers. Operates other special equipment as required and drives truck or pickup in performance of duties. A metering utility technician shall not displace a tester, apprentice, or Journeyman. Performs other related work, including unskilled work in other meter services areas, for which the employee is capable and qualified to safely perform as assigned.

MULTI-TRADE TECHNICIAN I (7098)
Performs unskilled work as assigned. Cleans work area and equipment. Operates basic hand tools as required and drives truck or pickup in performance of duties. Supplies tools and materials as needed and assists Multi-Trade Technician II and III. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MULTI-TRADE TECHNICIAN II (7099)
Requires general knowledge of building maintenance work including operating equipment, building management systems, painting, electrical, air conditioning, plumbing or carpentry. Requires understanding of fire alarm systems, fire sprinkler systems and other fire suppression systems. May be required to assist work in a lower classification. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MULTI-TRADE TECHNICIAN III (7100)
Supervises work and operations being performed. Inspects, organizes, directs and coordinates work being performed by other skilled tradesmen. Functions in a Multi-Trade Technician II capacity when necessary. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

RELAY ELECTRICIAN I (6198)
With supervision and oversight regularly and customarily inspects, tests, adjusts, calibrates, repairs, and installs all types of system protection and control equipment. Performs the work required for the installation, maintenance, repair, and adjustment of automatic controls and equipment protection devices concerned with the operation of generating equipment as it affects the system, power transformers, transmission systems, distribution systems, and customer facilities. With supervision the Relay Electrician I is responsible for certification of all related wiring, operational checks, and taking and evaluating in-service test data. Must be a Journeyman substation electrician with two years of experience as a Journeyman, be a qualified Nevada Power Company substation switchman, have formal training in mathematics progressing through trigonometry and be knowledgeable in electrical and electronic theory, including but not limited to microprocessors, polyphase circuits, and diagrams. Upon occasion or in an emergency the Relay Electrician I may be required to perform such other duties as assigned. This position is not to be considered a permanent position but is a training position for the Relay Electrician II position. The Relay Electrician I shall qualify for the Relay Electrician II position by demonstrating, on-the-job, that he or she has acquired the necessary skills to qualify and then pass a written proficiency exam.

RELAY ELECTRICIAN II (6107)
With almost no supervision and oversight be capable of working independently to regularly and customarily inspects, tests, adjusts, calibrates, repairs and installs all types of system protection and control equipment. Also performs the work required for the installation, maintenance, repair, and adjustment of automatic controls and equipment protection devices concerned with the operation of generating equipment as it affects the system, power transformers, transmission systems, distribution systems, and customer facilities.
Download, verify, and troubleshoot logic programming and logic systems on microprocessor relays, and specialized substation computing systems.
Is responsible for certification of all related wiring, operational checks, and taking and evaluating in service test data. Must be a Journeyman substation electrician, with two years of experience as a Journeyman, be a qualified Nevada Power Company substation switchman, have formal training in mathematics progressing through trigonometry and be knowledgeable in electrical and electronic theory, including but not limited to microprocessors, polyphase circuits and diagrams; upon occasion or in an emergency, may be required to perform such other duties as assigned.

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RELIEF LINE TROUBLEMAN (6187)
Performs the duties of a Line Troubleman as described in this Exhibit I. The relief Line Troubleman shall be assigned to any shift other than the usual schedule for purposes of providing relief coverage for an absent Line Troubleman.

SUB LEAD LINEMAN
In the absence of appropriate supervision and when directed, leads, assists, and works with other departmental personnel to ensure efficient operation of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a journeyman lineman capacity, and perform other work as needed. The Sub Lead Lineman classification will be paid an amount equal to 5% greater than a Journeyman Lineman. This classification is not intended to replace the lead classification; this Sub Lead Lineman classification is for two man crews when such crews are performing, meter sets, DCA work, standbys, service work, fault location and any and all tasks for which they are properly trained and can competently and safely perform.

The Sub Lead Lineman will be appointed and chosen by the Company in its discretion.

SUBSTATION ELECTRICIAN (6122)
Performs a variety of skilled electrical and mechanical work in the construction, maintenance and operations of substations and switchyards. Must be qualified to install, erect, maintain, switch, test and repair all substation equipment including, but not limited to, transformers, regulators, circuit breakers, switchgear, switchboard bus and cable work. Must be able to lay out, assemble, install, test and maintain fixtures and wiring. Upon occasion or in an emergency, may be required to perform such other work duties as assigned.

SUBSTATION GROUNDMAN (6189)
Performs semi-skilled work functions and tasks as assigned by supervisor, Substation Lead, Journeyman or apprentice, supplies tools and materials while assisting with specific jobs; Works under the supervision of Substation Lead or Journeyman. Work assignments will provide training to enhance job knowledge and skills for progression in career path towards electrical apprenticeship. At no time, shall a groundman be allowed to work on energized equipment or lines. Responsible for keeping job sites clean and may be required to perform such other duties as assigned.

SUBSTATION INSPECTOR (6121)
Conducts inspections of Substations and Substation Equipment. Must be a Journeyman substation electrician. Must be able to work alone and be responsible for scheduling their own work to meet departmental schedules; Responsible for scheduling and performing preventative maintenance on substation battery systems. Performs switching in substations required for dispatch to clear line and equipment for other entities and load relief. Responsible for providing monthly and bi-monthly load reads into the load database. May also be asked to perform some minor maintenance work on substation equipment and other duties as assigned that they are trained and qualified to perform.

SURVEY INSTRUMENT TECHNICIAN (6190)
Assists the Surveyor/Crew Chief in the performance of survey and survey related activities. Must possess a working knowledge of the theories and principles of geometry. Must be able to operate and maintain all survey and survey related equipment and is responsible for the accuracy of all measurements. Is familiar with construction layout and staking and possesses the physical ability to perform such duties in various terrain and weather conditions. Must possess basic knowledge of Land Survey principles and practices and actively pursues performance excellence. Must be able to read and understand construction/engineering plans and keep accurate, legible field notes. Performs research and calculations in support of the Survey/Crew Chief. Is responsible for basic maintenance, cleaning and stocking of work truck and other vehicles used in the performance of the survey crew's duties. In the absence of the Surveyor/Crew Chief, must be able to act as Crew Chief. Performs such other duties as may be assigned.

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SURVEYOR (3178)
Directs the work and activities of the Survey Crew in the performance of measurements upon the land of features and fixtures of Company owned land and land rights, construction layout and staking of improvements and facilities, and other survey related activities in support of Company objectives. Maintains and operates all survey and survey related equipment. Checks plans for accuracy, performs research, calculations and other field checks to insure correctness, maintains data collector files and oversees survey crew to make sure correct survey procedures and safety requirements are met. Possesses fundamental knowledge of Land Survey principles and practices and actively pursues performance excellence. The Surveyor shall be responsible for the survey crews activities in the performance of their duties. Must possess a valid Professional Land Surveyors license. Performs such other duties as may be assigned.

TOOL COMPLIANCE TECHNICIAN (6184)
Administers the live line tool testing and maintenance program per 29 CFR 1910.269 Company wide, the high and low voltage rubber glove testing program per 29 CFR 1910.269 Company wide, the atmospheric test instruments program per 29 CFR 1910.269 and the tool inventory program and protective ground testing program. Performs live line tool testing and maintenance and administers records. Administers high and low voltage rubber protective equipment testing and record maintenance. Maintains tool inventory and administers control procedures and activities. Calibrates atmospheric test instruments. Shall be responsible for protective ground testing/maintenance. May perform the duties of Tool Repairer, as needed.

TOOL REPAIRER (6183)
Receives, stores, issues and maintains records for tools and similar items used in connection with the construction, maintenance and repair of the Company's transmission and distribution systems, including vehicles, metering and communication maintenance and related services. Does minor repair work on hot sticks, hoists, pumps, drills and other tools associated with T&D operations. Refuels Company vehicles, makes and repairs hot jumpers, hand lines, rope blocks and cable slings, etc. May work as a groundman or a clerk driver if required.

TRAINER-LINES (6105) / TRAINER-SUBSTATION (6104)
Responsible for administration development, administration and evaluation of apprenticeship program for Journeyman classification in accordance with Company guidelines and industry standards. Provides classroom instruction and field training for qualified groundman, apprentice, and Journeyman classifications. Will be responsible for apprentice testing and evaluation, maintenance of all apprentice and Journeyman training records. Provides reports and recommendations to the apprentice committee. Conducts assessments and evaluations for program effectiveness and performance. Performs other related duties as required and may be required to work in classification as needed.

UNDERGROUND INSPECTOR (6172)
Will be responsible for inspecting the installation of conduits, main trenches and all system improvement projects. Inspects underground sub-structures all in accordance with Company specifications and standards. Will perform survey work in determining alignment locations for right-of-way acquisition as required by various departments. Will assist the Electrical Inspector in all aspects of the job. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

UNDERGROUND LINE LOCATOR (6173)
Shall be responsible for all aspects of line location including maintaining and understanding equipment necessary to complete all line locates. Shall be responsible for accuracy, reading and understanding all engineering blueprints, keeping accurate office and field notes, coordinating between contractors and customers, research records for needed information to perform all duties in line locates. May report to different locations and may perform other duties.

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UTILITY DESIGN COORDINATOR I (3107)
This entry-level position completes design work of a straightforward and standardized nature and identifies project specific customer needs and expectations for electric utility improvements. Responsible for the preparation of new improvement designs, work orders and cost estimates for new business construction. This position may be the central point of contact for external customers, developers, contractors, engineering firms, local agencies, utilities and governmental entities. Designs and/or coordinates entry-level to more complex electric utility improvements. Focuses on the identification of customer needs regarding project specific electric utility design requirements, standards, policies and establishes project specific business relationships and guides the customer through the New Business process. Focuses on ensuring service commitments are delivered and will create, negotiate and administer financial and contractual agreements with the external customer. This position may perform independently or under the general direction of a Utility Design Coordinator II or Senior Project Coordinator. Provides high level of customer service to internal and external customers. May complete field checks of customer service orders for meter sets on new electric utility improvements. Responsible for verification of voltage, amperage and panel size for various types of meter sets, and ensures that a final inspection from the appropriate government entity has been issued, the panel is energized and that identification is clearly posted on the panel and building. Required to operate a vehicle for the Company. Responsible for design quality assurance and ensuring a quality product for internal and external customers. Performs other related work, including underground line location, for which the employee is capable and qualified to safely perform as assigned

UTILITY DESIGN COORDINATOR II (3108)
This position performs complete design work of a straightforward and standardized nature and identifies project specific customer needs and expectations for electric utility improvements. Responsible for the preparation of new improvement designs, work orders and cost estimates for new business construction. May provide training, development and mentoring to the Utility Design Coordinator I. This position may be the central point of contact for external customers, developers, contractors, engineering firms, local agencies, utilities and governmental entities. Designs and/or coordinates entry-level to very complex, electric utility improvements. Focuses on the identification of customer needs regarding project specific electric utility design requirements, standards and policies. Establishes project specific business relationships and guides the customer through the New Business process. Also expected to understand and be capable of performing all duties of a Utility Design Coordinator I. Focuses on ensuring service commitments are delivered and will create, negotiate and administer the financial and contractual agreements with the external customer, including government entities. This position may perform under the direction of a Senior Project Coordinator. Required to operate a vehicle for the Company. Responsible for design quality assurance and ensuring a quality product for internal and external customers. Performs other related work for which the employee is capable and qualified to safely perform as assigned.

SENIOR PROJECT COORDINATOR (3109)
This position identifies project specific customer needs and expectations for new electric utility business development. This position is the central point of contact for external customers, developers, contractors, engineering firms, local agencies, utilities and governmental entities. Focuses on the identification of customer needs regarding project specific electric utility design requirements. Establishes project specific business relationships and guides the customer through the New Business process. Focuses on ensuring service commitments are delivered and will create, negotiate and administer the financial and contractual agreements with the external customer, including government entities. Coordinates moderately complex, to very complex, new electric utility improvements. Responsible for the preparation of electric utility improvement designs, work orders, cost estimates and contract administration pertaining to budget jobs for new construction or system improvements, public works, road improvements and government projects. Expected to understand and perform all duties of a Utility Design Coordinator I or II. Provides coaching, direction and mentoring to the Utility Design Coordinator I & II. Required to operate a vehicle for the Company. Responsible for design quality assurance and ensuring a quality product for internal and external customers. Performs other related work, including maintaining a close working relationship with internal partners to facilitate continuous improvement opportunities and attainment of cost per customer goals, for which the employee is capable and qualified to safely perform as assigned.

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TRANSMISSION & DISTRIBUTION - WAGES					
JOB CODE	**JOB TITLE**	**STEP**	**02/01/2008 5.00%**	**02/01/2009 4.50%**	**02/01/2010 4.25%**
3102	Rodman Chainman	1	$21.09	$22.04	$22.98
	2nd Six Months	2	$23.07	$24.11	$25.13
	3rd Six Months	3	$23.26	$24.30	$25.34
	4th Six Months	4	$24.43	$25.53	$26.62
	5th Six Months	5	$25.68	$26.84	$27.98
3103	Tech I, Mapping	1	$19.98	$20.88	$21.77
	2nd Six Months	2	$20.49	$21.41	$22.32
	3rd Six Months	3	$20.98	$21.92	$22.85
	4th Six Months	4	$21.50	$22.47	$23.43
	5th Six Months	5	$22.04	$23.03	$24.01
	6th Six Months	6	$22.60	$23.61	$24.62
	7th Six Months	7	$23.15	$24.19	$25.22
3104	Tech II, Mapping	1	$23.51	$24.57	$25.61
	2nd Six Months	2	$23.99	$25.07	$26.14
	3rd Six Months	3	$24.45	$25.55	$26.64
	4th Six Months	4	$24.95	$26.07	$27.18
	5th Six Months	5	$25.45	$26.60	$27.73
	6th Six Months	6	$25.95	$27.11	$28.27
	7th Six Months	7	$26.47	$27.66	$28.84
	8th Six Months	8	$27.04	$28.25	$29.45
3105	Tech Sr, Mapping	1	$27.22	$28.44	$29.65
	2nd Six Months	2	$27.71	$28.96	$30.19
	3rd Six Months	3	$28.40	$29.68	$30.94
	4th Six Months	4	$29.11	$30.42	$31.71
	5th Six Months	5	$29.81	$31.15	$32.47
	6th Six Months	6	$30.54	$31.92	$33.28
	7th Six Months	7	$31.29	$32.70	$34.09
3107	UDC I	1	$21.16	$22.11	$23.05
	2nd Six Months	2	$21.79	$22.77	$23.74
	3rd Six Months	3	$22.44	$23.45	$24.44
	4th Six Months	4	$23.13	$24.17	$25.20
	5th Six Months	5	$23.81	$24.89	$25.94
	6th Six Months	6	$24.52	$25.62	$26.71
	7th Six Months	7	$25.26	$26.40	$27.52
	8th Six Months	8	$26.03	$27.20	$28.36

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3108	UDC II	1	$27.98	$29.24	$30.48
	2nd Six Months	2	$28.82	$30.12	$31.40
	3rd Six Months	3	$29.69	$31.03	$32.35
	4th Six Months	4	$30.58	$31.95	$33.31
3109	Coordinator Senior, Projects	1	$32.91	$34.39	$35.85
	2nd Six Months	2	$33.89	$35.42	$36.92
	3rd Six Months	3	$35.08	$36.66	$38.22
	4th Six Months	4	$36.31	$37.94	$39.56
	5th Six Months	5	$37.59	$39.28	$40.95
3146	Mechanical Specialist	1	$36.26	$37.89	$39.50
3178	Surveyor	1	$36.72	$38.37	$40.00
5144	Clerk Dispatcher	1	$31.74	$33.17	$34.58
5145	Mat Spec/LG/FSR	1	$27.35	$28.58	$29.80
	2nd Six Months	2	$28.38	$29.66	$30.92
	3rd Six Months	3	$29.55	$30.88	$32.19
5181	Meter Shop Dispatcher	1	$26.78	$27.98	$29.17
6054	Lead Comm Electrician	1	$41.32	$43.18	$45.01
6055	Lead Relay Electrician	1	$41.32	$43.18	$45.01
6056	Lead Substation Electrician	1	$40.19	$42.00	$43.79
6057	Lead Lineman	1	$40.60	$42.43	$44.23
6058	Lead Metering Electrician	1	$40.19	$42.00	$43.79
6062	Lead Underground Inspector	1	$34.38	$35.92	$37.45
6080	Lead Fleet Services Mechanic	1	$39.40	$41.17	$42.92
6086	Lead Material Specialist T&D	1	$32.51	$33.97	$35.41

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6089	Lead Surveyor	1	$40.39	$42.21	$44.01
6100	Line Clearance Inspector	1	$24.81	$25.93	$27.03
6104	Trainer Substation	1	$40.19	$42.00	$43.79
6105	Trainer Lines	1	$40.60	$42.43	$44.23
6107	Relay Electrician II	1	$38.37	$40.09	$41.80
6108	Comm Electrician II	1	$38.37	$40.09	$41.80
6110	Field Inspector	1	$37.64	$39.34	$41.01
6111	Circuit Inspector	1	$32.88	$34.35	$35.81
6112	Electrical Inspector	1	$38.73	$40.48	$42.20
6113	Line Troubleman	1	$38.75	$40.49	$42.21
6121	Substation Inspector	1	$38.37	$40.09	$41.80
6122	Substation Electrician	1	$36.54	$38.18	$39.81
6123	Journeyman Lineman	1	$36.90	$38.56	$40.20
6124	Journeyman Metering Electrician	1	$36.54	$38.18	$39.81
6130	Welder,Company Wide	1	$36.54	$38.18	$39.81
6136	Lines Groundman	1	$19.77	$20.66	$21.54
	2nd Six Months	2	$20.44	$21.36	$22.27
	3rd Six Months	3	$21.09	$22.04	$22.98
	4th Six Months	4	$21.90	$22.89	$23.86
	5th Six Months	5	$22.74	$23.77	$24.78
	6th Six Months	6	$23.61	$24.68	$25.73
	7th Six Months	7	$24.43	$25.53	$26.62
6150	Equipment Mechanic	1	$35.81	$37.42	$39.01

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6151	Fleet Maintenance Technician	1	$25.75	$26.90	$28.05
	2nd Six Months	2	$26.52	$27.72	$28.89
	3rd Six Months	3	$27.31	$28.54	$29.75
	4th Six Months	4	$28.11	$29.37	$30.62
	5th Six Months	5	$28.84	$30.14	$31.42
6158	Material Specialist I T&D	1	$27.35	$28.58	$29.80
	2nd Six Months	2	$28.38	$29.66	$30.92
	3rd Six Months	3	$29.55	$30.88	$32.19
6159	Warehouse Utility Tech T&D	1	$20.28	$21.19	$22.09
	2nd Six Months	2	$21.07	$22.02	$22.96
	3rd Six Months	3	$21.83	$22.81	$23.78
6166	Equipment Operator	1	$32.63	$34.10	$35.55
6172	Underground Inspector	1	$27.15	$28.37	$29.58
	2nd Six Months	2	$28.27	$29.54	$30.79
	3rd Six Months	3	$29.22	$30.54	$31.83
	4th Six Months	4	$30.25	$31.61	$32.96
	5th Six Months	5	$31.26	$32.67	$34.05
6173	Underground Line Locator	1	$19.95	$20.85	$21.73
	2nd Six Months	2	$20.94	$21.88	$22.81
	3rd Six Months	3	$22.01	$23.00	$23.98
	4th Six Months	4	$23.11	$24.15	$25.18
6177	High Boom Operator	1	$31.26	$32.67	$34.05
6180	Line Patrolman	1	$37.64	$39.34	$41.01
6182	Fleet Utility Tech	1	$22.62	$23.63	$24.64
	2nd Six Months	2	$23.42	$24.47	$25.51
	3rd Six Months	3	$24.16	$25.25	$26.32
	4th Six Months	4	$24.96	$26.08	$27.19
6183	Tool Repairer	1	$30.40	$31.77	$33.12
6184	Technician,Tool Compliance	1	$31.93	$33.37	$34.79

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6185	Comm Groundman	1	$19.77	$20.66	$21.54
	2nd Six Months	2	$20.44	$21.36	$22.27
	3rd Six Months	3	$21.09	$22.04	$22.98
	4th Six Months	4	$21.90	$22.89	$23.86
	5th Six Months	5	$22.74	$23.77	$24.78
	6th Six Months	6	$23.61	$24.68	$25.73
	7th Six Months	7	$24.43	$25.53	$26.62
6158	Material Specialist II T&D	1	$30.05	$31.38	$32.69
6187	Relief Line Troubleman	1	$39.48	$41.26	$43.01
6188	Clerk Driver	1	$26.82	$28.02	$29.21
	2nd Six Months	2	$27.85	$29.10	$30.34
	3rd Six Months	3	$28.92	$30.22	$31.50
	4th Six Months	4	$29.94	$31.28	$32.61
6189	Substation Groundman	1	$19.77	$20.66	$21.54
	2nd Six Months	2	$20.44	$21.36	$22.27
	3rd Six Months	3	$21.09	$22.04	$22.98
	4th Six Months	4	$21.90	$22.89	$23.86
	5th Six Months	5	$22.74	$23.77	$24.78
	6th Six Months	6	$23.61	$24.68	$25.73
	7th Six Months	7	$24.43	$25.53	$26.62
6190	Survey Instrument Tech	1	$27.15	$28.37	$29.58
	2nd Six Months	2	$28.27	$29.54	$30.79
	3rd Six Months	3	$29.22	$30.54	$31.83
	4th Six Months	4	$30.25	$31.61	$32.96
	5th Six Months	5	$31.26	$32.67	$34.05
6196	Metering UtilityTech-Mtr Svc	1	$14.82	$15.48	$16.14
	2nd Six Months	2	$15.61	$16.32	$17.01
	3rd Six Months	3	$16.37	$17.11	$17.83
	4th Six Months	4	$17.16	$17.93	$18.69
	5th Six Months	5	$17.94	$18.75	$19.55
	6th Six Months	6	$18.71	$19.55	$20.38
	7th Six Months	7	$19.50	$20.38	$21.24

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6197	Communications Electrician I	1	$ 37.00	$38.67	$40.31
6198	Relay Electrician I	1	$37.56	$39.25	$40.92
6199	Master Lines Clearance Inspector	1	$26.05	$27.22	$28.38
7013	App Equip Mechanic	1	$28.30	$29.57	$30.83
	2nd Six Months	2	$29.07	$30.38	$31.67
	3rd Six Months	3	$29.88	$31.23	$32.55
	4th Six Months	4	$30.70	$32.08	$33.45
	5th Six Months	5	$31.61	$33.03	$34.43
	6th Six Months	6	$33.44	$34.95	$36.43
	7th Six Months	7	$35.81	$37.42	$39.01
7020	Apprentice Lineman	1	$20.44	$21.36	$22.27
	2nd Six Months	2	$24.43	$25.53	$26.62
	3rd Six Months	3	$27.12	$28.34	$29.55
	4th Six Months	4	$28.23	$29.51	$30.76
	5th Six Months	5	$29.18	$30.49	$31.79
	6th Six Months	6	$30.21	$31.57	$32.91
	7th Six Months	7	$31.22	$32.62	$34.01
	8th Six Months	8	$32.21	$33.66	$35.09
	9th Six Months	9	$33.23	$34.73	$36.20
	10th Six Months	10	$34.25	$35.79	$37.31
7021	App Substation Electrician	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7022	App Metering Electrician	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91

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	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7024	App Comm Electrician	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7085	Meter Tester	1	$21.65	$22.63	$23.59
	2nd Six Months	2	$22.62	$23.63	$24.64
7093	Material Utility Technician	1	$20.28	$21.19	$22.09
	2nd Six Months	2	$21.07	$22.02	$22.96
	3rd Six Months	3	$21.83	$22.81	$23.78
7094	Maintenance Technician	1	$24.16	$25.25	$26.32
	2nd Six Months	2	$24.96	$26.08	$27.19
	3rd Six Months	3	$25.75	$26.90	$28.05
	4th Six Months	4	$26.52	$27.72	$28.89
	5th Six Months	5	$27.31	$28.54	$29.75
	6th Six Months	6	$28.11	$29.37	$30.62
	7th Six Months	7	$28.84	$30.14	$31.42
7095	Chief, Crew	1	$33.02	$34.51	$35.98
	2nd Six Months	2	$33.80	$35.32	$36.82
	3rd Six Months	3	$34.48	$36.03	$37.57
	4th Six Months	4	$35.09	$36.67	$38.23
	5th Six Months	5	$35.83	$37.44	$39.03
7096	Maintenance Utility Tech	1	$14.82	$15.48	$16.14
	2nd Six Months	2	$15.61	$16.32	$17.01
	3rd Six Months	3	$16.37	$17.11	$17.83
	4th Six Months	4	$17.16	$17.93	$18.69
	5th Six Months	5	$17.94	$18.75	$19.55
	6th Six Months	6	$18.71	$19.55	$20.38
	7th Six Months	7	$19.50	$20.38	$21.24
7097	Facilitator, Design & Const	1	$38.73	$40.48	$42.20
7098	Tech, Multi-Trade I	1	$21.47	$22.44	$23.39
7099	Tech, Multi-Trade II	1	$25.43	$26.58	$27.70
7100	Tech, Multi-Trade III (Lead)	1	$31.08	$32.48	$33.86

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March 1, 2004

Mr. Jim Anzinger
International Brotherhood of Electrical Workers
Local Union #396
3520 Boulder Hy
Las Vegas, NV 89121

Letter of Understanding

Dear Mr. Anzinger,

This letter will document the Agreement between the International Brotherhood of Electrical Workers, Local #396, and Nevada Power Company relative to the duties of IBEW Local Union #396 represented Crew Chiefs and Surveyors employed in the Land Survey, Land Services Department.

It is agreed and understood that job assignments may be made whereby the
Crew Chief or Surveyor will be allowed to completed the assigned project from “field to finish”. All such duties of said “field to finish” projects, normally accomplished by Nevada Power Company MPAT employees, will be accomplished by the represented employee with the help and aid of MPAT employees. No adjustments to pay will be made.

During the times when a Crew Chief or Surveyor is performing duties other than field duties, relative to these specific projects, they will under the direction of the Lead Surveyor, coordinate their assigned on-going fieldwork with crew members. When an Instrument Technician is assigned duties normally associated with Crew Chief or a Surveyor, the Instrument Technician shall be up-graded with appropriate pay adjustments in accordance with the Collective Bargaining Agreement.

Performance reviews will be made in accordance with the Collective Bargaining Agreement with respect to field performance only.

This is a non-precedent setting agreement and may be rescinded by notification in writing by either party.

AGREED:

/s/Zelender Dye
Sr. Labor Relations
Nevada Power Company

/s/James Anzinger
Business Manager/Financial Secretary
IBEW Local #396

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GENERATION
ARTICLE NO. 4
UNION ACTIVITY

4.3 CONTRACTING WORK:

In case the Company should contract any type of work customarily performed by bargaining unit employees, the Company shall, before awarding such contract, advise the contractor that the work is to be done under not less than the terms and conditions pertaining to hours and wages set forth in this Agreement. Upon award of such contract, the Company shall notify the Union in writing within thirty (30) calendar days of any and all contracts awarded of such contractor and the nature of the work being performed. The Company will not contract any of its construction and maintenance work while having available competent employees to do such work. In the event the Company has employees on layoff with recall rights, the Company will not establish contracts for work that is customarily performed by such bargaining unit employees unless the affected employees are not qualified to perform the work (as defined in Article 5.4 LAYOFF PROVISIONS), or the work requires the use of special construction or other equipment which the Company does not possess. If the Company has employees in layoff status who are qualified to perform work, which the Company intends to contract, the Company may recall these employees for the term of the contracted work without creating the liability for an additional severance in accordance with Article 5 (STATUS OF EMPLOYEES) of this Agreement.

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GENERATION
ARTICLE NO. 6
WORKING HOURS AND RATES OF PAY

6.1 DEFINITIONS:

SHIFT: Hours of work.

SCHEDULE: Days and hours of work.

WORK DAY: Eight (8) hours in any one (1) day shall constitute the work day; however the Company and Union may enter into Agreements which establish alternative work schedules involving work days which have more than eight hours.

WORK WEEK: Five (5) consecutive work days, regularly scheduled between the hours of 12:01 am, Monday, and 12:00 midnight, Sunday, shall constitute the basic work week. The basic work week of regular day-shift employees shall be from Monday through Friday and reflect a schedule of forty (40) hours of straight-time work.

REGULAR DAYS OFF: Days off shall be consecutive, however, they may not be within the basic workweek.

REGULAR DAY-SHIFT EMPLOYEES: Regular day shift employees are those employees who are assigned to shifts, which are established on a Monday through Friday schedule and work a shift, which begins between the hours of 7:00 am and 11:59 am. When mutually agreed to by the Union and Company, the day shift starting time may be scheduled as early as 6:00 am to take advantage of daylight hours.

SEVEN DAY COVERAGE: A schedule of fixed or rotating shifts that cover seven (7) days per week, twenty-four (24) hours per day.

SHIFT EMPLOYEES: Shift employees are all employees not defined as regular day-shift employees. This includes employees assigned to fixed shifts and seven (7) day coverage.

SHIFT DESIGNATIONS: No shift periods shall start between the hours of 12:01 am and 5:59 am, unless mutually agreed to by memorandum of understanding between the Company and the Union. The follow designations shall apply:

FIRST SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 6:00 a.m., or thereafter but before 12:00 noon shall be designated as first shifts.

SECOND SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 12:00 noon or thereafter but before 8:00 p.m., shall be designated as second shifts.

THIRD SHIFT: All eight (8) hour shift periods regularly scheduled to begin at 8:00 p.m., or thereafter but before 12:01 a.m., shall be designated as third shifts.

SHIFT DIFFERENTIAL: An incremental increase for working on a second or third shift.

SHIFT PREMIUM: An incremental increase for all hours worked outside of the employee's previous schedule for the first five (5) working days of a newly established permanent, temporary or emergency schedule.

SHORT CHANGE: A transfer from one established schedule to another with only one shift off between schedules.

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COMPANY HEADQUARTERS: Any headquarters established for the purpose of engaging in work covered by this Agreement when such work will continue for an indeterminate period of time.

6.4 **OVERTIME:** In computing overtime, intermission taken out for meals served other than on the job shall be deducted, and any holiday or vacation paid in that pay period will be considered as time worked.

NO PYRAMIDING OF OVERTIME: The employee will only be entitled to the highest single premium rate applicable to the work assigned by the CBA. There will be no pyramiding of overtime.

TIME AND A HALF: Except as otherwise provided in this Article, the following situations shall require payment at one and one-half (1 1/2) times the regular established wage rate:

- Time worked in excess of eight (8) hours per day.
- Time worked in excess of any five (5) scheduled workdays in that workweek.
- Work scheduled in the three (3) hours immediately preceding the normal starting time.
- Employees scheduled to work on an observed holiday.
- Employees on seven (7) day coverage who are scheduled or called out for overtime except as defined in "Double Time."
- Employees who are scheduled for overtime and such is canceled per Article 6.9 (REQUIRED NOTICE FOR OVERTIME).

DOUBLE TIME: Except as otherwise provided in this Article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees, other than those assigned to seven (7) day coverage, which are scheduled to work within the first five (5) hours of the eight (8) hour period immediately preceding the normal starting time regardless of the day of the week.
- Employees who work on the second day of a two day off period, or on the second or fourth days off of a four (4) days off period with an overtime minimum as provided in Article 6.7 (CALL-OUTS).

DOUBLE TIME AND A HALF: Except as otherwise provided in this Article, the following situations shall require payment at two and one-half (2 1/2) times the regular established wage rate:

- All time worked in excess of sixteen (16) consecutive hours.

BREAK PERIOD: Employees entitled to pay at this rate will continue at this rate until they have been released for a period of at least six (6) continuous hours. Any break of six (6) hours will be considered an interruption of continuous work time. It is understood that any employee may be returned to work exactly six (6) hours from their most recent release, satisfying the required break. It is also understood that any employee released for such a break may be called back to work before six (6) hours have elapsed.

MEAL PERIODS: Meal periods while working overtime will not be considered as part of the six (6) hour break and will not be considered time worked, unless employees are directed to work through their meal period. Employee's unpaid meal period which occurs during regular work hours will be included in the computation of the six (6) hour break, when this break is calculated from the end of the employee's last regular shift. Accordingly, an employee may be called out five and one-half (5 1/2) hours from the end of their last regular shift without creating a requirement for this rate.

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STRAIGHT TIME PAY: Employees sent home for a six (6) hour break will not lose any straight time pay for normally scheduled hours, as a result of such a break.

Example:

Employees assigned to a 7:00 am to 3:30 pm shift and released two (2) hours early so they may have a six (6) hour break before a scheduled outage would be paid for the two (2) hours at the straight time rate and this would satisfy the six (6) hour break.

Employees must use any rest time pay accumulated as a result of an overtime assignment before these provisions would apply. If an employee's accumulated rest time does not cover the entire six (6) hour break, the employee will receive straight time pay for any regularly scheduled hours not worked due to this break.

6.5 **OVERTIME EQUALIZATION:** The Company will endeavor to distribute overtime work as evenly as possible among those employees qualified to perform such work. For the purpose of distributing overtime, the Company will maintain and post overtime lists in each sub-department indicating time offered and time worked. Each department will create policies and procedures (BY LOCATION, SHIFT – as defined by Article 6.1 AND CLASSIFICATION), for overtime equalization through labor/management meetings.

6.6 **PAY PROVISIONS**:

PAY DAYS: Pay days shall be at biweekly intervals.

WAGES: The schedule of job classifications and wage rates, as mutually agreed to, are made a part of this Agreement, and are marked "Exhibits I and II" respectively.

Wages shall be paid at biweekly intervals on the Thursday following the close of the two-week pay period provided that if the regular payday falls on a holiday, payment shall be made on the preceding workday.

SPECIAL PAY REQUESTS**:** The Company recognizes there will be circumstances such as weeks of vacation and vacation in association with holidays, which will create special requests of the payroll department. Unless the situation is an emergency, all special checks will be limited to individuals who are absent for at least the Wednesday through Friday of a pay week. Exceptions to this practice will require written approval from the department manager and must be presented to payroll no later than forty-eight (48) hours in advance of the requested time for payment.

RECOVERING OVERPAYMENTS: Deductions from an employee's wages, to recover overpayments made in error, will not be made unless the employee is notified prior to the end of the month following the month in which the check in question was delivered to the employee. The Company and the employee will agree upon a schedule for re-payment.

6.7 **CALL-OUTS:**

TWO-HOUR MINIMUM: Employees called out for overtime duty shall receive at least two (2) hours pay. Reasonable travel time (defined below) to and from home will be considered as time worked for the purpose of satisfying the two (2) hour minimum, and will be paid at the appropriate overtime rate.

Example #1

Employees called out who work two (2) hours and travel one (1) hour (round trip) will be paid for three (3) hours.

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Example #2

Employees called out who work fifteen (15) minutes and travel one (1) hour (round trip) will be paid for two (2) hours.

Example #3

Employees called out who work into their regular shift shall be paid the appropriate overtime premium for at least two (2) hours, which includes travel time to work only. This does not change the normal starting time for the purpose of extending the shift.

MULTIPLE CALL-OUTS: Employees called-out more than once in the twenty-four (24) hour period from midnight one day to midnight the following day shall be paid at least the two (2) hour minimum mentioned above for the first call. For subsequent calls, employees shall be paid for a one (1) hour minimum with the same travel time considerations mentioned above. For the purpose of this section, concurrent calls or successive calls without a break in work time shall be considered as a single call.

TRAVEL TIME: Employees are entitled to travel time according to the following:

Locations	Las Vegas Valley	Reid Gardner	Lenzie / H.A.
Las Vegas Valley	.5 hour	1 hour	.75 hour
Moapa Valley	1 hour	.5 hour	.75 hour
Boulder City	.75 hour	1.5 hours	1.25 hours
St. George/Alamo	2 hours	1.5 hours	1.75 hours
Mesquite	1.5 hours	.75 hour	1 hour
Laughlin	2 hours	3 hours	2.75 hours
Henderson	.75 hour	1.5 hour	1.25 hours

6.9 REQUIRED NOTICE FOR OVERTIME:

SCHEDULED OVERTIME: In scheduling overtime work preceding the employee's next regular work day (shift), the employee shall be given a notice of no later than thirty (30) minutes prior to the employee's regularly scheduled quit time. Without this notice, such work will be considered as a call-out. It is understood that overtime, when worked as an extension of a regular shift, does not require such notification.

CANCELING OVERTIME: A minimum of twelve (12) hours notice is required on canceling pre-scheduled overtime. When customer arrangements are involved, the Company must provide twelve (12) hours notice prior to the employee's next normal starting time. When such notice of cancellation of pre-scheduled overtime work is not given in accordance with the above, employees involved will be paid for two (2) hours at the appropriate overtime rate if they report for and are retained for work. When such notice of cancellation is not given in accordance with the above, but employees are later notified of work cancellation, they will be paid for two (2) hours at the appropriate overtime rate. If they report and are not retained for work, they shall receive pay for two (2) hours at the appropriate overtime rate.

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GENERATION
ALTERNATIVE SHIFT AGREEMENTS
TWELVE-HOUR SHIFT SCHEDULE (THS)

The following provisions shall supersede the corresponding articles of the Collective Bargaining Agreement for the purpose of establishing work conditions applicable to those employees assigned to the Twelve-Hour Shift (THS) schedule. All paragraphs not listed below should be considered unchanged from the Collective Bargaining Agreement.

WORKING HOURS AND RATES PAY:

Workday: Twelve (12) consecutive hours per day shall constitute a work shift. The day shift shall begin at 6:00am; the night shift shall begin at 6:00pm.

Work Week: Four (4) twelve (12) hour shifts (48 hours) and three (3) twelve (12) hour shifts (36 hours) as described in Exhibit V-A, and V-B shall constitute the basic work schedule. 6:01pm Sunday to 6:00pm on the next following Sunday shall constitute the regular workweek.

EXHIBIT V-A TWELVE-HOUR SHIFT (THS) SCHEDULE

M T W T F S S M T W T F S S M T W T F S S M T W
T F S S

Crew #1 D D D - - - N N N N - - - - - - - D D D D
- - - N N N -

Crew #2 N N N - - - - - - - D D D D - - - N N N - D D
D - - - N

Crew #3 - - - D D D D - - - N N N - D D D - - - N N N
N - - - -

Crew #4 - - - N N N - D D D - - - N N N N - - -
- - - - D D D D

D = Day Shift 6:00am (same day) – 6:00pm (same day)
N = Night Shift 6:00pm (preceding day) – 6:00am (same day)

EXHIBIT V-B TWELVE-HOUR SHIFT (THS) SCHEDULE

M T W T F S S M T W T F S S M T W T F S S M T W T F S S

Crew #1 - - - - N N N N - - - D D D - N N N - - - D D D D
- - -

Crew #2 N - - - D D D - N N N - - - D D D D - - - - - - - N N N

Crew #3 D D D D - - - - - - - N N N N - - - D D D - N N N - - -

Crew #4 - N N N - - - D D D D - - - - - - - N N N N - - - D D
D

D = Day Shift 6:00am (same day) – 6:00pm (same day)
N = Night Shift 6:00pm (same day) – 6:00am (following day)

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Overtime: Time worked in excess of forty (40) hours within a regular workweek shall be considered overtime and will be paid for at one and one-half (1 ½) times the regular established wage rate except as otherwise provided in this article. In computing overtime, intermission taken out for meals served other than on the job shall be deducted. In computing overtime, any holiday not worked will be considered as twelve (12) hours worked. In scheduling overtime work, a minimum of twelve (12) hours notice, prior to the start of said overtime, but prior to leaving the last shift shall be required; otherwise such work will be considered as a callout. It is understood that this excludes overtime when worked as an extension of a regular shift.

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Call-Out: Employees who are called for overtime duty shall receive at least two (2) hours pay, and reasonable travel time to and from home will be considered as time worked for the purpose of satisfying the two-hour minimum cited herein.

Double-Time: Employees who are called for work on an observed holiday or who work anytime during the one (1) day off period, on the last day of the two (2) day off period, the second day of the three (3) day off period, or the fourth day of the seven (7) day off period, shall receive double time for all time worked with an overtime minimum of two (2) hours as provided in Article 6.7. Employees who are called out for overtime work within the eight (8) hour period immediately preceding normal workday\night shall receive double time for all time worked during that period with an overtime minimum as provided above.

Double-Time and One Half / Continuation: Employees shall be paid at the double time and one half (21/2) rate of pay for all time worked in excess of sixteen (16) hours. Employees who, under the provisions of this clause, would be entitled to pay at the double time and one half rate will not have such right nullified by an interruption of continuous work time of less than six (6) hours. (Any break in continuous work time of six (6) hours or more will be considered to be an interruption of continuous work time).

Under the provisions of this article, the employees may be sent home for a specified break and shall not lose any normal time pay for the regular time for the regular time which they are required to lose by reasons of such break. (It is understood that employees on any such break may be called back to work). Meal periods will not be considered as an interruption of continuous work time and will not be considered as work time except when paid for by the Company. The meal period which, occurs during employees' regular work hours, will be included in the computation of the break period.

Canceling Overtime: A minimum of twelve (12) hours notice is required on canceling prescheduled overtime, or where customer arrangements are involved, twelve (12) hours notice prior to the employee's next normal starting time. When such notice of cancellation of prescheduled overtime work is not given in accordance with the above, employees involved will be paid for two (2) hours at established overtime rates if they report and are retained for work. When such notice of cancellation is not given in accordance with the above, but they are later notified of work cancellation, they will be paid for two (2) hours at time and one-half (1 ½). If they report and are not retained for work, they shall receive pay for two (2) hours at time and one-half (1 ½).

Multiple Call-Outs: If an employee is called for emergency work more than once in the twenty-four (24) hour period from midnight one day to midnight the following day, minimum overtime compensation shall be paid for two (2) hours only for the first call outside of such employee's regular work hours on work days, or at any time on his on-work days. For subsequent calls, minimum overtime compensation shall be paid for one (1) hour and travel time as herein provided. For the purpose of this section, concurrent calls or successive calls without a break in work time shall be considered as a single call. If by reason of a call, an employee works less than the minimum time and into regular work hours, the minimum overtime provisions will apply into his regular work hours and thereby postpone starting time.

All employees included in special or rotating schedules will receive the following consideration: When an employee is transferred from one schedule of work days or work hours to another schedule provided, the schedule is an established schedule or shift for the employee's work group. The employee shall not be entitled to overtime compensation for work performed during regular work hours of any day involved in the transfer, provided that (a) employee has been notified of such transfer not less than twenty-four (24) hours in advance of the starting time of the new shift or work period; (b) employee has had a minimum of twelve (12) hours off between shifts or work periods; (c) as a result of such transfer employee has not been required to work more than forty (40) hours at the straight rate in any regular pay period involved; and (d) employee has not been required to work more than one (1) short change in the regular pay period involved, provided, however, that such short change was not the result of a voluntary action on the part of an employee, i.e., calling in sick, taking an unauthorized day off for personal reason, etc. (A short change is defined as a transfer from one schedule to another with but twelve (12) hours off between shifts or work periods).

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Meal Times: When working overtime before or after the regular shift, or when called out for work after the completion of their regular shift, or when called out on the employee's regularly scheduled days off, or holidays, and such work is continuous for one and one-half (1 ½) hours or more, the Company shall provide all meals unless the employee is released before meal time or the employee may choose to receive the allowance. The normal meal times shall be one and one-half (1 ½) hours before the employee's normal starting time, six (6) hours after the normal starting time, fourteen (14) hours after the normal starting time, and eight (8) hours before the normal starting time; and meals will be provided as close to these times as circumstances of work will permit.

Rest Time: All employees who are required to work emergency overtime within the eight (8) hour period immediately preceding their scheduled starting time shall, after the emergency, be entitled to time off with straight time pay equal to time worked. This is not applicable to a callout or scheduled overtime of three (3) hours or less immediately preceding the employee's normal starting time. If an employee is entitled to time off under above, such time off which would normally begin at the start of the regular shift maybe taken during the last part of the regular shift. An employee shall not be required to work during his rest period provided adequate relief is available, however, should an employee be required to work during this period, he shall receive straight time for all time worked during his rest period in addition to his rest period pay.

Shift Differential: Seven (7) day coverage employees will be paid the shift differential applicable to the shift under which any hours worked may fall. Fixed shift employees will be paid their shift differential for all hours worked on that day.

February 1, 2008 thru February 1, 2011 ………… 1.02 per hour

Shift premiums shall be payable only for hours actually worked and shall not be payable for non-work time such as holidays, sick leave and vacation.

Holidays: Regular employees and temporary employees with more than six (6) months continuous service who are assigned to the THS schedule may be permitted to take holidays off which fall on their scheduled work days; however, if they are not permitted time off, they shall be paid at the rate of time and one-half (1½) in addition to the holiday pay for the time worked on such day during regular working hours.

Holiday Schedule for the 12 Hour Shift Agreement:

New Year's Day
Martin Luther King Day
Memorial Day
4th Of July
Labor Day
Veterans Day
Thanksgiving Day
Christmas Day

Banked Holidays: If a regular employee or a temporary employee with more than six (6) months of continuous service is required to work on any day observed as a holiday and agrees in advance of that observed holiday to work for the straight time hour rate of pay rather than the premium rate of pay, then the holiday pay of twelve (12) hours may be traded for 12 hours to be added to that employee's vacation entitlement for that calendar year. No more than thirty-six (36) hours may be acquired in this manner.

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When a holiday falls on an employee's regularly scheduled work day, or on an employee's regularly scheduled day off, the holiday may be observed on another work day within the same pay period which maybe in conjunction with the employee's regularly scheduled days off, or any other day within that pay period. This accommodation must be by mutual Agreement between the employee and the Company and scheduled as far in advance as possible. It is understood that if any employee requests that they be excused on the fourth day of their four-day workweek, they will be compensated with twelve (12) hours of straight time pay. If the holiday falls on an employee's regularly scheduled day off, or the fourth day of the four-day work week, and no other accommodations are made, the last scheduled, non-overtime work day, immediately preceding the holiday, shall be observed as the holiday for the purpose of this article.

Vacations: An employee's vacation accrual shall be adjusted for all periods of leave of absence without pay as defined elsewhere in this Agreement by reducing the number of vacation days accrued in direct proportion to the number of days of leave without pay within the employee's anniversary year. Such reductions shall be applied to any accrued and unused vacation available in the calendar year the adjustment is made, or when such adjustment exceeds the employee's available vacation, the excess shall be applied against the employee's next vacation accrual or the employee's final paycheck, whichever occurs first. It is understood that no adjustment to vacation accrual will be made due to use of paid sick leave.

Vacation periods shall normally commence on Monday except for employees whose workweek starts on days of the week other than Monday; the vacation period shall commence with the starting days of their respective workweeks. However, by prior arrangement with the employee'' supervisor, an employee shall be allowed vacation in increments of one shift or more on any day of the week, except where prohibited by operations needs or where necessary relief cannot be provided, or where payment of overtime to another employee would be required. If a holiday occurs on a workday during an employee's vacation, it shall not be counted as one day of vacation. The employee shall receive straight time pay for the holiday as such.

If an employee assigned to the THS schedule, requests, and is granted vacation on the first, second, or third day of their forty-eight hour work schedule, the employee will have those hours considered as time worked for the purpose of calculating their pay on the fourth day of that work schedule. It is understood that vacation granted for the entire week (i.e., forty-eight (48) hours) or on the fourth day of the four-day workweek will be paid on a straight time basis.

Upgrade And Overtime Scheduling: The Company may upgrade a qualified employee or utilize a relief employee to provide coverage for a vacant shift due to a scheduled or unscheduled absence provided such situation does not result in overtime for any employee in a lower classification, or may elect not to cover the shift when sufficient qualified personnel are available to perform the required functions safely. If these arrangements cannot be made and it is necessary to work employee overtime the following steps will be followed:

1. An employee, who is on his or her day off and will have at least twelve (12) hours off between shifts, shall be called to fill the vacant shift in accordance with the overtime list. Scheduled overtime shall be paid in accordance with Article 6.4, Overtime Pay. Callouts for coverage of unscheduled vacancies (i.e. sick leave or family sick leave) shall be paid at double time (2X).

2. The Company may force the person that meets the requirements of step #1 above, to come in and work the shift. Scheduled overtime shall be paid in accordance with Article 6.4, Overtime Pay. Callouts for coverage of unscheduled vacancies (i.e. sick leave or family sick leave) shall be paid at double time (2X).

3. If there is no employee available to accept the overtime offered, the Company shall offer overtime for a portion of the vacant shift to the qualified employee lowest on the overtime list (if the supervisor determines they can do so safely), provided no employee is required to work beyond sixteen (16) hours. The company may divide the shift among multiple employees to avoid working employees beyond sixteen (16) hours. Scheduled overtime shall be paid in accordance with Article 6.4, Overtime Pay. Callouts for coverage of unscheduled vacancies (i.e. sick leave or family sick leave) shall be paid at double time (2X).

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4. If the Company is still unable to cover the shift at this time, they may use whatever option they choose, including using a member of Management to cover.

It is the intent of the Company not to work employees assigned to the THS schedule beyond their regularly scheduled work hours, however, all employees shall be expected to respond to overtime assignments as necessary.

It is the intent of the Company not to work employees assigned to the THS schedule beyond 16 hours. However, it may be necessary to work employees past 16 hours when all of the above steps are exhausted and the supervisor determines they can do so safely.

It is understood that Article 7.4 TEMPORARY APPOINTMENTS does not apply to 12-hour shift schedule agreement.

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GENERATION
ALTERNATIVE SHIFT AGREEMENTS
FOUR-TEN HOUR SHIFT SCHEDULE

The following provisions shall supersede the corresponding articles of the Collective Bargaining Agreement for the purpose of establishing working conditions applicable to those employees assigned to the four-ten hour shift (4/10) schedule. All paragraphs not listed below should be considered unchanged from the Collective Bargaining Agreement.

WORKING HOURS AND RATES OF PAY:

- **Workday:** Ten (10) hours in any one (1) day shall constitute the workday.
- **Work Week:** Four (4) consecutive workdays, regularly scheduled between the hours of 12:01 am, Monday, and 12:00 midnight, Sunday, shall constitute the basic work week. The basic work week of regular day-shift employees shall be from Monday through Friday and reflect a schedule of forty (40 hours of straight time work.

Ten Hour Shift Schedule

	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
Crew 1	D	D	D	D	-	-	-	D	D	D	D	-	-	-	D	D	D	D	-	-	-	D	D	D	D	-	-	-

	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S
Crew 2	-	D	D	D	D	-	-	-	D	D	D	D	-	-	-	D	D	D	D	-	-	-	D	D	D	D	-	-

- **Regular Day-Shift Employees:** Regular day shift employees are those employees who are assigned to shifts, which are established on a Monday through Friday schedule and work a shift, which begins between the hours of 6:00 am and 11:59 am. When mutually agreed to by the Union and Company, the day shift starting time may be scheduled as early as 5:00am to take advantage of daylight hours.
- **Shift Designations:** No shift periods shall start between the hours of 12:01am and 5:59am, unless mutually agreed to by memorandum of understanding between the Company and the Union. The following designations shall apply:
- FIRST SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 5:00am, or thereafter but before 12:00 noon shall be designated as first shifts.
- SECOND SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 12:00 noon or thereafter but before 8:00pm, shall be designated as second shifts.
- THIRD SHIFT: All ten (10) hour shift periods regularly scheduled to begin at 8:00pm, or thereafter but before 12:01am, shall be designated as third shifts.
- **Shift Premium:** An incremental increase for all hours worked outside of the employee's previous schedule for the first four (4) working days of a newly established permanent, temporary or emergency schedule.
- **Lunch Periods:** Supervisors will establish a meal period without pay, approximately five (5) hours after the start of a shift. Employees who are required to begin their lunch more than one (1) hour before or after the regular start of lunchtime shall be paid during the lunch period at the straight time rate.

Overtime: In computing overtime, intermission taken out for meals served other than on the job shall be deducted, and any holiday or vacation paid in that pay period will be considered as time worked.

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Time And A Half: Except as otherwise provided in this Article, the following situations shall require payment at one and one-half (1 ½) time the regular established wage rate:

- Time worked in excess of ten (10) hours per day.
- Time worked in excess of any four (4) scheduled workdays in that workweek.
- Work scheduled in the three (3) hours immediately preceding the normal starting time.
- Employees who are scheduled to work on an observed holiday.
- Employees who are scheduled for overtime and such is canceled per Article 6.9 (Required Notice For Overtime)

Double Time: Except as otherwise provided in this Article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees, who are scheduled to work within the first five (5) hours of the eight (8) hour period immediately preceding the normal starting time regardless of the day of the week.
- Employees who work on the third regular day off, with an overtime minimum as provided in Article 6.7 CALL OUTS

For published scheduled outages only, unless other arrangements are made, any personnel on the Tuesday through Friday shift will be moved, without notification, to a Monday through Thursday shift with no shift premium pay.

Rest Time: Employees who are required to work overtime within the ten (10) hour period immediately preceding their scheduled starting time on a regular work day, shall be entitled to time off with straight time pay equal to time worked during this time frame. This is not applicable to a call out or scheduled overtime of three (3) hours or less immediately preceding the employee's normal starting time.

Establishing Permanent Schedules: The right to establish working schedules and methods of shift rotation for employees, to assign individuals to schedules and to make changes in schedules, rests with the Company. The Company may schedule employees to work for periods of ten (10) hours per day for a minimum period of four (4) days at other than their regular work hours when additional shifts are required for emergency conditions involving the maintenance of repair of plant or station equipment. Company shall pay overtime compensation for all work performed outside of the regular work hours for the first four (4) work days of any such situations. After the first four (4) day overtime requirement has been fulfilled, the appropriate shift differential shall apply. On the fifth (5th) day and thereafter for the duration of any such situation, Company shall pay the straight time rate of pay for work performed on work days during the hours of work established under this section. If any such situation extends beyond four (4) work weeks, Company and the Union may agree to rotate the assignments of employees thereto, but in such event the overtime compensation herein provided for will not be paid to any employee for more than the first four (4) work day period worked outside of regular work hours.

Meals: Meal Times: When working overtime before or after the regular day, or shift, or when called out for overtime work, and such work is continuous for two (2) hours or more, the Company shall provide all meals unless employees are released before the meal time. The normal unpaid meal times shall be:

- One and one-half (1 1/2) hours before the employee's normal starting time,
- Eight (8) hours before the employee's normal starting time,
- Six (6) hours after the normal starting time, and
- Two (2) hours after the normal quitting time,

Holidays: It is understood that Employees may, at their discretion, use two (2) hours of vacation time on holidays to ensure a full eighty (80) hour pay period. When a holiday falls on an employee's regularly scheduled day off, the last scheduled non-overtime work day immediately preceding the holiday or the non-overtime work day immediately following the holiday shall be observed as the holiday for the purpose of this Article. Notice of the date that the holiday will be observed shall be posted within the work group a minimum of one week prior to the holiday itself.

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GENERATION
ALTERNATIVE SHIFT AGREEMENTS
THIRTY-SIX FOR FORTY

The following provisions shall supersede the corresponding articles of the Collective Bargaining Agreement for the purpose of establishing work conditions applicable to those employees assigned to the 36 for 40 shift. All paragraphs not listed below should be considered unchanged from the Collective Bargaining Agreement.

WORKING HOURS AND RATES OF PAY:

Hours of Work: For the purpose of this Agreement, the hours of work will be 6:00am to 6:00pm.

Workday: Twelve (12) hours in any one (1) day shall constitute the workday.

Work Week: Except as provided for part-time employees, the basic work week shall consist of Three (3) consecutive workdays regularly scheduled between the hours of 12:01am Monday, and 12:00 midnight Sunday. This shall constitute the basic work week. The basic workweek of this shift shall be Friday, Saturday, and Sunday. This will reflect a schedule of forty (40) hours of straight-time work.

Regular Days off: Days off shall be consecutive; however they may not be within the basic work week.

Break Periods: A fifteen (15) minute relief period shall be provided for all employees during each one-half (1/2) of the shift. Work conditions permitting, each break period shall be given as near the middle of each one-half (1/2) of the shift as possible. When employees who are assigned to these schedules are held beyond their normal quitting time, they will receive an additional fifteen (15) minute break, as quickly as operationally possible.

Lunch Periods: Three-Twelve (3/12) Employees will have a thirty (30) minute paid lunch period as part of their regular shift.

Overtime: In computing overtime, intermission taken out for meals served other than on the job shall be deducted, and any holiday or vacation paid in that pay period will be considered as time worked. The 36 for 40 employees will not be available for call-outs or overtime on Thursday Friday and Saturday nights.

Time and a Half: Except as otherwise provided in this Article, the following situations shall require payment as one and one-half (1-1/2) times the regular established wage rate:

- Time worked in excess of Twelve (12) hours per day.
- Time worked in excess of any of the Three (3) scheduled workdays.
- Work scheduled in the three hours immediately preceding the normal starting time.
- Employees who are scheduled to work an observed holiday.
- Employees on Three-Twelve (3-12)'s who are scheduled for overtime except as defined in "Double Time."
- Employees who are scheduled for overtime and such is canceled per Article 6.9 (Required notice for overtime)

Double Time: Except as otherwise provided in this article, the following situations shall require payment at two (2) times the regular established wage rate:

- Employees, who are scheduled to work within the first five (5) hours of the eight (8) hour period immediately proceeding the normal starting time regardless of the day of the week.
- Employees who work on the first day (Monday) of a scheduled four (4) day off period.

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Rest Time: Employees who are required to work overtime within the Eight (8) hour period immediately preceding their scheduled starting time on a regular workday, shall be entitled to time off at the rate of one and one-half (1-1/2) times the actual hours worked. This would create the potential for Twelve (12) hours of rest time. This is not applicable to a call-out or scheduled overtime of three (3) hours or less immediately preceding the Employees normal starting time.

Required Notice For Overtime:
Scheduled Overtime: In scheduling overtime work, a minimum of Twelve (12) hours notice is required, prior to the start of any overtime for a particular day, and before leaving the work site on a regular workday. Without this notice, such work will be considered as a call out. It is understood that overtime, when work as an extension of a regular shift, does not require such notification.

Example:
An employee assigned to a 6:00 am to 6:00 pm shift and is notified to work the next day (their day off) at 6:00 am. If notification is given by the end of shift (6:00 pm), this overtime is scheduled.

Training Exception: The Company may for the purposes of training only, change schedules (Revert back to eight (8) hours – Monday – Friday) when mutually agreed upon by the Union and the Company, without incurring the premium penalties mentioned previously.

Staffing the 36 for 40 Schedule:

- Volunteers: The Company will solicit volunteers for this schedule
- A waiting list (in order from the most senior qualified to the least senior qualified) of volunteers will be kept for the 36 for 40 schedule. This list will be used to staff any changes in the personnel.
- Volunteers will be on a three (3) month commitment to the 3-12 schedule if another volunteer Employee cannot be found.
- If there are no volunteers, the two (2) lowest in seniority, in that classification, will be assigned to a 4-10 split weekend schedule.
- Holiday hours will be tracked to ensure everyone has an opportunity to use their Ninety-six (96) hours when rotating between the 4/10 and 36 for 40 shifts.
- Schedule adjustments will be made to facilitate payroll as needed.

Meals:
Meal Times: When working overtime before or after the regular day, or shift, or when called out for overtime work, and such work is continuous for two (2) hours or more, the Company shall provide all meals unless employees are released before the meal time. The normal unpaid meal times shall be:

One and one-half (1 1/2) hours before the employee's normal starting time,
Eight (8) hours before the employee's normal starting time,
Six (6) hours after the normal starting time, and
One (1) hour after the normal quitting time

Meals will be provided as close to these times as circumstances of the work will permit. Employees may elect to complete their assignment and take their meal period upon completion of their task. This meal period would be unpaid time unless directed by their supervision to work through their meal period. This paid lunch period will be limited to one-half (1/2) hour at the appropriate rate of pay.

Holidays:

New Years Day
Martin Luther King Day
Memorial Day
4th Of July
Labor Day
Veterans Day
Thanksgiving Day
Christmas Day

Note: It is understood that the holidays will be worked with the appropriate premium pay.

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Floating Birthday/Holiday: Employees assigned to this schedule do not receive a floating/birthday holiday as they have 96 hours of holiday designated above.

Banked Holidays: The provision to bank holidays does not apply to individuals assigned to this schedule.

Vacation in Conjunction with a holiday:
When vacation is used in conjunction with their observed holiday, the 36 for 40 employees will not be required to work the holiday.

Note: Vacation hours will be charged against the Employees accrued hours as follows:

FRIDAY	=	THIRTEEN (13) HOURS OF VACATION
SATURDAY	=	THIRTEEN (13) HOURS OF VACATION
SUNDAY	=	FOURTEEN (14) HOURS OF VACATION

Note: Sick Leave hours will be charged against the Employees accrued hours as follows:

FRIDAY	=	THIRTEEN (13) HOURS OF SICK LEAVE
SATURDAY	=	THIRTEEN (13) HOURS OF SICK LEAVE
SUNDAY	=	FOURTEEN (14) HOURS OF SICK LEAVE

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GENERATION
ARTICLE NO. 16
WORKING RULES

16.1 **SAFETY GEAR:** Protective safety equipment such as rubber gloves, hose, hoods and blankets shall be used to make as safe as possible any work performed on any equipment having un-insulated energized parts, in addition, hot line tools may be used when applicable. The safety precautions taken by the crew are the direct responsibility of the foreman in charge. The Occupational Safety and Health Standards as contained in 1910.269 sub-part "R" of the Occupational Safety and Health Act (OSHA) shall be considered minimum standards for work performed on electrical transmission and distribution equipment.

16.2 **TWO MAN CREW:** Two (2) competent electrical workers together on the same fixture shall be required when performing work on wires or equipment carrying voltages in excess of 600 volts. One (1) of them shall serve principally as a standby person to render assistance in case of an accident. In no case when working in pairs shall they work simultaneously on wires or parts of different phases or polarities. One qualified employee shall stand by and serve principally as a safety observer to the other person.

16.12 **BOILER BLASTING:** While performing any assignment in which explosives have been utilized, qualified employees will be paid a $3.50 per hour shift premium in addition to the appropriate rate of pay. Employees working in this capacity will perform all duties in accordance with the NV Energy S.A.F.E. work practice manual, NV Energy Blasting Program & Procedures, and all local, state and federal regulations. The Blaster in Charge rate of pay will be equal to the Lead Control Operator rate of pay.

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EXHIBIT I
GENERATION
JOB CLASSIFICATION DESCRIPTIONS
(Alphabetical)

APPRENTICE EQUIPMENT MECHANIC (7011)
Assists the equipment mechanic while undergoing training for the Journeyman level. Does such work as tuning motors, adjusting valves and ignitions, cleaning fuel systems and radiators, adjusting clutches, brakes and carburetors, tests compression of oil and fuel pressure.

APPRENTICE ELECTRICAL / INSTRUMENT TECHNICIAL (7012)
Assists the generation plant electrical/instrument technician while in training for Journeyman. Assists the Journeyman in the installation, maintenance, repair and testing of electrical equipment in a generating station. Renews and calibrates gauges and control devices on control boards; repairs and calibrates transmitters, receivers, and control drives; and does other repair work as directed by Journeyman instrument technicians while learning trouble shooting techniques for electronic, solid state and pneumatic instrument servicing. Will perform additional duties as required by the electrical/instrument technician.

APPRENTICE MECHANICAL TECHNICIAN / MACHINIST (7035)
Assists the machinist while in training for Journeyman; assists the Journeyman in precision work on any type of machine as well as work on the floor in tearing down, repairing and placing into operation any plant equipment and may be required to perform other duties as assigned.

APPRENTICE MECHANICAL TECHNICIAN / MECHANIC (7010)
Assists the mechanic while in training for Journeyman; assists the Journeyman in doing general mechanic work associated with installing or repairing any plant equipment, and will be required to work with other journeymen to learn basic rigging, machining and welding, and may be required to perform other duties as assigned.

APPRENTICE MECHANICAL TECHNICIAN / WELDER (7009)
Assists the welder while in training for Journeyman; assists the Journeyman in performing all types of gas or electrical welding, and may be required to perform other duties as assigned.

ASSISTANT CONTROL OPERATOR (7062)
Assists the control operator during operational emergencies, startups, shutdowns and fuel changes. The primary function will be the manual and control work involved in the light off and shutdown of boilers, start-up and shutdown of turbines and operational procedures required in changing of fuels. May also be required to operate any or all plant mechanical or electrical equipment as directed. Must be familiar with the trip functions and testing of all equipment and keep records and logs as required. When necessary, will work as part of the maintenance crew during plant shutdowns, or any emergency when necessary, may be required to work in any position in the plant. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

AUXILIARY OPERATOR (7076)
Assists control operator in all phases of operations. Inspects and operates plant auxiliary equipment and water treatment equipment at water treatment plant. Monitors and reads gauges, meters, and water treatment control panels to make adjustments that ensure equipment is operating properly. Does switching in and out of breakers. Performs good housekeeping as a matter of clean and safe operations. When necessary will work as part of the maintenance crew during shutdowns. Leaves shift upon proper relief and performs other duties as required. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

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BLASTER IN CHARGE
A Blaster in Charge will lead, assist and work with dedicated personnel to ensure safe and efficient operation of all activities related to blasting and boiler de-slagging. The Blaster in Charge will be required to meet all local, state and federal licensing requirements to handle explosives.

BLASTER ASSISTANT
Qualified employees working under the supervision of the Blaster in Charge will transport, handle and utilize explosives to remove boiler slag prior to entry of personnel. The employees working in this capacity will have to first successfully complete the Nevada Power Company Blasting Training Program.

COAL YARD EQUIPMENT OPERATOR (6161)
Operates and maintains all equipment assigned to the coal yard including dozers, railroad locomotives and cars, shakers, conveyors, separators, feeders and crushers and such other supplemental equipment as may be assigned to the coal yard. Will be required to work intermittently in any other classification when assigned. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

CONTROL OPERATOR (6118)
Operates the controls of gas, oil or coal fired boilers and auxiliaries such as boiler feed water and other pumps, compressors, condensers, fan motors and all other equipment necessary for the operations of the plant. Clears boilers, generating units and auxiliaries during outages, cooperates with the system dispatcher's relative to load voltage changes, frequency and switch requirements, adjusting controls of generating equipment according to operating conditions and synchronizes the equipment with the system; maintains daily operating log, a record of all dispatcher and trouble calls, and visitors record; maintains in a clean and orderly manner control room, all equipment and panels; informs his relief fully on existing and preceding operating conditions of the plant and system; acts as part of overhaul crew during plant shutdown, or any emergency when necessary, may be required to work in any position in the plant. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

ELECTRICAL/INSTRUMENT TECHNICIAN (6050)
Performs a wide variety of skilled electrical and instrumentation work in the installation, maintenance, repair and testing of electrical and electronic equipment in a generation facility. Performs a wide variety of precision tests, repairs, calibrations, modifications, maintenance and inputs on numerous electronics, pneumatic and hydraulic systems. Must have thorough knowledge of computer based process and electrical control systems and skill level to troubleshoot and repair these systems. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

GENERATION MATERIALS REPRESENTATIVE (5272)
Performs sophisticated functions defined by regular applications of equipment and business software systems. Extensive customer interaction and a significant degree of decision-making authority are required. Supports all areas of material acquisition and handling within generation. Performs "Town Runs" as assigned. May be upgraded to "Materials Specialist" as required. Purchases non-stock, one time only items as directed. Will function as the administrator for the Corporate Purchasing Card System within Generation, including maintenance of records, and data entry for the "Paris" system. Process requisition as assigned to support material acquisition within Generation. Performs other related duties as assigned for which the employee is qualified and capable.

LABORATORY TECHNICIAN (6160)
The laboratory technician is directly responsible for all phases of chemical monitoring on the plant's boiler water, feed water and cooling water systems and implement proper treatment to control corrosion or scale formation in all water pipe systems and to insure steam purity. The laboratory technician must have a thorough knowledge of Zeolite softeners, mixed bed demineralizers, chlorine room, and clarifier operation. Takes monthly inventory of all chemicals and chemical supplies throughout the plant and laboratory and makes analysis standards and plots graphs for control limits on all chemically treated water as directed. Unloads caustic, acid and chlorine and maintains a supply of chemicals inside the plant as necessary. The laboratory technician at gas fired plants will calibrate all conductivity meters and replace corrosion coupons and will perform additional duties as required. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

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The laboratory technician at a coal-fired plant will sample and perform analysis of coal at that plant. Sampling and analysis include collection of the sample, riffling, pulverizing, and actual burning of the sample in the bomb calorimeter. Analysis of the sample includes determination of the external moisture, internal moisture, percent of ash, BTU's per pound, percent of sulfur and ash fusion. Performs normal housekeeping duties to insure a clean laboratory and recommends chemical supplies and materials to insure an adequately supplied laboratory.

LEAD

In the absence of appropriate supervision and when directed, leads, assists, and works with other departmental personnel to ensure the efficient operation of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a Journeyman capacity, and perform other work as needed. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

LEAD CONTROL OPERATOR (6094)

In the absence of appropriate supervision and when directed, leads, assists and works with other departmental personnel to ensure the efficient operation of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a Journeyman capacity, i.e. Control Operator, upgrade to management and perform other work as needed. May be required to work any recognized shift. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MAINTENANCE TECHNICIAN (6181)

Performs a variety of skilled work including operating equipment, insulating, painting, lubricating and carpentry. Will be required to perform any of the above tasks if necessary. May be required to assist or perform work in any lower classification. This includes lubricating coal-conveying equipment such as conveyors, feeders, etc**.** This is specifically non-mobile coal yard equipment. Will be authorized to operate - vacuum truck, backhoe, water truck, dump truck, and crane. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MAINTENANCE UTILITY TECHNICIAN (6192)

Does unskilled work as necessary; keeps Journeyman or apprentice supplied with tools, materials, and supplies while assisting with a specific job; cleans working area and equipment. Operates other special equipment including jackhammer as required and drives truck or pickup in performance of duties. A maintenance utility technician shall not displace an apprentice or a Journeyman. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MATERIAL SPECIALIST (6096)

Performs manual and clerical duties in connection with receiving, storing and issuing supplies, tools, and equipment; unloads and unpacks incoming materials; places, shelves and racks stock of machine, hand and construction tools; measures, counts, cuts, crates, marks and stencils materials, supplies, tools and equipment; keeps the premises clean; drives a car or pickup in local purchases of materials and equipment.

MATERIAL UTILITY TECHNICIAN (6098)

Performs unskilled and semi-skilled labor as necessary. Keeps warehouse and outside areas clean. May operate forklift for loading and unloading of materials for deliveries. Drives warehouse vehicles for material deliveries and local purchases of material and equipment. Two hours minimum upgrade if material is to be purchased during town run. Must be able to obtain a CDL within 90 days of hire date. May assist Material Specialist in putting away material and loading material for crews. The ratio should not exceed 1 Material Utility Technician for 7 Material Specialists (1:7). A Material Utility Technician shall not displace a Material Specialist.

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MECHANIC SPECIALIST (6128)
Maintains all types of construction and transportation equipment and accessories. Diagnoses mechanical, hydraulic and electrical problems, makes and recommends repairs. Designs equipment modifications. Constructs and installs parts and similar apparatus, including booms and winches, to accommodate the required changes. Performs pressure and structural welding, operates metal lathes, and other precision machinery, and does other related mechanical work as required. Maintains work and vehicle records as required by the Company. Performs all the duties of an Equipment Mechanic or Equipment Mechanic B or other work as assigned.

MECHANICAL TECHNICIAN / MACHINIST (6131)
Must be able to do precision work on any type machine as well as actual work on the floor in tearing down, repairing and putting into operation any plant equipment. Will be required to work intermittently in any of the maintenance classifications if necessary. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MECHANICAL TECHNICIAN / MECHANIC (6146)
Capable of doing general mechanical work attached to installing or repairing any plant equipment, be familiar with work on high pressure boilers and their auxiliaries. Will be required to work intermittently in any of the maintenance classifications if necessary. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

MECHANICAL TECHNICIAN / WELDER (6129)
Performs all types of high pressure, gas and electrical welding and layout and must have satisfactorily completed welding tests as designed by, and in accordance with, state boiler safety requirements for high pressure vessels operated by the Company. Will be required to work intermittently in any of the maintenance classifications if necessary. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

RELIEF ASSISTANT CONTROL OPERATOR (7046)
Performs the duties of an assistant control operator as described in this Exhibit I. The relief assistant control operator shall be assigned to any shift other than the usual schedule for purposes of providing relief to, or coverage for an absent assistant control operator. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

RELIEF AUXILIARY OPERATOR (7069)
Performs the duties of an auxiliary operator as described in this Exhibit I. The relief auxiliary operator shall be assigned to any shift other than the usual schedule for purposes of providing relief to, or coverage for an absent auxiliary operator. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

RELIEF CONTROL OPERATOR (6102)
Performs the duties of control operator as described in this Exhibit I. The relief control operator shall be assigned to any shift other than the usual schedule for purposes of providing relief to, or coverage for an absent control operator. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

TECHNICAL SPECIALIST (7077)
Performs PD\PM maintenance. Will receive specialized training to accomplish said duties outside of the standard training provided for other Bargaining Unit Personnel. This classification will be the last called for overtime within their previous classification. They will receive the current associated Journeyman rate of pay. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

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TRAINER - POWER DELIVERY (6103)

Responsible for development, administration and evaluation of Power Delivery's apprenticeship and Mechanical, Electrical and Instrumentation Journeyman classification cross-training and refresher training. Provides classroom and field training for existing mechanical and electrical and instrumentation employees within Power Delivery. Assists with testing as a pre-qualifier for prospective new hires and promotions. Accountable for testing, documenting and providing regular updates to Power Delivery Management and others as required on progress and qualifications of apprentices and Mechanical, Electrical and Instrumentation Journeymen. Will work in conjunction with Power Delivery apprenticeship committee. May be required to work outages if properly trained, and will not displace other Journeyman.

UTILITY OPERATOR (7001)

Assist auxiliary and control operators and employees in other classifications as assigned by their supervisor, in the semiskilled work involved in the operating of generating and auxiliary equipment; receives fuel oil; operates bottom ash disposal equipment , changes burners for fuel change, clears boilers as necessary, works as a part of the maintenance crew during crew during shut down for overhaul, relieves an auxiliary operator when necessary, and be in training for progression and may be required to perform other duties assigned.

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GENERATION - WAGES

JOB CODE	JOB TITLE	STEP	02/01/2008 5.00%	02/01/2009 4.50%	02/01/2010 4.25%
5272	Gen Materials Representative	1	$25.99	$27.16	$28.31
6050	Electrical/Instrument Tech	1	$36.54	$38.18	$39.81
6059	Lead Electrical Tech	1	$40.19	$42.00	$43.79
6060	Lead Maintenance Tech	1	$40.19	$42.00	$43.79
6063	Lead Mechanical Tech/Mech	1	$40.19	$42.00	$43.79
6064	Lead Laboratory Tech	1	$36.51	$38.15	$39.77
6161	Coal Yard Equipment Operator	1	$33.78	$35.30	$36.80
6094	Lead Control Operator	1	$40.19	$42.00	$43.79
6095	Lead Material Specialist GEN	1	$32.51	$33.97	$35.41
6096	Material Specialist GEN	1	$27.35	$28.58	$29.80
	2nd Six Months	2	$28.38	$29.66	$30.92
	3rd Six Months	3	$29.55	$30.88	$32.19
6098	Material Utility Technician	1	$20.28	$21.19	$22.09
	2nd Six Months	2	$21.07	$22.02	$22.96
	3rd Six Months	3	$21.83	$22.81	$23.78
6102	Relief Control Operator	1	$37.86	$39.57	$41.25
6103	Trainer Power Delivery	1	$40.19	$42.00	$43.79
6118	Control Operator	1	$35.93	$37.55	$39.14
	2nd Six Months	2	$36.98	$38.65	$40.29
6129	Mechanical Tech/Welder	1	$36.54	$38.18	$39.81
6131	Mechanical Tech/Machinist	1	$36.54	$38.18	$39.81
6146	Mechanical Tech/Mechanic	1	$36.54	$38.18	$39.81

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6160	Laboratory Tech	1	$29.77	$31.11	$32.43
	2nd Six Months	2	$30.87	$32.26	$33.63
	3rd Six Months	3	$32.00	$33.44	$34.87
	4th Six Months	4	$33.19	$34.68	$36.16
6181	Maintenance Tech	1	$24.16	$25.25	$26.32
	2nd Six Months	2	$24.96	$26.08	$27.19
	3rd Six Months	3	$25.75	$26.90	$28.05
	4th Six Months	4	$26.52	$27.72	$28.89
	5th Six Months	5	$27.31	$28.54	$29.75
	6th Six Months	6	$28.11	$29.37	$30.62
	7th Six Months	7	$28.84	$30.14	$31.42
6192	Maintenance Utility Tech	1	$14.82	$15.48	$16.14
	2nd Six Months	2	$15.61	$16.32	$17.01
	3rd Six Months	3	$16.37	$17.11	$17.83
	4th Six Months	4	$17.16	$17.93	$18.69
	5th Six Months	5	$17.94	$18.75	$19.55
	6th Six Months	6	$18.71	$19.55	$20.38
	7th Six Months	7	$19.50	$20.38	$21.24
7001	Utility Operator	1	$14.82	$15.48	$16.14
	2nd Six Months	2	$15.61	$16.32	$17.01
	3rd Six Months	3	$16.37	$17.11	$17.83
	4th Six Months	4	$17.16	$17.93	$18.69
	5th Six Months	5	$17.94	$18.75	$19.55
	6th Six Months	6	$18.71	$19.55	$20.38
	7th Six Months	7	$19.50	$20.38	$21.24
7009	App Mechanical Tech/Welder	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81

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7010	App Mechanical Tech/Machinist	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7011	Apprentice Equipment Mechanic	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7012	App Electrical/Inst Technician	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81
7034	App Mechanical Tech/Mechanic	1	$27.12	$28.34	$29.55
	2nd Six Months	2	$28.23	$29.51	$30.76
	3rd Six Months	3	$29.18	$30.49	$31.79
	4th Six Months	4	$30.21	$31.57	$32.91
	5th Six Months	5	$31.22	$32.62	$34.01
	6th Six Months	6	$32.21	$33.66	$35.09
	7th Six Months	7	$33.23	$34.73	$36.20
	8th Six Months	8	$34.25	$35.79	$37.31
	9th Six Months	9	$36.54	$38.18	$39.81

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7046	Relief Assistant Control Operator	1	$34.06	$35.59	$37.11
7062	Assistant Control Operator	1	$32.25	$33.70	$35.13
	2nd Six Months	2	$33.19	$34.68	$36.16
7069	Relief Auxiliary Operator	1	$32.52	$33.98	$35.43
7076	Auxiliary Operator	1	$30.83	$32.22	$33.58
	2nd Six Months	2	$31.67	$33.09	$34.50
7077	Technical Specialist	1	$36.54	$38.18	$39.81

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March 31, 1997

Mr. Jim Anzinger
International Brotherhood of Electrical Workers
Local Union #396 3520 Boulder Highway
Las Vegas, Nevada 89121

OPERATIONS WORKING IN MAINTENANCE AT REID GARDNER

Dear Mr. Anzinger:

This letter will document the Agreement between the International Brotherhood of Electrical Workers, Local #396, and Nevada Power Company relative to the use of Operations working in Maintenance at Reid Gardner. Both the IBEW and the Company agree that it is mutually beneficial to agree to changes that allow operations to work in maintenance and go from 12's to 10's while assisting maintenance with required work. The following are the specifics:

1. The Company will provide seven (7) days calendar days notice. This will result in no monetary penalty to the Company. If the seven (7) days is not followed, then penalties will be handled as identified in the CBA.

2. With regard to overtime equalization, operations will be placed in their own classification for the purposes of overtime. This includes control operators, auxiliary operators, and assistant control operators. Operations will also be included on their respective overtime list for weekend coverage as long as it doesn't interfere with the scheduled maintenance work.

3. The hours that they have in their current OT pool will merely be moved over. This classification will be called after MUT's.

4. Individuals will first be asked to volunteer. If we receive no volunteers, then we will use reverse seniority. This will be done by seniority by classification by crew.

5. The time frame/period for pulling employees from operations to maintenance will be throughout the duration of an outage season. This will continue for 90 consecutive days or can be extended if a person volunteers to do so. (There are two outage seasons: January through June and July through December). This will occur for a maximum of 180 days within a twelve-month period.

6. Upon completion of the assignment, the individual will go back to the original shift with no penalty to the employee and will fall right back into their normal rotation.

7. In emergency situation, operators could be called back to do operations work.

8. Operators assigned to Maintenance will be paid shift differential.

The above changes reflect the Company and Union's interest in working together to provide a future for our employees and the ultimate success of the Company.

Very truly yours,
/s/Gloria Banks Weddle
Vice President, Human Resources and Corporate Services

AGREED:

/s/James Anzinger
Business Manager and Financial Secretary
IBEW Local #396

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June 25, 1999

Mr. James Anzinger
International Brotherhood of Electrical Workers
Local Union #396
3520 Boulder Highway
Las Vegas, NV 89121

LETTER OF AGREEMENT:

SEVERANCE ALLOWANCE PLAN

The Company and Union agree that the sale of the generating facilities will not trigger the Severance Allowance Plan. The Severance Allowance Plan will no longer be included in the Generation Collective Bargaining Agreement. The Company will require the buyer to maintain the employment of bargaining unit employees assigned to the plants and require the additional terms and conditions indicated in this settlement.

This Severance Allowance Plan Agreement does not impact the Severance Plan outlined in Article 5.5.

Very truly yours.

/s/Mark Sandoval
Director, Southern Operations

AGREED:

/s/James Anzinger
Business Manager and Financial Secretary
IBEW Local #396

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May 4, 1998

Mr. James Anzinger
International Brotherhood of Electrical Workers, Local Union #396
3520 Boulder Highway
Las Vegas, NV 89121

LETTER OF AGREEMENT

FLEXIBILITY LANGUAGE

This letter is to document the Agreement between the Company and the Union regarding the intent of the flexibility language for positions as stated..

"Employees will perform any and all tasks for which they are properly trained and can competently and safely perform."

This language has been added to all generation classifications currently in the contract.

* All training must be formally documented
* OSHA requires certain jobs and functions to be performed and certified every year -these will be defined at a later time
* Refresher courses may be required
* Must be able to perform job safely

This clause allows the Company to offer training to the employees to expand their knowledge. The Company will ask for volunteers first. The interest is in placing training efforts into those individuals who have a desire to take advantage of this training and then put into action what they have learned.

Documentation means bookwork in addition to practical and demonstrated application as well.

Very truly yours,

s/Gloria Banks Weddle
Vice President, Corporate Services

AGREED:

s/James Anzinger
IBEW Local #396

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LETTER OF AGREEMENT FOR
CHARLES LENZIE/HARRY ALLEN COMPLEX

BETWEEN

IBEW LOCAL 396 AND NEVADA POWER COMPANY

This Letter of Agreement is entered into by the International Brotherhood of Electrical Workers Local 396 (Union) and Nevada Power Company (Company), collectively referred to as the Parties, concerning the job descriptions, wages, working hours, contracting conditions and the process of staffing the Charles Lenzie Generating Station (Lenzie) as outlined below. All terms and conditions of the Collective Bargaining Agreement (CBA) between the company and the union shall be in effect except where specified herein.

Due to location and opportunities for greater response and control, Harry Allen will become a part of the Charles Lenzie Complex and employees of Charles Lenzie Station will support Harry Allen Operations and Maintenance activities.

Lenzie is a 1200 MW Combined Cycle Power Plant which is currently under construction and expected to be operational by summer of 2006.

Due to the technology, and operational and maintenance differences from existing units, this letter of agreement has been created to allow for minimal staffing and greater efficiencies while allowing for greater cross functioning amongst classifications.

Occupational Group

Employees will be placed in a separate tab called Combined Cycle Generation in the CBA.

Wages and Employee Classifications

See Attachment A.

Job Descriptions

See Attachment B.

Working Hours

See Attachment C.

Staffing Process for Filling Vacancies

See Attachment D.

Call Outs

See Attachment E.

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Contracting Language

See Attachment F.

All other conditions contained in the Local 396 Collective Bargaining Agreement apply unless otherwise defined and addressed in this agreement. The Company and Union agree that once Lenzie becomes operational, there could become a need to reopen this letter of agreement to discuss work schedules and contracting language, or any other area as mutually agreed to by the Company and the Union.

This Letter of Agreement will become effective upon signature of both parties.

Nevada Power Company	International Brotherhood of Electrical Workers
/s/Mary Jean Snow Director, Human Resources Nevada Power Company	/s/James C. Anzinger Business Manager/Financial Secretary IBEW Local 396

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ATTACHMENT A -- Wages and Employee Classifications

Production Technician
Lead Production Technician
Combined Cycle Operator
Lead Combined Cycle Operator

Cross-functional skills must be obtained with full training provided.

Initially, employees selected for these positions bring basic skill sets and will require training and on-the-job experience to be trained on the technology.

COMBINED CYCLE GENERATION - WAGES

JOB CODE	JOB TITLE	STEP	02/01/2008 5.00%	02/01/2009 4.50%	02/01/2010 4.25%
6065	Combined Cycle Operator	1	$38.08	$39.80	$41.49
	2nd Six Months	2	$39.22	$40.98	$42.72
6066	Lead Combined Cycle Operator	1	$41.41	$43.28	$45.11
	2nd Six Months	2	$42.66	$44.58	$46.48
6067	Production Technician	1	$38.08	$39.80	$41.49
	2nd Six Months	2	$39.22	$40.98	$42.72
6068	Lead Production Technician	1	$41.41	$43.28	$45.11
	2nd Six Months	2	$42.66	$44.58	$46.48

ATTACHMENT B – Job Descriptions

PRODUCTION TECHNICIAN (6067)
Supports the efficient and cost effective production of electric energy by performing any and all power plant maintenance functions which may include but are not limited to: operating equipment, insulating, painting, lubricating, carpentry; mechanical maintenance and repair or power plant equipment including machining, assembly and disassembly of equipment, investigating and correcting mechanical malfunctions; performing skilled electrical and mechanical work necessary to install, operate and maintain building equipment; perform electrical maintenance including heat tracing, motor replacement, motor overhaul, lighting fixture and lighting circuit maintenance. Maintain high personnel and equipment safety ad environmental compliance standards and practices. Assist in the administration and oversight of contractors of plant maintenance, warehousing activities and building and grounds maintenance. Assist in the development and defining of overall maintenance policies and procedures. Respond quickly to abnormal plant conditions or requirements. Supplement operations by performing basic operations as trained. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

COMBINED CYCLE OPERATOR (6065)
Supports the efficient cost effective production of electric energy by operating and controlling power plant equipment. Monitors instrumentation to determine plant conditions. Performs actions necessary to keep the plant operating within prescribed limits. Respond quickly to abnormal plant conditions or requirements. Operating duties include inspection, preventative maintenance and repairs incidental to the performance of regular duties. Assist in the development and defining of overall operations policies and procedures. Operates and monitors turbines, generators, water treatment equipment and plant auxiliary equipment. Maintain high personnel and equipment safety ad environmental compliance standards and practices. Cooperates with system dispatchers relative to load voltage changes, frequency and switch requirements, adjusting controls of generating equipment accordingly to operating conditions and synchronizes the equipment with the system; maintains daily log, a record of all dispatcher and trouble calls, and visitors records; maintains in a clean and orderly manner control room, all equipment and panels; informs relief fully on existing and preceding operating conditions of the plant and system; acts as part of overhaul crew during plant shutdown, or any emergency when necessary, may be required to perform any function in the plant. Inspects and operates plant auxiliary equipment. Must be familiar with trip functions and testing of all equipment as directed. Supplement maintenance by performing basic maintenance duties as trained. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

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LEAD PRODUCTION TECHNICIAN (6068)
In the absence of appropriate supervision and when directed, leads, assists, and works with other departmental personnel to ensure the efficient operations of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a Journeyman capacity and perform other work as needed. May supervise contract workers performing work that the bargaining unit typically does. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

LEAD COMBINED CYCLE OPERATOR (6066)
In the absence of appropriate supervision and when directed, leads, assists, and works with other departmental personnel to ensure the efficient operations of related activities. May be required to develop schedules, direct work assignments, prepare job related reports, complete other administrative duties, function in a Journeyman capacity and perform other work as needed. May supervise contract workers performing work that the bargaining unit typically does. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

ATTACHMENT C – Working Hours

Maintenance

The normal work-week shall be defined as five consecutive eight hour days from Monday through Friday and a shift from Tuesday through Saturday. The hours shall be from 7 to 3:30 p.m. with a half hour unpaid lunch.
Shifts shall run from M-F and Tu-Sat on eight hour shifts to start. Other shifts may need to be negotiated as the need arises.

Operations

Operations shall follow a twelve-hour shift schedule with a start time of 6:00 a.m. and end time of 6:00 p.m. and the second shift will be from 6:00 p.m. to 6:00 a.m.. A Lead Combined Cycle Operator will work the day shift when not in a relief capacity.

Operations shall provide 24/7 coverage.

ATTACHMENT D – Staffing Process for filling vacancies

The company shall follow the following process when filling the vacancies:

Positions will be posted with the negotiated job descriptions and associated wages.

The company will establish skill set requirements for the new positions.

Interviews will be conducted for qualified employees. All things being equal, seniority will prevail.

Selection Criteria will include:
- Skill set requirements
- Training completed
- Ability and flexibility
- Observed behavior
- File review for letters of discipline and history

A Bargaining Unit representative will be present during the interview process but shall be a neutral and non-rating member.

Hearing Procedures will be followed as defined in the CBA (Article 7.3 - Hearing Procedures). Although for the initial staffing of Lenzie Station, the bid hearings option ONLY shall apply.

If the company cannot fill its vacancies from the staff who have bid on the positions, they will be authorized to:
- Externally recruit for these vacancies
- Temporarily assign employees from Reid Gardner or Clark to facilitate vacancies until staff can be hired on a regular full time basis using existing contract language
- Utilize temporary staff to fill vacancies on an interim basis
- Utilize staff supplied by the contractor on site at Lenzie Station

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The lateral transfer policy will not apply for the Lenzie Station staffing process now or in the future because of the specific skill set requirements and specialized job descriptions negotiated.

Article 7.8 (Trial Period) shall apply as defined in the existing CBA.

ATTACHMENT E – Call out for Harry Allen

Harry Allen callout time shall be a 2-hour minimum due to the proximity of Lenzie to Harry Allen as defined in 6.7. The Harry Allen section will no longer be applicable.

This change shall be implemented once the official remote start capability has been transferred to Lenzie Station and call outs no longer occur from Clark Station.

ATTACHMENT F – Contracting Work

Lenzie Complex Complex shall have a significant requirement for contract work.

A bargaining unit employee shall be assigned as oversight on shift when contractors are on sight to perform work that is normally performed by bargaining unit employees as defined in the contract. This language shall not apply to work that is not normally performed by the bargaining unit.

The company shall endeavor to provide as much notice as possible when contracting is required as well as sufficient notice to the employee that shall function as oversight.

It is understood that the man for man, hour for hour requirement in the CBA can be satisfied within a two week window from the occurrence of contracting without penalty or offense.

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Letter of Agreement
Between IBEW 396 and Nevada Power Company

ELECTRIC SYSTEM CONTROL CENTER OPERATORS

June 26, 2006

This Letter of Agreement is entered into by the International Brotherhood of Electrical Workers Local 396 (Union) and Nevada Power Company (Company), collectively referred to as the Parties, concerning the wages, benefits and other conditions of employment for herein identified incumbent Operator/Dispatcher employees of the Company's Electric System Control Center in Las Vegas, Nevada. These employees have been represented by the Union as the Occupational Group "System Control" under a previous Letter of Agreement, and this revised LOA represents key enhancements to the original agreement, addressing such issues as progression, wage rates, classifications and placements within those classifications, and revisions to job tasks (primarily the removal of Balancing and Reliability Functions from Transmission). This LOA supersedes all previous Letters of Agreement between the Parties concerning the System Control Occupational Group.

DISPATCH
ARTICLE NO. 4
Union Activity

4.3
CONTRACTING WORK: In case the Company should contract any type of work customarily performed by the Bargaining unit employees the Company shall before awarding such contract will post such opening in accordance with the CBA if no qualified bidders then the Company may contract and shall notify such contractor that all work to be done shall not be less than the terms & conditions pertaining to hours and wages set forth in this agreement. Upon such award of the contract, the Company shall notify the Union in 30 days in writing of any and all contracts awarded to such contractor and the nature of the work being performed. The contractor shall be limited to 90 days however after 75 days the Company shall post the openings and if again there are no qualified bidders then the contractors time maybe extended by a mutual agreement between the Company and the Union.

Alternative Shift Agreements
Twelve Hour Shift Schedule (THS)

The following provisions shall supersede the corresponding articles of the Collective Bargaining Agreement for the purpose of establishing work conditions applicable to those employees assigned to the twelve-hour shift (THS) schedule. All paragraphs not listed below should be considered unchanged from the Collective Bargaining Agreement.

WORKING HOURS AND RATES PAY :

- **Workday:** Twelve (12) consecutive hours per day shall constitute a work shift. The day shift shall begin for Distribution at 5:00am; the night shift shall begin at 5:00pm. The day shift shall begin for Transmission at 5:30am; the night shift at 5:30pm.
- **Workweek:** Four (4) twelve (12) hour shifts (48 hours) and three (3) twelve (12) hour shifts (36 hours) as described in Exhibit V-A shall constitute the basic work schedule. 5:01pm Sunday to 5:00pm (Distribution), 5:31pm Sunday to 5:30pm (Transmission) on the next following Sunday shall constitute the regular workweek. Schedules and starting time maybe changed by mutual agreement between the Union and the Company.
- **Overtime:** Time worked in excess of forty (40) hours within a regular workweek shall be considered overtime and will be paid for at one and one-half (1 ½) times the regular established wage rate except as otherwise provided in this article. In computing overtime, intermission taken out for meals served other than on the job shall be deducted. In computing overtime, any holiday not worked will be considered as twelve (12) hours worked, as defined in Article 10.3 (Company Holidays). In scheduling overtime work, a minimum of twelve (12) hours notice, prior to the start of said overtime, but prior to leaving the last shift shall be required; otherwise such work will be considered as a callout. It is understood that this excludes overtime when worked as an extension of a regular shift. Hours worked in excess of 36 hours on employees' three day workweek is paid at overtime.
- **Call-Out:** Employees who are called for overtime duty shall receive at least two (2) hours pay, and reasonable travel time to and from home will be considered as time worked for the purpose of satisfying the two-hour minimum cited herein.
- **Double Time:** Employees who are called out for overtime work within the eight (8) hour period immediately preceding normal workday\night shall receive double time for all time worked during that period with an overtime minimum as provided in Article 6.7.

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Canceling Overtime: A minimum of twelve (12) hours notice is required on canceling prescheduled overtime, or where customer arrangements are involved, twelve (12) hours notice prior to the employee's next normal starting time. When such notice of cancellation of prescheduled overtime work is not given in accordance with the above, employees involved will be paid for two (2) hours at established overtime rates if they report and are retained for work. When such notice of cancellation is not given in accordance with the above, but they are later notified of work cancellation, they will be paid for two (2) hours at time and one-half (1 ½). If they report and are not retained for work, they shall receive pay for two (2) hours at time and one-half (1 ½).

Multiple Call-Outs: If an employee is called for emergency work more than once in the twenty-four (24) hour period from midnight one day to midnight the following day, minimum overtime compensation shall be paid for two (2) hours only for the first call outside of such employee's regular work hours on work days, or at any time on his on-work days. For subsequent calls, minimum overtime compensation shall be paid for one (1) hour and travel time as herein provided. For the purpose of this section, concurrent calls or successive calls without a break in work time shall be considered as a single call. If by reason of a call, an employee works less than the minimum time and into regular work hours, the minimum overtime provisions will apply into his regular work hours and thereby postpone starting time.

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Meal Times: When working overtime before or after the regular shift, or when called out for work after the completion of their regular shift, or when called out on the employee's regularly scheduled days off, or holidays, and such work is continuous for one and one-half (1 ½) hours or more, the Company shall provide all meals unless the employee is released before meal time or the employee may choose to receive the allowance. The normal meal times shall be one and one-half (1 ½) hours before the employee's normal starting time, six (6) hours after the normal starting time, fourteen (14) hours after the normal starting time, and eight (8) hours before the normal starting time; and meals will be provided as close to these times as circumstances of work will permit.

Rest Time: All employees who are required to work emergency overtime within the eight (8) hour period immediately preceding their scheduled starting time shall, after the emergency, be entitled to time off with straight time pay equal to time worked. This is not applicable to a callout or scheduled overtime of three (3) hours or less immediately preceding the employee's normal starting time. If an employee is entitled to time off under above, such time off which would normally begin at the start of the regular shift maybe taken during the last part of the regular shift. An employee shall not be required to work during his rest period provided adequate relief is available, however, should an employee be required to work during this period, he shall receive straight time for all time worked during his rest period in addition to his rest period pay.

Shift Differential: Seven (7) day coverage employees will be paid the shift differential applicable to the shift under which any hours worked may fall.

February 1, 2008 thru February 1, 2011 : $1.02 per hour

Shift premiums shall be payable only for hours actually worked and shall not be payable for non-work time such as holidays, sick leave and vacation. .

Holidays: Employees under this agreement shall be granted a front-loaded amount of Holiday hours equal to their annual accrual at the beginning of the payroll year. These hours can be used by the employees, in the same manner as PTO is utilized, throughout the year with customary supervisory approval.

Upgrade And Overtime Scheduling: System Operators are considered one classification and accordingly will not be upgraded to higher levels except as provided in the Step Progression Article. The Company may upgrade a qualified employee to provide coverage for a vacant shift as a first choice due to a scheduled or unscheduled absence as long as this upgrade does not constitute overtime for the upgraded employee. This upgraded employee shall be paid at the rate applicable to the classification being covered for all hours of the coverage assignment. If these arrangements cannot be made and it is necessary to work employee overtime the following steps will be followed:

1. An employee in the same classification, who is on his or her day off and will have at least twelve (12) hours off between shifts, shall be called to fill the vacant shift in accordance with the overtime list.
2. If there is no employee willing to accept the overtime offered the employee on shift will be offered, if the supervisor feels they can do so safely, the option of splitting the shift.
3. The Company may force the person that meets the requirements of step #1 above, to come in and work the shift.
4. If the Company is still unable to cover the shift at this time, they may use whatever option they choose, including using a member of Management to cover.

It is the intent of the Company not to work employees assigned to the THS schedule beyond their regularly scheduled work hours, however, all employees shall be expected to respond to overtime assignments as necessary.

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Twelve Hour Shift (THS) Schedule

Table 1: Transmission Shift Schedules

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
	T	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**
Op 1	T	T	T							D	D	D	D				N	N	N		D	D	D				N	N	N	N
Op 2	D	D				N	N	N	N					T	T	T	T							D	D	D	D			
Op 3			D	D	D	D				N	N	N		D	D	D				N	N	N	N					T	T	T
Op 4			N	N	N		D	D	D				N	N	N	N					T	T	T	T						
Op 5	N	N					T	T	T	T							D	D	D	D				N	N	N		D	D	D

Table 2: Sub-Transmission Shift Schedules

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
	T	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**
Op 1	N	N								D	D	D	D	D	D	D								D	D	D	D	D	D	D
Op 2	D	D								N	N	N	N	N	N	N								N	N	N	N	N	N	N
Op 3			D	D	D	D	D	D	D								D	D	D	D	D	D	D							
Op 4			N	N	N	N	N	N	N								N	N	N	N	N	N	N							

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Table 3: Distribution Shift Schedules

	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	*26*	*27*	*28*	*29*	*30*
	T	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**
Op 1	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**
Op 2	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**
Op 3	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**
DA 1	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**
Op 4	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**
Op 5	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**
DA 2	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**
Op 6			**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**							
Op 7			**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**							
Op 8			**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**							
DA 3			**D**	**D**	**D**	**D**	**D**	**D**	**D**								**N**	**N**	**N**	**N**	**N**	**N**	**N**							
Op 9			**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**							
Op 10			**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**							
DA 4			**N**	**N**	**N**	**N**	**N**	**N**	**N**								**D**	**D**	**D**	**D**	**D**	**D**	**D**							

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Ten Hour Shift Schedule

Table 4: Trainer Shift Schedule

	1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*	*14*	*15*	*16*	*17*	*18*	*19*	*20*	*21*	*22*	*23*	*24*	*25*	*26*	*27*	*28*	*29*	*30*
	T	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**	**T**	**F**	**S**	**S**	**M**	**T**	**W**
Trainer	**D**	**D**	**D**				**D**	**D**	**D**	**D**				**D**	**D**	**D**	**D**				**D**	**D**	**D**	**D**				**D**	**D**	**D**

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VACATION AND SICK LEAVE ARTICLES 10, 11 AND 12

For Electric System Control **only:**

It is understood that the Paid Time Off (PTO) program shall only replace the language in Articles 10, 11, and 12 that refer to benefits that are covered in the Paid Time Off program. All five classifications of the System Control group will be covered on the MPAT PTO and MPAT Short-term disability program with all provisions. Practices will be consistent with how they are currently managed.

Note: This replaces all of Article 11, 12 and Article 14.9 in the general contract that refers to benefits that are covered in the Paid Time Off Program (PTO).

MANAGEMENT RESPONSIBILITIES - ARTICLE 15, SEC 15.1

Intended to expand Article 15.1: Due to the inherent nature of operating the System, the management will have increased flexibility to provide necessary support and assistance without violating terms of this agreement. This flexibility is not intended to replace bargaining unit employees. Management personnel can include, but is not limited to, Supervisors, Operations Engineers, Transmission and Distribution Administrators, Network Engineers, and ESCC Technical Support (EMS) personnel.

INCUMBENT CONTRACT EMPLOYEE - TRANSMISSION OPERATIONS

The Company currently utilizes a contractor resource to perform System Operator duties associated with Transmission Operations. The Company will continue to contract these duties and pay wages currently established within the existing Vendor Contract until the current contract employee leaves the service of the Company. At that time the parties agree that these System Operator duties shall be covered under the Collective Bargaining Agreement.

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SYSTEM OPERATOR PROGRESSION

Four families of Operator/Dispatcher classifications are established by this Letter of Agreement for the System Control Occupational Group, namely, Dispatch Assistant, Distribution, Transmission, and Trainer. Progression within families and between families will be as follows,

Progression Within Dispatch Assistant:
Progression within Dispatch Assistant family will be automatic, based on satisfactory performance and minimum time served in each classification (Table 5). Any Short Term or Long Term Disability leave taken will not be counted towards minimum time required at each classification.

Progression within Distribution:
Progression within Distribution family will be automatic, based on satisfactory performance and minimum time served in each classification (Table 5). Any Short Term or Long Term Disability leave taken will not be counted towards minimum time required at each classification.

Progression from Distribution to Transmission:
Progression from Distribution Family to Transmission Family will be based on selection for the vacant position in Sub-Transmission classification from the qualified applicants within Senior Distribution classification. If no Senior Distribution Operators are interested in transfer to Sub-Transmission Operator classification, other classifications within the Distribution Family may be evaluated for transfer to Sub-Transmission classification. The successful candidate(s) advancing to Sub-Transmission classification must agree to the change of work schedule to Transmission Operator THS (Table 1) whenever transfer to a vacancy in Transmission Operator classification is required.

Within initial 24 months at Sub-Transmission classification, Sub-Transmission Operators will be required to attain NERC Certification (Transmission Operator or higher). In the instance that an employee in the Sub-Transmission classification is unable to attain NERC Certification within 24 months period, the Company, after exhausting all reasonable efforts to train and mentor the employee to attain the Certification, will re-assign the employee to his/her previously held classification within T&D Operations department, for which the Certification is not a requirement. If, at that time, there are no existing Distribution Operators interested in Sub-Transmission classification, the Company, at it's sole discretion, may continue to train the Sub-Transmission Operator beyond the initial 24 month period in the position.

Progression within Transmission:
Progression from Sub-Transmission Classification to Transmission Classification will be based on selection for the vacant position in Transmission classification from the qualified Sub-Transmission Operators. The Sub-Transmission Operator, with longest length of time as NERC certified operator will be automatically selected for a vacancy in Transmission Operator classification. A change of schedule from Sub-Transmission schedule (Table 2) to Transmission schedule (Table 1) will be required.

VACANCIES IN DISPATCH ASSISTANT, DISTRIBUTION, TRANSMISSION AND TRAINER

Vacancies in Dispatch Assistant, Distribution, Transmission, and Trainer families will be filled as follows,

Dispatch Assistant Vacancies:
All vacancies in Dispatch Assistant family will be advertised per existing CBA provisions. Vacancies in Dispatch Assistant family will be filled at Dispatcher Assistant Start classification.

Distribution Vacancies:
All vacancies in Distribution family will be advertised per existing CBA provisions. Vacancies in Distribution family will be filled at Distribution Operator Start classification.

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Sub-Transmission Vacancies from Outside T&D Operations:
If no candidates are available from within the Distribution Family to transfer to the Transmission Family, the vacancies in Sub-Transmission classification may be filled externally (Outside T&D Operations) as per provisions of existing CBA.

External candidates coming into Sub-Transmission classification will be required to attain NERC Certification (Transmission Operator or higher) within the initial 24 months. In the instance that such an employee in the Sub-Transmission classification is unable to attain NERC Certification within the initial 24 months period, the Company, after exhausting all reasonable efforts to train and mentor the employee to attain the Certification, may re-assign the employee to another classification within T&D Operations department, for which the Certification is not a requirement. If no vacancies exist in other classifications within T&D Operations, the Company may choose to re-assign the employee to another position outside the T&D Operations department.

Transmission Vacancies:
Vacancies in Transmission classification will be filled by automatic selection of the Sub-Transmission Operator, with longest length of time as NERC certified operator. A change of schedule from Sub-Transmission schedule (Table 2) to Transmission schedule (Table 1) will be required.

Trainer Vacancies:
All vacancies in Trainer family will be advertised per existing CBA provisions.

CLOSED CLASSIFICATIONS

Upon execution of this LOA, the existing classifications of System Dispatcher I, II, III, and System Operator I, II, III, shall be deleted. Incumbent Assistant Dispatchers, Distribution Operators, and Transmission Operators shall be placed in the new classifications established in this LOA.

SYSTEM CONTROL CLASSIFICATIONS AND WAGE RATES

Upon execution of this LOA, the following classifications and wage rates will be in effect for Dispatcher Assistants, Trainer, and System Operators.

Table 5: System Operator Classifications

Family	Job Code	Classification	Step*	2008 Wage	2009 Wage	2010 Wage
Dispatch Assistant	4017	Dispatcher Assistant	1 Year	26.10	27.28	28.44
		Dispatcher Assistant	1 Year	26.78	27.98	29.17
	4018	Senior Dispatcher Assistant		28.60	29.88	31.15
Distribution	4019	Operator Start, Distribution	2 Year	39.68	41.46	43.22
	4020	Operator, Distribution	2 Year	41.40	43.26	45.10
	4021	Senior Operator, Distribution	Vacancy**	43.76	45.73	47.67
Transmission	4022	Operator, Sub-Transmission	Vacancy** NERC***	44.39	46.39	48.36
	4023	Operator, Transmission		45.18	47.21	49.22
Training	4006	Trainer, System Operator		45.18	47.21	49.22

* Step is defined as time required at each classification level
** Vacancy in the next higher classification is required for progression
*** NERC Certification is required for progression to Transmission Operator

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SYSTEM CONTROL POSITION DESCRIPTIONS

DISPATCHER ASSISTANT (4017)
Responsible for initial activities relating to power outages and trouble calls. Monitors and updates the OMS system. May also act as a lead or team member on projects. Coordinates distribution orders to be dispatched to the Line Troublemen. Tracks the location of Line Troublemen in order to dispatch them efficiently to their next job. Timely dispatching of Line Troublemen. Responsible for answering phones and radios. Maintains and provides system updates. Facilitates operational functions involving research, notification and follow-ups. Assist System Dispatchers with operational practices and performs tasks as necessary involving power restoration. Promotes teamwork. Develops and maintains effective work relationships by communicating professionally and on a continuous basis. Informs employee's relief fully on existing and preceding operating conditions of the system. Assists System Dispatchers in training of Distribution Dispatch personnel. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

OPERATOR, DISTRIBUTION (4020)
Responsible for continuous, real time, safe, and reliable operation of the distribution system including initial activities relating to power outages and trouble calls. May also act as a lead or team member on projects. Monitors the OMS system. Fully capable of assuming the duties of Dispatch Assistant. Responsible for answering phones and radios. Maintains and provides system updates. Timely dispatching of Line Troublemen. Tracks the location and progress of Line Troublemen so dispatched. Performs research, notification and follow-ups as necessary. Utilize and update the Outage Management System. Makes proper notification of system activities as required. Monitors progress of outages and follows up as necessary. Research, write, and check switching programs. Will be required to use independent judgment in order to maintain or restore electric service and will have the direct authority to shed customer load. Demonstrate ability to operate various systems including but not limited to SCADA, OMS, CADOPS and WMS. Log and maintain daily log of system events. Directs field personnel through switching/clearance activities. Issues Hot Line Permits, Clearances, Intra-Company Releases and Permits to qualified field personnel. Ensures the accuracy of the distribution mapping system including device and equipment status. Ensure distribution system integrity by closely monitoring the SCADA system and T & D system status. Develops contingency plans to help ensure the safe and reliable operation of the distribution system. Works closely with other departments to resolve loading and customer issues. Informs employee's relief fully on existing and preceding operating conditions of the system. Assists in training of Distribution Dispatch personnel. Promotes teamwork. Develops and maintains effective work relationships by communicating professionally and on a continuous basis. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

OPERATOR, SUB-TRANSMISSION (4022)
This real time function is responsible for safe, efficient and reliable operation of the electrical sub-transmission system (primarily 69kV and 138kV) within Nevada Power Company's control area. May also act as a lead or team member on projects. Works in conjunction with Transmission Operator to ensure power system integrity by continuously monitoring and adjusting as required such items as voltage, power flow, reactive and line loading. Fully capable of assuming the duties of the Distribution Operator and Dispatch Assistant. Responsible for and directs switching within substations and on the sub-transmission lines, and issues required clearances and permits while adhering to all NPC Safety rules and procedures. Prepares written switching programs and reviews and approves the switching programs prepared by other Operating personnel. Will be required to use independent judgment in order to maintain or restore electric service and will have the direct authority to shed customer load. Adheres to all applicable WECC and NERC policies and NPC transmission system business procedures. Must become NERC-Certified within two years in position. Completes required training to attain and/or maintain NERC Certification. Maintains daily logs, prepares and distributes daily reports. Maintains and provides system operations updates as needed. Employees will perform any and all tasks for which they are properly trained and can competently and safely perform.

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NERC CERTIFICATION REQUIREMENT (SUB-TRANSMISSION CLASSIFICATION) (4022)
The requirement to attain NERC Certification within two years of attaining the Sub-Transmission classification is intended to prepare the incumbent employee for progression to the Transmission classification and to provide reasonable backstop measures to ensure that the system is being operated at all times by a NERC-Certified Operator. In the instance that an employee in the Sub-Transmission classification is unable to attain NERC Certification within 24 months period, the Company, after exhausting all reasonable efforts to train and mentor the employee to attain the Certification, will re-assign the employee to his/her previously held classification within T&D Operations department, for which Certification is not a requirement. If, at that time, there are no existing Distribution Operators interested in Sub-Transmission classification, the Company may continue to train the Sub-Transmission Operator beyond the initial 24 month period in the position.

OPERATOR, TRANSMISSION (4023)
This real time function is responsible for safe, efficient and reliable operation of the electrical transmission system (69 kV and above) within Nevada Power Company's control area. May also act as a lead or team member on projects. Ensures power system integrity by continuously monitoring and adjusting as required such items as voltage, power flow, reactive and line loading. Responsible for and directs switching on the Transmission system and issues required clearances and permits while adhering to all NV Energy Safety rules and procedures. Prepares written switching programs and reviews and approves the switching programs prepared by other Operating personnel. Will be required to use independent judgment in order to maintain or restore electric service and will have the direct authority to shed customer load. Performs contingency analysis, and adjusts system parameters as necessary to preserve electric transmission system reliability. Adheres to all applicable WECC and NERC policies and NV ENERGY transmission system business procedures. Maintains daily logs, prepares and distributes daily reports. Performs additional Transmission Operation duties as required. Serves as on-the-job trainer and mentor for Sub-Transmission Operators. Must be NERC-certified.

The System Operators grandfathered at Transmission Operator III level are trained and capable of operating the Reliability Operator functions for Nevada Power Company system. The operators in this closed classification (Transmission Operator III) may be called upon to assist Reliability Operators when and if needed.

TRAINER, SYSTEM OPERATOR (4006)
Primary responsibility is to conduct system operator training associated with NPC ESCC Transmission and Distribution Operations, including development, updating, record keeping and staying current with training needs. Must hold highest NERC certification. Must maintain qualifications or become a qualified trainer for any applicable Transmission or Distribution Operations courses, including NERC or WECC courses. Performs additional Transmission Operation duties as required.

Other:
All other terms and conditions of the CBA, existing LOA, and any written agreements between the Parties apply.

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EXHIBIT 10.3

THIRD AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDMENT (this "Agreement") is made and entered into as of this 11th day of December, 2008, with an effective date as set forth in Section 3 hereof, by and among NEVADA POWER COMPANY (d/b/a NV Energy), a Nevada corporation (the "Borrower"), the lenders party to the Credit Agreement referred to below (the "Lenders") that have executed a Lender Authorization in the form set forth as Exhibit A attached hereto, and WACHOVIA BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

Statement of Purpose

The Lenders agreed to extend certain credit facilities to the Borrower pursuant to the Second Amended and Restated Credit Agreement, dated as of November 4, 2005 (as amended, modified and supplemented by that certain Amendment and Consent dated as of April 19, 2006 and that certain Second Amendment dated as of November 25, 2008, and as further amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders and the Administrative Agent.

The Borrower has requested, and the Lenders and the Administrative Agent have agreed, subject to the terms and conditions set forth herein, to amend the Credit Agreement as specifically set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized, undefined terms used in this Agreement (including, without limitation, in the Statement of Purpose hereto) shall have the meanings assigned thereto in the Credit Agreement.

SECTION 2. Amendments. Subject to and in accordance with the terms and conditions set forth herein, the Administrative Agent and the Lenders hereby agree to amend the Credit Agreement as follows:

(a) Section 8.2(a)(ii) of the Credit Agreement is hereby amended by deleting the word "and" following clause (L), replacing the "." following clause (M) with "; and" and inserting the following clause (N) to the end of such Section:

> "(N) the incurrence by the Borrower or any Subsidiary of additional Indebtedness in an aggregate principal amount not to exceed $150,000,000 at any time outstanding, issued on terms and subject to conditions reasonably satisfactory to the Administrative Agent, and so long as such Indebtedness has a final maturity date occurring at least 364 days following the issuance thereof."

(b) Section 8.2(b)(x) of the Credit Agreement is hereby amended and restated in its entirety as follows:

> "(x) Liens to secure Indebtedness permitted pursuant to clauses (F), (K), (L), (M) or (N) of Section 8.2(a)(ii);".

SECTION 3. Effectiveness. The amendments set forth in Section 2 of this Agreement shall be deemed to be effective upon receipt by the Administrative Agent of (a) counterparts of this Agreement executed by the Borrower and the Administrative Agent and (b) Lender Authorizations executed by the Required Lenders pursuant to Section 11.1 of the Credit Agreement.

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SECTION 4. Effect of Agreement. Except as expressly provided herein, the Credit Agreement (as amended hereby) and the other Loan Documents shall remain in full force and effect. This Agreement shall not be deemed (a) to be a waiver of, or consent to, or a modification or amendment of, any other term or condition of the Credit Agreement or any other Loan Document, (b) to prejudice any right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended, restated, supplemented or modified from time to time, or (c) to be a commitment or any other undertaking or expression of any willingness to engage in any further discussion with the Borrower, any of its Subsidiaries or any other Person with respect to any waiver, amendment, modification or any other change to the Credit Agreement or the Loan Documents or any rights or remedies arising in favor of the Lenders or the Administrative Agent, or any of them, under or with respect to any such documents. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", "hereof" or other words of like import) and in any Loan Document to the "Credit Agreement" shall be deemed to be references to the Credit Agreement as modified hereby.

SECTION 5. Representations and Warranties. (a) By its execution hereof, the Borrower certifies that (i) each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents (both before and after giving effect to this Agreement and the transactions contemplated hereby) is true and correct as of the date hereof as if fully set forth herein, except for any representation and warranty made as of an earlier date, which representation and warranty shall remain true and correct as of such earlier date; and (ii) no Default or Event of Default has occurred and is continuing as of the date hereof both before and after giving effect to this Agreement and the transactions contemplated hereby.

(b) By its execution hereof, the Borrower hereby represents and warrants that it has the right, power and authority and has taken all necessary corporate and company action to authorize the execution, delivery and performance of this Agreement and each other document executed in connection herewith to which it is a party in accordance with their respective terms.

(c) By its execution hereof, the Borrower hereby represents and warrants that this Agreement and each other document executed in connection herewith has been duly executed and delivered by its duly authorized officers, and each such document constitutes the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar.

SECTION 6. Costs, Expenses and Taxes. The Borrower agrees to pay in accordance with the terms of the Credit Agreement all reasonable costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery, administration of this Agreement and the other instruments and documents to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent with respect thereto and with respect to advising the Administrative Agent as to its rights and responsibilities hereunder and thereunder.

SECTION 7. Execution in Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement or Lender Authorization by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

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SECTION 8. Governing Law. This Agreement and the rights and obligations of the parties under this Agreement shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

SECTION 9. Fax Transmission. A facsimile, telecopy or other reproduction of this Agreement may be executed by one or more parties hereto, and an executed copy of this Agreement may be delivered by one or more parties hereto by facsimile or similar instantaneous electronic transmission device pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any party hereto, all parties hereto agree to execute an original of this Agreement as well as any facsimilie, telecopy or other reproduction hereof.

SECTION 10. Entire Agreement. This Agreement is the entire agreement, and supersedes any prior agreements and contemporaneous oral agreements, of the parties concerning its subject matter.

SECTION 11. Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their heirs, beneficiaries, successors and permitted assigns.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

NEVADA POWER COMPANY (d/b/a NV Energy), as Borrower

By: ____
Name:
Title:

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WACHOVIA BANK, NATIONAL ASSOCIATION,
as Administrative Agent and Lender

By: ____
Name:
Title:

[Third Amendment to Second Amended and Restated Credit Agreement – Nevada Power Company]

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Exhibit A

Form of Lender Authorization

CHL:11055.1

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LENDER AUTHORIZATION

Nevada Power Company (d/b/a NV Energy)
Second Amended and Restated Credit Agreement

[ ] __, 2008

Wachovia Bank, National Association
1525 West W.T. Harris Blvd.
Charlotte, North Carolina 28262

Attention: Syndication Agency Services

Re: Third Amendment to Second Amended and Restated Credit Agreement dated as of November 4, 2005 (as amended, the "Credit Agreement") by and among Nevada Power Company (d/b/a NV Energy) (the "Borrower"), the several banks and other financial institutions or entities from time to time party thereto, as lenders (the "Lenders"), and Wachovia Bank, National Association, as administrative agent (the "Administrative Agent") (the "Third Amendment")

This Authorization acknowledges our receipt and review of the execution copy of the Third Amendment in the form posted on Nevada Power Company SyndTrak Online workspace. By executing this Authorization, we hereby approve the Third Amendment and authorize the Administrative Agent to execute and deliver the Third Amendment on our behalf.

Each financial institution executing this Authorization agrees or reaffirms that it shall be a party to the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) to which Lenders are parties and shall have the rights and obligations of a Lender (as defined in the Credit Agreement), and agrees to be bound by the terms and provisions applicable to a "Lender", under each such agreement. In furtherance of the foregoing, each financial institution executing this Authorization agrees to execute any additional documents reasonably requested by the Administrative Agent to evidence such financial institution's rights and obligations under the Credit Agreement.

____
[Insert name of applicable financial institution]

By: ___________________________________
Name: _________________________________
Title: _________________________________

[Third Amendment to Second Amended and Restated Credit Agreement – Nevada Power Company]

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EXHIBIT 12.1

NV ENERGY, INC.
RATIOS OF EARNINGS TO FIXED CHARGES
(Dollars in Thousands)

	Year Ended December 31,				
	2008	2007	2006	2005	2004
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations After Interest Charges	$208,887	$197,295	$279,792	$86,137	$30,842
Income Taxes	95,354	87,555	145,605	43,118	18,050
Income (Loss) From Continuing Operations before Income Taxes	304,241	284,850	425,397	129,255	48,892
Fixed Charges	335,868	310,876	336,024	319,654	324,969
Capitalized Interest (allowance for borrowed funds used during construction)	(29,527)	(25,967)	(17,119)	(24,691)	(8,587)
Preferred Stock Dividend Requirement	-	-	(3,602)	(6,000)	(6,000)
Total	$610,582	$569,759	$740,700	$418,218	$359,274
FIXED CHARGES AS DEFINED:					
Interest Expensed and Capitalized (1)	$335,868	$310,876	$332,422	$313,654	$318,969
Preferred Stock Dividend Requirement	-	-	3,602	6,000	6,000
Total	$335,868	$310,876	$336,024	$319,654	$324,969
RATIO OF EARNINGS TO FIXED CHARGES	1.82	1.83	2.20	1.31	1.11

(1)Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, "Fixed charges" represent the aggregate of interest charges on short-term and long-term debt (whether expensed or capitalized), the portion of rental expense deemed to be attributable to interest, and the pre-tax preferred stock dividend requirement of SPPC. "Earnings" represents pre-tax income (or Loss) from continuing operations before, solely with respect to the years ended December 31, 2006, 2005 and 2004, pre-tax preferred stock dividend requirement of SPPC plus fixed charges (excluding capitalized interest and the pre-tax preferred stock dividend requirement of SPPC for the years ended December 31, 2006, 2005 and 2004).

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EXHIBIT 12.2

NEVADA POWER COMPANY
RATIOS OF EARNINGS TO FIXED CHARGES
(Dollars in Thousands)

	Year Ended December 31,				
	2008	2007	2006	2005	2004
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations					
After Interest Charges	$151,431	$165,694	$224,540	$132,734	$104,312
Income Taxes	71,382	78,352	117,510	63,995	56,572
Income (Loss) From Continuing Operations					
before Income Taxes	222,813	244,046	342,050	196,729	160,884
Fixed Charges	210,067	190,836	190,333	159,776	145,055
Capitalized Interest (allowance for borrowed funds used during construction)	(20,063)	(13,196)	(11,614)	(23,187)	(5,738)
Total	$412,817	$421,686	$520,769	$333,318	$300,201
FIXED CHARGES AS DEFINED:					
Interest Expensed and Capitalized (1)	$210,067	$190,836	$190,333	$159,776	$145,055
Preference Security Dividend Requirements					
Total	$210,067	$190,836	$190,333	$159,776	$145,055
RATIO OF EARNINGS TO FIXED CHARGES	1.97	2.21	2.74	2.09	2.07

(1)Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, "Fixed charges" represent the aggregate of interest charges on short-term and long-term debt (whether expensed or capitalized) and the portion of rental expense deemed attributable to interest. "Earnings" represents pre-tax income (or loss) from continuing operations plus fixed charges (excluding capitalized interest).

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EXHIBIT 12.3

SIERRA PACIFIC POWER COMPANY
RATIOS OF EARNINGS TO FIXED CHARGES
(Dollars in Thousands)

	Year ended December 31,				
	2008	2007	2006	2005	2004
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations					
After Interest Charges	$90,582	$65,667	$57,709	$52,074	$18,577
Income Taxes	37,603	26,009	27,829	28,379	325
Income (Loss) From Continuing Operations					
before Income Taxes	128,185	91,676	85,538	80,453	18,902
Fixed Charges	84,478	75,655	79,093	72,652	67,685
Capitalized Interest (allowance for borrowed funds used during construction)	(9,464)	(12,771)	(5,505)	(1,504)	(2,849)
	$203,199	$154,560	$159,126	$151,601	$83,738
Total					
FIXED CHARGES AS DEFINED:	$84,478	$75,655	$79,093	$72,652	$67,685
Interest Expensed and Capitalized (1)	-	-	-	-	-
Total	$84,478	$75,655	$79,093	$72,652	$67,685
RATIO OF EARNINGS TO FIXED CHARGES	2.41	2.04	2.01	2.09	1.24

(1)Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, “Fixed charges” represent the aggregate of interest charges on short-term and long-term debt (whether expensed or capitalized) and the portion of rental expense deemed attributable to interest. “Earnings” represents pre-tax income (or loss) from continuing operations before, solely with respect to the years ended December 31, 2006, 2005 and 2004, pre-tax preferred stock dividend requirement plus fixed charges (excluding capitalized interest).

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-145686 on Form S-3D, Registration Statements No. 333-92651 and No. 333-146822 on Form S-8, and Registration Statement No. 333-146100 on Form S-3ASR of our report dated February 23, 2009 relating to the consolidated financial statements and financial statement schedule of NV Energy, Inc. (formerly Sierra Pacific Resources), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of NV Energy, Inc. for the year ended December 31, 2008.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-146100-02 on Form S-3ASR of our report dated February 23, 2009 relating to the consolidated financial statements and financial statement schedule of Nevada Power Company appearing in this Annual Report on Form 10-K of Nevada Power Company for the year ended December 31, 2008.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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EXHIBIT 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-146100-01 on Form S-3ASR of our report dated February 23, 2009 relating to the consolidated financial statements and financial statement schedule of Sierra Pacific Power Company appearing in this Annual Report on Form 10-K of Sierra Pacific Power Company for the year ended December 31, 2008.

/s/ Deloitte & Touche LLP
Las Vegas, Nevada
February 23, 2009

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Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

NV ENERGY, INC.
(“Registrant”)

I, Michael W. Yackira, certify that:

1. I have reviewed this annual report on Form 10-K of NV Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 23, 2009

/s/ Michael W. Yackira
Michael W. Yackira
President and Chief Executive Officer
NV Energy, Inc.

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Exhibit 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

NEVADA POWER COMPANY (d/b/a NV ENERGY)
(“Registrant”)

I, Michael W. Yackira, certify that:

1. I have reviewed this annual report on Form 10-K of Nevada Power Company (d/b/a NV Energy);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 23, 2009

/s/ Michael W. Yackira
Michael W. Yackira
President and Chief Executive Officer
Nevada Power Company (d/b/a NV Energy)

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Exhibit 31.3

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

SIERRA PACIFIC POWER COMPANY (d/b/a NV ENERGY)
("Registrant")

I, Michael W. Yackira, certify that:

1. I have reviewed this annual report on Form 10-K of Sierra Pacific Power Company (d/b/a NV Energy);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 23, 2009

/s/ Michael W. Yackira
Michael W. Yackira
Chief Executive Officer
Sierra Pacific Power Company (d/b/a NV Energy)

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Exhibit 31.4

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

NV ENERGY, INC.
("Registrant")

I, William D. Rogers, certify that:

1. I have reviewed this annual report on Form 10-K of NV Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 23, 2009

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
NV Energy, Inc.

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Exhibit 31.5

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

NEVADA POWER COMPANY (d/b/a NV ENERGY)
(“Registrant”)

I, William D. Rogers, certify that:

1. I have reviewed this annual report on Form 10-K of Nevada Power Company (d/b/a NV Energy);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 23, 2009

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
Nevada Power Company (d/b/a NV Energy)

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Exhibit 31.6

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

SIERRA PACIFIC POWER COMPANY (d/b/a NV ENERGY) (“Registrant”)

I, William D. Rogers, certify that:

1. I have reviewed this annual report on Form 10-K of Sierra Pacific Power Company (d/b/a NV Energy);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

February 23, 2009

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
Sierra Pacific Power Company (d/b/a NV Energy)

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

NV ENERGY, INC.
("Registrant")

In connection with this report of NV Energy, Inc. on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, Michael W. Yackira, President and Chief Executive Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Michael W. Yackira
Michael W. Yackira
President and Chief Executive Officer
NV Energy, Inc.
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

NEVADA POWER COMPANY (d/b/a NV ENERGY)
("Registrant")

In connection with this report of Nevada Power Company (d/b/a NV Energy) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, Michael W. Yackira, President and Chief Executive Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Michael W. Yackira
Michael W. Yackira
President and Chief Executive Officer
Nevada Power Company (d/b/a NV Energy)
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.3

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

SIERRA PACIFIC POWER COMPANY (d/b/a NV ENERGY)
("Registrant")

In connection with this report of Sierra Pacific Power Company (d/b/a NV Energy) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, Michael W. Yackira, Chief Executive Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Michael W. Yackira
Michael W. Yackira
Chief Executive Officer
Sierra Pacific Power Company (d/b/a NV Energy)
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.4

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

NV ENERGY, INC.
(“Registrant”)

In connection with this report of NV Energy, Inc. on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, William D. Rogers, Chief Financial Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
NV Energy, Inc.
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.5

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

NEVADA POWER COMPANY (d/b/a NV ENERGY)
("Registrant")

In connection with this report of Nevada Power Company (d/b/a NV Energy) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, William D. Rogers, Chief Financial Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
Nevada Power Company (d/b/a NV Energy)
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32.6

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

SIERRA PACIFIC POWER COMPANY (d/b/a NV ENERGY)
("Registrant")

In connection with this report of Sierra Pacific Power Company (d/b/a NV Energy) on Form 10-K for the year ended December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, William D. Rogers, Chief Financial Officer of registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in this report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ William D. Rogers
William D. Rogers
Chief Financial Officer
Sierra Pacific Power Company (d/b/a NV Energy)
February 23, 2009

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent the registrant specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

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