FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2006-05-08** | Period of Report: **2006-03-31**
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FILER

SIERRA PACIFIC POWER CO
CIK:**90144**| IRS No.: **880044418** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-00508** | Film No.: **06814643**
SIC: **4931** Electric & other services combined

Mailing Address
6100 NEIL ROAD
P.O. BOX 10100
RENO NV 89520

Business Address
6100 NEIL RD
P O BOX 10100
RENO NV 89520-0400
7026895408

SIERRA PACIFIC RESOURCES /NV/
CIK:**741508**| IRS No.: **880198358** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-08788** | Film No.: **06814642**
SIC: **4931** Electric & other services combined

Mailing Address
P O BOX 30150
6100 NEIL ROAD
RENO NV 89511

Business Address
PO BOX 30150
6100 NEIL RD
RENO NV 89511
7758344011

NEVADA POWER CO
CIK:**71180**| IRS No.: **880045330** | State of Incorp.:**NV** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **002-28348** | Film No.: **06814644**
SIC: **4911** Electric services

Mailing Address
P O BOX 230
LAS VEGAS NV 89151

Business Address
6226 W SAHARA AVE
LAS VEGAS NV 89146
7023675000

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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED March 31, 2006

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM TO

Commission File Number	Registrant, Address of Principal Executive Offices and Telephone Number	I.R.S. employer Identification Number	State of Incorporation
1-08788	SIERRA PACIFIC RESOURCES P.O. Box 10100 (6100 Neil Road) Reno, Nevada 89520-0400 (89511) (775) 834-4011	88-0198358	Nevada
2-28348	NEVADA POWER COMPANY 6226 West Sahara Avenue Las Vegas, Nevada 89146 (702) 367-5000	88-0420104	Nevada
0-00508	SIERRA PACIFIC POWER COMPANY P.O. Box 10100 (6100 Neil Road) Reno, Nevada 89520-0400 (89511) (775) 834-4011	88-0044418	Nevada

Indicate by check mark whether registrant (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 ☐ (Response applicable to all registrants)

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

Sierra Pacific Resources:	Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐
Nevada Power Company:	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑
Sierra Pacific Power Company:	Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑

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)

Indicate the number of shares outstanding of each of the issuer' s classes of Common Stock, as of the latest practicable date.

Class	Outstanding at May 2, 2006
Common Stock, $1.00 par value of Sierra Pacific Resources	200,879,752 Shares

Sierra Pacific Resources is the sole holder of the 1,000 shares of outstanding Common Stock, $1.00 stated value, of Nevada Power Company.

Sierra Pacific Resources is the sole holder of the 1,000 shares of outstanding Common Stock, $3.75 stated value, of Sierra Pacific Power Company.

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

SIERRA PACIFIC RESOURCES
NEVADA POWER COMPANY
SIERRA PACIFIC POWER COMPANY
QUARTERLY REPORTS ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2006

CONTENTS

PART I – FINANCIAL INFORMATION

SIERRA PACIFIC RESOURCES

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	March 31, 2006	December 31, 2005
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$7,336,827	$ 6,801,916
Less accumulated provision for depreciation	2,218,290	2,169,316
	5,118,537	4,632,600
Construction work-in-progress	636,416	765,005
	5,754,953	5,397,605
Investments and other property, net	62,149	62,771
Current Assets:		
Cash and cash equivalents	238,966	172,682
Restricted cash and investments	–	67,245
Accounts receivable less allowance for uncollectible accounts: 2006-$36,708; 2005-$36,021	342,387	413,171
Deferred energy costs – electric (Note 1)	185,729	253,697
Deferred energy costs – gas (Note 1)	2,052	5,825
Deferred income taxes	17,469	–
Materials, supplies and fuel, at average cost	91,462	88,445
Risk management assets (Note 5)	39,609	50,226
Deposits and prepayments for energy	23,455	45,054
Other	24,986	26,544
	966,115	1,122,889
Deferred Charges and Other Assets:		
Goodwill (Note 8)	22,877	22,877
Deferred energy costs – electric (Note 1)	325,496	255,312
Deferred energy costs – gas (Note 1)	5	845
Regulatory tax asset	248,353	249,261
Other regulatory assets	574,059	568,145
Risk management assets (Note 5)	298	–
Risk management regulatory assets – net (Note 5)	89,007	–
Unamortized debt issuance costs	68,375	63,395
Other	107,994	107,330
	1,436,464	1,267,165
Assets of Discontinued Operations	20,102	20,116
TOTAL ASSETS	$8,239,783	$ 7,870,546
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholders' equity	$2,061,378	$ 2,060,154
Preferred stock	50,000	50,000
Long-term debt	4,122,580	3,817,122
	6,233,958	5,927,276
Current Liabilities:		
Current maturities of long-term debt	196,325	58,909
Accounts payable	195,791	252,900
Accrued interest	69,858	58,585
Dividends declared	1,050	1,043
Accrued salaries and benefits	24,233	32,186
Current income taxes payable	–	3,159

Deferred income taxes	–	129,041
Risk management liabilities (Note 5)	98,243	16,580
Accrued taxes	5,982	6,540
Contract termination liabilities	–	129,000
Other current liabilities	58,847	56,724
	650,329	744,667
Commitments and Contingencies (Note 6)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	600,531	451,924
Deferred investment tax credit	37,815	38,625
Regulatory tax liability	37,459	38,224
Customer advances for construction	182,090	170,061
Accrued retirement benefits	84,548	77,245
Risk management regulatory liability − net (Note 5)	–	15,605
Regulatory liabilities	290,051	284,438
Other	112,802	112,281
	1,345,296	1,188,403
Liabilities of Discontinued Operations	10,200	10,200
TOTAL CAPITALIZATION AND LIABILITIES	$8,239,783	$ 7,870,546

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
OPERATING REVENUES:		
Electric	$620,047	$581,144
Gas	86,725	67,538
Other	284	292
	707,056	648,974
OPERATING EXPENSES:		
Operation:		
Purchased power	253,744	220,152
Fuel for power generation	143,109	110,002
Gas purchased for resale	67,396	53,480
Deferral of energy costs − electric − net	4,072	40,116
Deferral of energy costs − gas − net	4,731	(328)
Other	90,262	87,590
Maintenance	21,930	22,946
Depreciation and amortization	57,461	52,789
Taxes:		
Income taxes	(6,899)	(7,830)
Other than income	11,664	11,109
	647,470	590,026
OPERATING INCOME	59,586	58,948
OTHER INCOME (EXPENSE):		
Allowance for other funds used during construction	6,132	3,809
Interest accrued on deferred energy	8,716	6,108
Other income	13,294	10,139
Other expense	(4,718)	(4,266)
Income taxes	(8,185)	(3,264)
	15,239	12,526
Total Income Before Interest Charges	74,825	71,474
INTEREST CHARGES:		
Long-term debt	73,383	78,427
Other	5,218	6,166
Allowance for borrowed funds used during construction	(6,002)	(4,603)
	72,599	79,990
INCOME (LOSS) FROM CONTINUING OPERATIONS	2,226	(8,516)
DISCONTINUED OPERATIONS:		
Income (Loss) from discontinued operations (net of income taxes(benefits) of $(5) and $3 respectively)	(9)	5
NET INCOME (LOSS)	2,217	(8,511)
Preferred stock dividend requirements of subsidiary	975	975
EARNINGS (DEFICIT) APPLICABLE TO COMMON STOCK	$1,242	$(9,486)
Amount per share basic and diluted − (Note 7)		
Income / (Loss) from continuing operations	$0.01	$(0.07)

Earnings / (Deficit) applicable to common stock	$0.01	$(0.08)
Weighted Average Shares of Common Stock Outstanding − basic	200,868,612	117,549,912
Weighted Average Shares of Common Stock Outstanding − diluted	201,265,472	117,549,912

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	**2005**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$2,217	$(8,511)
Non-cash items included in net income (loss):		
Depreciation and amortization	57,461	52,789
Deferred taxes and deferred investment tax credit	(1,822)	(4,442)
AFUDC	(12,134)	(8,412)
Amortization of deferred energy costs − electric	32,560	55,854
Amortization of deferred energy costs − gas	3,021	(466)
Other non-cash	(3,990)	511
Changes in certain assets and liabilities:		
Accounts receivable	29,418	28,357
Deferral of energy costs − electric	(37,085)	(16,630)
Deferral of energy costs − gas	1,592	18
Deferral of energy costs − terminated suppliers	2,309	−
Materials, supplies and fuel	(3,018)	(1,052)
Other current assets	23,156	22,764
Accounts payable	(56,661)	16,601
Payment to terminating supplier	(65,368)	−
Proceeds from claim on terminating supplier	41,365	−
Other current liabilities	4,977	17,214
Discontinued operations − operating activities	14	(8)
Risk Management assets and liabilites	(12,630)	(12,380)
Other assets	4,537	163
Other liabilities	3,278	5,482
Net Cash from Operating Activities	13,197	147,852
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to utility plant	(413,937)	(165,101)
AFUDC and other charges to utility plant	12,134	8,412
Customer advances for construction	12,028	5,357
Contributions in aid of construction	7,193	4,032
Net cash used for utility plant	(382,582)	(147,300)
Investments in subsidiaries and other property − net	2,838	4,043
Net Cash used by Investing Activities	(379,744)	(143,257)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in restricted cash and investments	3,612	12,786
Proceeds from issuance of long-term debt	1,030,329	−
Retirement of long-term debt	(600,126)	(1,167)
Sale (purchase) of common stock, net of issuance cost	(16)	1,174
Dividends paid	(968)	(977)
Net Cash from Financing Activities	432,831	11,816
Net Increase in Cash and Cash Equivalents	66,284	16,411
Beginning Balance in Cash and Cash Equivalents	172,682	266,328
Ending Balance in Cash and Cash Equivalents	$238,966	$282,739

Supplemental Disclosures of Cash Flow Information:

Cash paid during period for:		
Interest	$75,627	$64,509
Income taxes	$3,159	$–

The accompanying notes are an integral part of the financial statements

SIERRA PACIFIC RESOURCES

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	March 31, 2006	December 31, 2005
Common Shareholders' Equity:		
Common stock, $1.00 par value, authorized 250 million; issued and outstanding 2006: 200,792,000 shares; issued and outstanding 2005: 200,792,000 shares	$200,792	$ 200,792
Other paid-in capital	2,220,879	2,220,896
Retained Deficit	(354,642)	(355,883)
Accumulated other comprehensive Loss	(5,651)	(5,651)
Total Common Shareholders' Equity	2,061,378	2,060,154
Preferred Stock of Subsidiaries:		
Not subject to mandatory redemption; 2,000,000 shares outstanding; $25 stated value		
SPPC Class A Series 1; $1.95 dividend	50,000	50,000
Long-Term Debt:		
Secured Debt		
First Mortgage Bonds		
8.50% NPC Series Z due 2023	35,000	35,000
Debt Secured by First Mortgage Bonds		
Revenue Bonds		
Nevada Power Company		
6.60% NPC Series 1992B due 2019	39,500	39,500
6.70% NPC Series 1992A due 2022	105,000	105,000
7.20% NPC Series 1992C due 2022	78,000	78,000
Sierra Pacific Power Company		
6.35% SPPC Series 1992B due 2012	1,000	1,000
6.55% SPPC Series 1987 due 2013	39,500	39,500
6.30% SPPC Series 1987 due 2014	45,000	45,000
6.65% SPPC Series 1987 due 2017	92,500	92,500
6.55% SPPC Series 1990 due 2020	20,000	20,000
6.30% SPPC Series 1992A due 2022	10,250	10,250
5.90% SPPC Series 1993A due 2023	9,800	9,800
5.90% SPPC Series 1993B due 2023	30,000	30,000
6.70% SPPC Series 1992 due 2032	21,200	21,200
Medium Term Notes		
Sierra Pacific Power Company		
6.62% to 6.83% SPPC Series C due 2006	30,000	50,000
6.95% to 8.61% SPPC Series A due 2022	–	110,000
7.10% to 7.14% SPPC Series B due 2023	–	58,000
Subtotal	556,750	744,750
General and Refunding Mortgage Securities		
Nevada Power Company		
10.88% NPC Series E due 2009	162,500	162,500
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	227,500	227,500
5.875% NPC Series L due 2015	250,000	250,000
5.95% NPC Series M due 2016	210,000	–
Sierra Pacific Power Company		
8.00% SPPC Series A due 2008	320,000	320,000
6.25% SPPC Series H due 2012	100,000	100,000
6.00% SPPC Series M due 2016	300,000	–

Subtotal	2,050,000	1,540,000
Debt Secured by General and Refunding Mortgage Securities		
NPC Revolving Credit Facility	275,000	150,000
5.00% SPPC Series 2001 due 2036	80,000	80,000
Subtotal	355,000	230,000

The accompanying notes are an integral part of the financial statements.

(Continued)

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)
(Unaudited)

	March 31, 2006	December 31, 2005
Unsecured Debt		
Revenue Bonds		
Nevada Power Company		
5.30% NPC Series 1995D due 2011	$14,000	$ 14,000
5.35% NPC Series 1995E due 2022	13,000	13,000
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
5.80% NPC Series 1997B due 2032	20,000	20,000
5.90% NPC Series 1997A due 2032	52,285	52,285
6.38% NPC Series 1996 due 2036	20,000	20,000
Subtotal	331,335	331,335
Variable Rate Notes		
NPC PCRB Series 2000B due 2009	15,000	15,000
NPC IDRB Series 2000A due 2020	100,000	100,000
Subtotal	115,000	115,000
Other Notes		
Sierra Pacific Resources		
7.803% SPR Senior Notes due 2012	99,142	99,142
8.625% SPR Notes due 2014	335,000	335,000
6.75% SPR Senior Notes due 2017	225,000	225,000
Subtotal, excluding current portion	659,142	659,142
Unamortized bond premium and discount, net	(3,556)	(3,495)
Nevada Power Company		
8.2% Junior Subordinated Debentures of NPC, due 2037	122,548	122,548
7.75% Junior Subordinated Debentures of NPC, due 2038	72,165	72,165
Subtotal	194,713	194,713
Obligations under capital leases	53,385	56,921
Current maturities and sinking fund requirements	(196,325)	(58,909)
Other, excluding current portion	7,136	7,665
Total Long-Term Debt	4,122,580	3,817,122
TOTAL CAPITALIZATION	$6,233,958	$ 5,927,276

The accompanying notes are an integral part of the financial statements.

(Concluded)

NEVADA POWER COMPANY

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	March 31, 2006	December 31, 2005
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$4,622,317	$ 4,106,489
Less accumulated provision for depreciation	1,162,645	1,128,209
	3,459,672	2,978,280
Construction work-in-progress	525,778	698,206
	3,985,450	3,676,486
Investments and other property, net	29,412	29,249
Current Assets:		
Cash and cash equivalents	47,577	98,681
Restricted cash	–	52,374
Accounts receivable less allowance for uncollectible accounts: 2006-$30,455; 2005-$30,386	188,762	232,086
Accounts receivable, affiliated companies	18,059	3,738
Deferred energy costs – electric (Note 1)	110,087	186,355
Materials, supplies and fuel, at average cost	51,421	46,835
Risk management assets (Note 5)	28,237	22,404
Intercompany income taxes receivable	48,198	–
Deposits and prepayments for energy	11,802	16,303
Other	14,573	16,075
	518,716	674,851
Deferred Charges and Other Assets:		
Deferred energy costs – electric (Note 1)	292,863	214,587
Regulatory tax asset	155,019	155,304
Other regulatory assets	363,521	362,567
Risk management regulatory assets – net (Note 5)	53,707	–
Unamortized debt issuance costs	39,762	37,157
Other	24,939	23,720
	929,811	793,335
TOTAL ASSETS	$5,463,389	$ 5,173,921
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder' s equity	$1,741,843	$ 1,762,089
Long-term debt	2,388,210	2,214,063
	4,130,053	3,976,152
Current Liabilities:		
Current maturities of long-term debt	163,925	6,509
Accounts payable	113,942	164,169
Accrued interest	44,482	33,031
Dividends declared	75	397
Accrued salaries and benefits	10,943	15,537
Current income taxes payable	–	3,159
Deferred income taxes	29,260	57,392
Risk management liabilities (Note 5)	61,316	10,125
Accrued taxes	2,667	2,817
Contract termination liabilities	–	89,784
Other current liabilities	48,143	46,425
	474,753	429,345

Commitments and Contingencies (Note 6)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	438,087	362,973
Deferred investment tax credit	16,427	16,832
Regulatory tax liability	14,743	15,068
Customer advances for construction	107,299	98,056
Accrued retirement benefits	27,453	24,614
Risk management regulatory liability − net (Note 5)	−	590
Regulatory liabilities	176,400	173,527
Other	78,174	76,764
	858,583	768,424
TOTAL CAPITALIZATION AND LIABILITIES	$5,463,389	$ 5,173,921

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	**2005**
OPERATING REVENUES:		
Electric	$381,275	$354,134
OPERATING EXPENSES:		
Operation:		
Purchased power	161,596	141,428
Fuel for power generation	89,822	55,640
Deferral of energy costs-net	3,167	35,823
Other	54,133	51,099
Maintenance	14,157	16,955
Depreciation and amortization	34,237	30,402
Taxes:		
Income tax benefits	(8,095)	(6,794)
Other than income	6,595	6,316
	355,612	330,869
OPERATING INCOME	25,663	23,265
OTHER INCOME (EXPENSE):		
Allowance for other funds used during construction	5,429	3,490
Interest accrued on deferred energy	6,783	4,525
Other income	8,397	6,913
Other expense	(1,965)	(1,576)
Income taxes	(6,409)	(3,102)
	12,235	10,250
Total Income Before Interest Charges	37,898	33,515
INTEREST CHARGES:		
Long-term debt	42,739	41,529
Other	3,827	4,332
Allowance for borrowed funds used during construction	(5,372)	(4,313)
	41,194	41,548
NET LOSS	$(3,296)	$(8,033)

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	**2005**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$(3,296)	$(8,033)
Non-cash items included in net loss:		
Depreciation and amortization	34,237	30,402
Deferred taxes and deferred investment tax credit	(4,820)	(3,692)
AFUDC	(10,801)	(7,803)
Amortization of deferred energy costs	21,278	46,673
Other non-cash	(4,436)	6,020
Changes in certain assets and liabilities:		
Accounts receivable	2,611	13,876
Deferral of energy costs	(24,893)	(10,280)
Deferral of energy costs − terminated suppliers	1,607	−
Materials, supplies and fuel	(4,586)	2,905
Other current assets	6,004	7,661
Accounts payable	(46,598)	15,547
Payment to terminating supplier	(37,410)	−
Proceeds from claim on terminating supplier	26,391	−
Other current liabilities	8,424	16,976
Risk Management assets and liabilites	(8,939)	(13,244)
Other assets	3,572	163
Other liabilities	1,846	(2,052)
Net Cash from (used by) Operating Activities	(39,809)	95,119
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to utility plant	(349,409)	(140,095)
AFUDC and other charges to utility plant	10,801	7,803
Customer advances for construction	9,242	2,970
Contributions in aid of construction	7,075	(559)
Net cash used for utility plant	(322,291)	(129,881)
Investments in subsidiaries and other property − net	(67)	1,924
Net Cash used by Investing Activities	(322,358)	(127,957)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	541,771	−
Retirement of long-term debt	(213,436)	(2,917)
Dividends paid	(17,272)	(19,852)
Net Cash from (used by) Financing Activities	311,063	(22,769)
Net Decrease in Cash and Cash Equivalents	(51,104)	(55,607)
Beginning Balance in Cash and Cash Equivalents	98,681	243,323
Ending Balance in Cash and Cash Equivalents	$47,577	$187,716
Supplemental Disclosures of Cash Flow Information:		
Cash paid during period for:		
Interest	$40,891	$28,650
Income taxes	$3,159	$−

The accompanying notes are an integral part of the financial statements

NEVADA POWER COMPANY

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands, Except Per Share Amounts)
(Unaudited)

	March 31, 2006	December 31, 2005
Common Shareholder' s Equity:		
Common stock, $1.00 par value, 1,000 shares authorized, issued and outstanding	$1	$ 1
Other paid-in capital	1,808,848	1,808,848
Retained Deficit	(63,667)	(43,422)
Accumulated other comprehensive Loss	(3,339)	(3,338)
Total Common Shareholder' s Equity	1,741,843	1,762,089
Long-Term Debt:		
Secured Debt		
First Mortgage Bonds		
8.50% Series Z due 2023	35,000	35,000
Debt Secured by First Mortgage Bonds		
Revenue Bonds		
6.60% Series 1992B due 2019	39,500	39,500
6.70% Series 1992A due 2022	105,000	105,000
7.20% Series 1992C due 2022	78,000	78,000
Subtotal	257,500	257,500
General and Refunding Mortgage Securities		
10.88% Series E due 2009	162,500	162,500
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	227,500	227,500
5.875% Series L due 2015	250,000	250,000
5.95% Series M due 2016	210,000	–
Subtotal	1,330,000	1,120,000
Debt Secured by General and Refunding Mortgage Securities		
Revolving Credit Facility	275,000	150,000
Unsecured Debt		
Revenue Bonds		
5.30% Series 1995D due 2011	14,000	14,000
5.35% Series 1995E due 2022	13,000	13,000
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
5.80% Series 1997B due 2032	20,000	20,000
5.90% Series 1997A due 2032	52,285	52,285
6.38% Series 1996 due 2036	20,000	20,000
Subtotal	331,335	331,335
Variable Rate Notes		
PCRB Series 2000B due 2009	15,000	15,000
IDRB Series 2000A due 2020	100,000	100,000
Subtotal	115,000	115,000
Unamortized bond premium and discount, net	(4,839)	(4,942)
8.2% Junior Subordinated Debentures due 2037	122,548	122,548
7.75% Junior Subordinated Debentures due 2038	72,165	72,165
Subtotal	194,713	194,713
Obligations under capital leases	53,385	56,921
Current maturities and sinking fund requirements	(163,925)	(6,509)

Other, excluding current portion	41	45
Total Long-Term Debt	2,388,210	2,214,063
TOTAL CAPITALIZATION	$4,130,053	$ 3,976,152

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

	March 31, 2006	December 31, 2005
ASSETS		
Utility Plant at Original Cost:		
Plant in service	$2,714,510	$ 2,695,427
Less accumulated provision for depreciation	1,055,645	1,041,107
	1,658,865	1,654,320
Construction work-in-progress	110,638	66,799
	1,769,503	1,721,119
Investments and other property, net	829	842
Current Assets:		
Cash and cash equivalents	152,911	38,153
Restricted cash	–	14,871
Accounts receivable less allowance for uncollectible accounts: 2006-$6,252; 2005-$5,634	152,975	180,973
Accounts receivable, affiliated companies	–	40,278
Deferred energy costs – electric (Note 1)	75,642	67,342
Deferred energy costs – gas (Note 1)	2,052	5,825
Materials, supplies and fuel, at average cost	40,023	41,608
Risk management assets (Note 5)	11,372	27,822
Intercompany income taxes receivable	17,295	–
Deposits and prepayments for energy	11,653	28,751
Other	9,876	9,547
	473,799	455,170
Deferred Charges and Other Assets:		
Deferred energy costs – electric (Note 1)	32,633	40,725
Deferred energy costs – gas (Note 1)	5	845
Regulatory tax asset	93,334	93,957
Other regulatory assets	210,538	205,578
Risk management assets (Note 5)	298	–
Risk management regulatory assets – net (Note 5)	35,300	–
Unamortized debt issuance costs	15,372	12,693
Other	15,992	15,372
	403,472	369,170
TOTAL ASSETS	$2,647,603	$ 2,546,301
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder' s equity	$731,438	$ 727,777
Preferred stock	50,000	50,000
Long-term debt	1,073,197	941,804
	1,854,635	1,719,581
Current Liabilities:		
Current maturities of long-term debt	32,400	52,400
Accounts payable	57,393	56,661
Accounts payable, affiliated companies	15,864	–
Accrued interest	20,028	10,993
Dividends declared	975	968

Accrued salaries and benefits	11,828	14,032
Current income taxes payable	–	49,673
Deferred income taxes	23,245	21,832
Risk management liabilities (Note 5)	36,927	6,455
Accrued taxes	3,227	3,541
Contract termination liabilities	–	39,216
Other current liabilities	10,703	10,299
	212,590	266,070
Commitments and Contingencies (Note 6)		
Deferred Credits and Other Liabilities:		
Deferred income taxes	268,143	244,244
Deferred investment tax credit	21,388	21,793
Regulatory tax liability	22,716	23,156
Customer advances for construction	74,791	72,005
Accrued retirement benefits	46,540	41,507
Risk management regulatory liability − net (Note 5)	–	15,015
Regulatory liabilities	113,651	110,911
Other	33,149	32,019
	580,378	560,650
TOTAL CAPITALIZATION AND LIABILITIES	$2,647,603	$ 2,546,301

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	**2005**
OPERATING REVENUES:		
Electric	$238,772	$227,010
Gas	86,725	67,538
	325,497	294,548
OPERATING EXPENSES:		
Operation:		
Purchased power	92,148	78,724
Fuel for power generation	53,287	54,362
Gas purchased for resale	67,396	53,480
Deferral of energy costs − electric − net	905	4,293
Deferral of energy costs − gas − net	4,731	(328)
Other	34,175	34,769
Maintenance	7,773	5,991
Depreciation and amortization	23,224	22,387
Taxes:		
Income taxes	6,849	6,603
Other than income	5,018	4,748
	295,506	265,029
OPERATING INCOME	29,991	29,519
OTHER INCOME (EXPENSE):		
Allowance for other funds used during construction	703	319
Interest accrued on deferred energy	1,933	1,583
Other income	2,148	971
Other expense	(2,524)	(1,640)
Income tax benefit	(823)	(452)
	1,437	781
Total Income Before Interest Charges	31,428	30,300
INTEREST CHARGES:		
Long-term debt	17,690	17,307
Other	1,096	1,146
Allowance for borrowed funds used during construction	(630)	(290)
	18,156	18,163
NET INCOME	13,272	12,137
Preferred Dividend Requirements	975	975
Earnings applicable to common stock	$12,297	$11,162

The accompanying notes are an integral part of the financial statements.

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SIERRA PACIFIC POWER COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	**2005**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$13,272	$12,137
Non-cash items included in net loss:		
Depreciation and amortization	23,224	22,387
Deferred taxes and deferred investment tax credit	(41,878)	(2,848)
AFUDC	(1,333)	(609)
Amortization of deferred energy costs − electric	11,282	9,181
Amortization of deferred energy costs − gas	3,021	(466)
Other non-cash	1,090	(1,641)
Changes in certain assets and liabilities:		
Accounts receivable	53,301	26,595
Deferral of energy costs − electric	(12,192)	(6,350)
Deferral of energy costs − gas	1,592	18
Deferral of energy costs − terminated suppliers	702	−
Materials, supplies and fuel	1,584	(3,957)
Other current assets	16,770	11,472
Accounts payable	13,414	1,026
Payment to terminating supplier	(27,958)	−
Proceeds from claim on terminating supplier	14,974	−
Other current liabilities	6,921	14,370
Risk Management assets and liabilites	(3,691)	864
Other assets	965	−
Other liabilities	4,019	5,726
Net Cash from Operating Activities	79,079	87,905
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to utility plant	(64,528)	(25,006)
AFUDC and other charges to utility plant	1,333	609
Customer advances for construction	2,786	2,387
Contributions in aid of construction	118	4,591
Net cash used for utility plant	(60,291)	(17,419)
Disposal of subsidiaries and other property − net	13	12
Net Cash used by Investing Activities	(60,278)	(17,407)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in restricted cash and investments	3,612	2,000
Proceeds from issuance of long-term debt	488,557	−
Retirement of long-term debt	(386,608)	(688)
Dividends paid	(9,604)	(975)
Net Cash from Financing Activities	95,957	337
Net Increase in Cash and Cash Equivalents	114,758	70,835
Beginning Balance in Cash and Cash Equivalents	38,153	19,319
Ending Balance in Cash and Cash Equivalents	$152,911	$90,154
Supplemental Disclosures of Cash Flow Information:		
Cash paid during period for:		
Interest	$12,274	$2,908

Income taxes	$–	$–

The accompanying notes are an integral part of the financial statements

SIERRA PACIFIC POWER COMPANY

CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands Except Per Share Amounts)
(Unaudited)

	March 31, 2006	December 31, 2005
Common Shareholder' s Equity:		
Common stock, $3.75 par value, 1,000 shares authorized, issued and outstanding	$4	$ 4
Other paid-in capital	810,103	810,103
Retained Deficit	(76,877)	(80,538)
Accumulated other comprehensive Loss	(1,792)	(1,792)
Total Common Shareholder' s Equity	731,438	727,777
Cumulative Preferred Stock:		
Not subject to mandatory redemption; 2,000,000 shares outstanding; $25 stated value	50,000	50,000
SPPC Class A Series 1; $1.95 dividend		
Long-Term Debt:		
Secured Debt		
Debt Secured by First Mortgage Bonds		
Revenue Bonds		
6.35% Series 1992B due 2012	1,000	1,000
6.55% Series 1987 due 2013	39,500	39,500
6.30% Series 1987 due 2014	45,000	45,000
6.65% Series 1987 due 2017	92,500	92,500
6.55% Series 1990 due 2020	20,000	20,000
6.30% Series 1992A due 2022	10,250	10,250
5.90% Series 1993A due 2023	9,800	9,800
5.90% Series 1993B due 2023	30,000	30,000
6.70% Series 1992 due 2032	21,200	21,200
Medium Term Notes		
6.62% to 6.83% Series C due 2006	30,000	50,000
6.95% to 8.61% Series A due 2022	–	110,000
7.10% to 7.14% Series B due 2023	–	58,000
Subtotal	299,250	487,250
General and Refunding Mortgage Securities		
8.00% Series A due 2008	320,000	320,000
6.25% Series H due 2012	100,000	100,000
6.00% Series M due 2016	300,000	–
Subtotal	720,000	420,000
Debt Secured by General and Refunding Mortgage Securities		
5.00% Series 2001 due 2036	80,000	80,000
Subtotal	80,000	80,000
Unsecured Debt		
Unamortized bond premium and discount, net	(748)	(666)
Current maturities and sinking fund requirements	(32,400)	(52,400)
Other, excluding current portion	7,095	7,620
Total Long-Term Debt	1,073,197	941,804
TOTAL CAPITALIZATION	$1,854,635	$ 1,719,581

The accompanying notes are an integral part of the financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements of Sierra Pacific Resources (SPR) include the accounts of SPR and its wholly-owned subsidiaries, Nevada Power Company (NPC) and Sierra Pacific Power Company (SPPC) (collectively, the "Utilities"), Tuscarora Gas Pipeline Company (TGPC), Sierra Gas Holding Company (SGHC), Sierra Pacific Energy Company (SPE), Lands of Sierra (LOS), Sierra Pacific Communications (SPC) and Sierra Water Development Company (SWDC). SPC is a discontinued operation, and as such, is reported separately in the financial statements. The consolidated financial statements of NPC include the accounts of NPC and its wholly-owned subsidiary, Nevada Electric Investment Company (NEICO). The consolidated financial statements of SPPC include the accounts of SPPC and its wholly-owned subsidiaries, GPSF-B, Piñon Pine Corporation (PPC), Piñon Pine Investment Company, Piñon Pine Company, L.L.C. and Sierra Pacific Funding L.L.C. All significant intercompany transactions and balances have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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.

In the opinion of the management of SPR, NPC, and SPPC, the accompanying unaudited interim consolidated financial statements contain all adjustments necessary to present fairly the consolidated financial position, results of operations and cash flows for the periods shown. These consolidated financial statements do not contain the complete detail or footnote disclosure concerning accounting policies and other matters, which are included in full year financial statements; therefore, they should be read in conjunction with the audited financial statements included in SPR' s, NPC' s, and SPPC' s Annual Reports on Form 10-K for the year ended December 31, 2005 (the "2005 10-K").

The results of operations and cash flows of SPR, NPC and SPPC for the three months ended March 31, 2006, are not necessarily indicative of the results to be expected for the full year.

Reclassifications

Certain items previously reported have been reclassified to conform to the current year' s presentation. Previously reported net income (loss) and shareholders' equity were not affected by these reclassifications.

Deferral of Energy Costs

NPC and SPPC follow deferred energy accounting. See Note 1, Summary of Significant Accounting Policies, of Notes to Financial Statements in NPC' s and SPPC' s 2005 Form 10-K, for additional information regarding the implementation of deferred energy accounting by the Utilities.

The following deferred energy costs were included in the consolidated balance sheets as of March 31, 2006 (dollars in thousands):

Description	March 31, 2006 NPC Electric	SPPC Electric	SPPC Gas	SPR Total
Unamortized balances approved for collection in current rates				
Electric - NPC Period 2 (effective 5/03, 3 years)	$(2,291) (1)	–	–	$(2,291)
Electric - NPC Period 3 (effective 4/05, 2 years)	38,805	–	–	38,805
Electric - SPPC Period 3 (effective 6/05, 27 months)	–	$19,205	–	19,205
Electric - NPC Period 4 (effective 4/05, 2 years)	61,063	–	–	61,063
Electric - SPPC Period 4 (effective 6/05, 1 year)	–	3,095	–	3,095
Natural Gas - Period 5 (effective 11/05, 1 year)	–	–	$1,434	1,434
LPG Gas - Period 3 (effective 11/04, 2 years)	–	–	15	15
LPG Gas - Period 4 (effective 11/05, 1 year)	–	–	124	124
Balances pending PUCN approval	171,447	41,180	–	212,627
Cumulative CPUC balance	–	8,645	–	8,645
Balances accrued since end of periods submitted for PUCN approval	51,540	15,741	484	67,765
Claims for terminated supply contracts (2)	82,386	20,409	–	102,795
Total	$402,950	$108,275	$2,057	$513,282
Current Assets				
Deferred energy costs – electric	$110,087	$75,642	$–	$185,729
Deferred energy costs – gas	–	–	2,052	2,052
Deferred Assets				
Deferred energy costs – electric	292,863	32,633	–	325,496
Deferred energy costs – gas	–	–	5	5
Total	$402,950	$108,275	$2,057	$513,282

(1) Credits represent over-collections, that is, the extent to which gas or fuel and purchased power costs recovered through rates exceed actual gas or fuel and purchased power costs.

(2) Amounts related to claims for terminated supply contracts are discussed in Note 14 of the Notes to Consolidated Financial Statements, Commitments and Contingencies in the 2005 10-K.

Recent Pronouncements

SFAS 123 (R)

SPR adopted SFAS No. 123 (revised 2004), "Share Based Payment" (SFAS 123 R) in the first quarter of 2006 using the modified prospective method. The Company had previously applied the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for its stock compensation plans and in accordance with the disclosure only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation", and the updated disclosure requirements set forth in SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure". Accordingly, no compensation cost had been recognized previously.

SPR' s executive long-term incentive plan for key management employees permits the following types of grants, separately or in combination: non-qualified and qualified stock options, stock appreciation rights, restricted stock, performance units, performance shares and bonus stock. SPR currently issues Performance Shares and Non Qualified Stock Options (NQSO) under this plan. In addition, the Company also has an Employee Stock Purchase Plan (ESPP). Please refer to Note 13, Stock Compensation Plans in the Notes to Financial Statements of the Company' s 2005 Annual Report on Form 10-K for additional information.

The adoption of SFAS 123 (R) did not have a material impact on the results of operations for SPR, NPC or SPPC.

SFAS 155

In February 2006, the Financial Accounting Standards Board (FASB) issued Statement No. 155 "Accounting for Certain Hybrid Financial Instruments ("SFAS 155"). This Statement amends FASB Statements No. 133, "Accounting for Derivative Instruments and Hedging Activities," and No. 140, "Accounting for Transfers and Servicing of Financial Assets and

Extinguishments of Liabilities." This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets." SFAS 155:

permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;

clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133,

establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;

clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and

amends Statement 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

This statement is effective for years beginning after September 15, 2006. Earlier adoption is permitted as of the beginning of an entity' s fiscal year, provided the entity has not yet issued financial statements, including financial statements for any interim period for that fiscal year. At adoption, any difference between the total carrying amount of the individual components of the existing bifurcated hybrid financial instrument and the fair value of the combined hybrid financial instrument should be recognized as a cumulative-effect adjustment to beginning retained earnings. SPR has early adopted SFAS 155, as of January 1, 2006, however, as of March 31, 2006, SPR and the Utilities do not have any financial instruments that meet the criteria specified under SFAS 155.

NOTE 2. SEGMENT INFORMATION

SPR' s Utilities operate three regulated business segments (as defined by SFAS 131, "Disclosure about Segments of an Enterprise and Related Information"); 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.

The net assets and operating results of SPC is reported as discontinued operations in the financial statements for 2006 and 2005. Accordingly, the segment information excludes financial information of SPC.

Operational information of the different business segments is set forth below based on the nature of products and services offered. SPR evaluates performance based on several factors, of which, the primary financial measure is business segment operating income. The accounting policies of the business segments are the same as those described in Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements in the 2005 10-K. Inter-segment revenues are not material (dollars in thousands).

Three Months Ended March 31, 2006	NPC Electric	SPPC Electric	Total Electric	Gas	Other	Consolidated
Operating Revenues	$381,275	$238,772	$620,047	$86,725	$284	$ 707,056
Operating Income	$25,663	$24,778	$50,441	$5,213	$3,932	$ 59,586

Three Months Ended March 31, 2005	NPC Electric	SPPC Electric	Total Electric	Gas	Other	Consolidated
Operating Revenues	$354,134	$227,010	$581,144	$67,538	$292	$ 648,974
Operating Income	$23,265	$23,864	$47,129	$5,655	$6,164	$ 58,948

NOTE 3. REGULATORY ACTIONS

Nevada Matters

Nevada Power Company

2006 Deferred Energy and BTER Update

On January 17, 2006, NPC filed a Deferred Energy Accounting Adjustment (DEAA) rate case application with the Public Utilities Commission of Nevada (PUCN) seeking recovery for purchased fuel and power costs and to increase its going forward Base Tariff Energy Rate (BTER) to reflect future energy costs. Refer to the 2005 Form 10-K for specific details about this filing.

On April 12, 2006, the PUCN approved an agreement among the interveners and NPC, which, effective May 1, 2006, sets NPC' s BTER rates such that an estimated $111.7 million of new revenues will be collected for fuel and power purchase in addition to the start of an $8.4 million collection related to a previous DEAA rate case. Combined, the $120.1 million increase represents an overall average rate increase of approximately 6.5%.

NPC' s request for authorization to begin a one year recovery of the $171.5 million of previously incurred purchased fuel and power cost on August 1, 2006 is pending. The requested DEAA adjustment represents an additional rate increase of approximately 9.3%. Intervener testimony addressing the deferred cost balances is due May 26, 2006 and the DEAA hearings are scheduled to begin June 20, 2006 and the PUCN decision is expected before the August 1, 2006 requested implementation date.

Sierra Pacific Power Company

December 2005 Deferred Energy and BTER Update

On December 1, 2005, SPPC filed an electric DEAA rate case application with the PUCN. The application sought recovery for purchased fuel and power costs and requested to increase its going forward BTER to reflect future energy costs. Refer to the 2005 Form 10-K for specific details about this filing.

On April 12, 2006, the PUCN issued an order authorizing SPPC to increase its BTER on May 1, 2006, such that SPPC expects to collect $31 million in new revenues for purchased power. The change represents a 3.5% increase to current customer rates.

SPPC' s request for authorization to begin a one year recovery of the $46.7 million of previously incurred purchased fuel and power costs on July 1, 2006 is pending. The requested DEAA rate would increase current rates by approximately 6.1%. Intervener testimony addressing the recovery of previously incurred purchased fuel and power costs was filed on May 3, 2006. Hearings are scheduled to begin May 31, 2006 and the PUCN' s decision is expected to be issued in June 2006.

2005 Electric and Gas General Rate Cases

On October 3, 2005, SPPC filed a gas general rate case along with its statutorily required electric general rate case. Refer to SPR' s 2005 Form 10-K for specific details about this filing.

On April 26, 2006, the PUCN voted to change electric and gas general rates. The PUCN vote resulted in the following significant items:

Electric general revenue decrease of approximately $14 million or 1.5% effective May 1, 2006,

Gas general revenue increase: $4.5 million or 2.3%, effective May 1, 2006

Electric Return on Equity and Rate of Return: 10.6% and 8.96% respectively

Gas Return on Equity and Rate of Return: 10.6% and 7.98% respectively

Approval to recover SPPC' s allocated amount of the 1999 NPC/SPPC merger costs from Electric customers

Approval to recover an allocated amount of the 1999 NPC/SPPC merger costs from Gas customers

New depreciation rates for Gas and Electric facilities

Deferred recovery of legal expenses related to the Enron power sales contract litigation

California Electric Matters (SPPC)

Sierra Pacific Power Company 2006 Energy Cost Adjustment Clause Rate Case

On April 3, 2006, SPPC filed with the California Public Utilities Commission (CPUC) to reset its "balancing" rate to recover a forecasted deferred energy cost balance and to increase its "offset" rate for going-forward fuel and power purchases. The requested increase in the balancing rate is expected to result in $1.1 million additional revenue and the requested increase in the offset rate is expected to collect an

additional $10.1 million. The total request represents an $11.2 million annual revenue increase or a 17.5% average increase to customer rates.

If approved, SPPC anticipates it will begin recovering these deferred costs in the third quarter of 2006.

Sierra Pacific Power Company 2005 General Rate Case

On June 3, 2005, SPPC filed a California general rate case requesting $8.1 million of new revenue from approximately 40,000 California customers. The request represents a 12.7% average increase. SPPC requested that the new rates become effective on January 1, 2006.

California' s Division of Ratepayer Advocates filed testimony proposing to reduce SPPC' s revenue increase to $1.8 million and The Utility Reform Network proposed a $7.8 million increase. A large customer coalition group and the Western Manufactured Housing Communities Association filed testimony proposing modifications to SPPC' s rate design.

On January 24, 2006, the parties presented a negotiated settlement to a CPUC Administrative Law Judge calling for a $4.1 million revenue increase. SPPC anticipates the CPUC will rule on the settlement in June 2006. The earliest rates will become effective is July 1, 2006.

NOTE 4. LONG-TERM DEBT

As of March 31, 2006, NPC' s, SPPC' s and SPR' s aggregate annual amount of maturities for long-term debt (including obligations related to capital leases) for the balance of 2006, for the next four years and thereafter are shown below (dollars in thousands):

	NPC	SPPC	SPR Holding Co. and Other Subs.	SPR Consolidated
2006	$163,348 (1)	$31,695	$ –	$ 195,043
2007	5,950	2,400	–	8,350
2008	7,066	322,400	–	329,466
2009	184,638	600	–	185,238
2010	282,843	–	–	282,843
	643,845	357,095	–	1,000,940
Thereafter	1,913,129(2)	749,250	659,142	3,321,521
	2,556,974	1,106,345	659,142	4,322,461
Unamortized Premium(Discount) Amount	(4,839)	(748)	2,031	(3,556)
Total	$2,552,135	$1,105,597	$ 661,173	$ 4,318,905

(1) NPC' s "2006" amount of $163 million includes $157.5 million of debt that was paid subsequent to March 31, 2006.

(2) NPC' s "Thereafter" amount of $1.9 billion includes $105 million of debt that was paid subsequent to March 31, 2006. However, due to a conditional notice of redemption, such amount remained in "Thereafter".

Substantially all utility plant is subject to the liens of NPC' s and SPPC' s indentures under which their respective First Mortgage bonds and General and Refunding Mortgage bonds are issued.

Financing Transactions (NPC)

Redemption Notice

On April 28, 2006, NPC provided a notice of redemption to holders of the Company' s 7.20% Clark County Industrial Development Revenue Bonds, due October 1, 2022, in the amount of $78 million. The bonds will be redeemed on May 30, 2006 at 100% of the stated principal amount, plus interest accrued to the date of redemption.

General and Refunding Mortgage Notes, Series M

On January 18, 2006, NPC issued and sold $210 million of its 5.95% General and Refunding Mortgage Notes, Series M, due March 15, 2016. The Series M Notes were issued with registration rights. On February 10**,** 2006 the net proceeds of the issuance plus available cash were used to repay $210 million of NPC' s revolving credit facility, which was borrowed to finance the purchase of a 75% ownership interest in the Silverhawk Power Plant.

General and Refunding Mortgage Notes, Series N

On April 3, 2006, NPC issued and sold $250 million of its 6.65% General and Refunding Mortgage Notes, Series N, due April 1, 2036. The Series N Notes were issued with registration rights. Proceeds of the offering, together with available cash, were utilized to:

fund the early redemption of $35 million aggregate principal amount of NPC' s 8.50% Series Z First Mortgage Bonds due 2023 plus approximately $1 million of associated redemption premiums;

fund the early redemption of $105 million aggregate principal amount of 6.70% Industrial Development Revenue Bonds, due 2022; and

fund the early redemption of approximately $122.5 million aggregate principal amount of NPC' s 8.20% Junior Subordinated Debentures due 2037. When the debentures were repaid upon redemption, the proceeds from the repayment were used to simultaneously redeem an equal amount of the 8.20% Cumulative Quarterly Preferred Securities of NVP Capital I, a wholly-owned subsidiary of NPC.

Revolving Credit Facility

On April 19, 2006, NPC increased the size of its second amended and restated revolving credit facility to $600 million. The facility will provide additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of March 31, 2006, NPC had $55.2 million of letters of credit and had borrowed $275 million under the revolving credit facility. As of April 28, 2006, NPC had $55.2 million of letters of credit and had borrowed $300 million under the revolving credit facility.

The NPC Credit Agreement contains 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 March 31, 2006, NPC was in compliance with these covenants.

The NPC Credit Agreement provides 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.

The NPC Credit Agreement places certain restrictions on debt incurrence, liens and dividends. These restrictions are discussed in Note 9, Debt Covenant Restrictions in the 2005 Form 10-K.

Financing Transactions (SPPC)

General and Refunding Mortgage Notes, Series M

On March 23, 2006, SPPC issued and sold $300 million of its 6.00% General and Refunding Mortgage Notes, Series M, due May 15, 2016. The Series M Notes were issued with registration rights. Proceeds of the offering were used to repay $173 million borrowed under the revolving credit facility to redeem the following:

fund the early redemption of $110 million aggregate principal amount of SPPC' s Collateralized Medium Term 6.95% to 8.61% Series A Notes due 2022,

fund the early redemption of $58 million aggregate principal amount of SPPC' s Collateralized Medium Term 7.10% to 7.14% Series B Notes due 2023,

payment for maturing debt of $20 million aggregate principal amount of SPPC Collateralized Medium Term 6.81% to 6.83% Series C Notes due 2006,

The remaining proceeds of $112 million will be used as follows:

payment of approximately $51 million in connection with the redemption of SPPC' s Series A Preferred Stock on June 1, 2006. The stock will be redeemed at a redemption price per share of $25.683, plus accrued dividends to the redemption date of $.4875 per share. As of March 31, 2006, there were 2 million shares outstanding;

payment for maturing debt of $10 million aggregate principal amount of SPPC Collateralized Medium Term 6.81% Series C Notes due April 2006;

payment for maturing debt of $20 million aggregate principal amount of SPPC Collateralized Medium Term 6.62% to 6.65% Series C notes due November 2006; and

payment of related fees and for general corporate purposes.

Revolving Credit Facility

On April 19, 2006, SPPC increased the size of its amended and restated revolving credit facility to $350 million. The facility will provide additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of March 31, 2006, SPPC had $10.8 million of letters of credit outstanding and had no amounts borrowed under the revolving credit facility. As of April 28, 2006, SPPC had $12.6 million of letters of credit and had no amounts 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 March 31, 2006, SPPC was in compliance with these covenants.

The SPPC Credit Agreement provides 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.

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 10, Debt Covenant Restrictions.

NOTE 5. DERIVATIVES AND HEDGING ACTIVITIES

SPR, SPPC, and NPC apply SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138 and SFAS No. 149. As amended, SFAS No. 133 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 qualifies as an effective hedge. SFAS No. 133 also provides a scope exception for contracts that meet the normal purchase and sales criteria specified in the standard. A majority of the contracts entered into by the Utilities meet the criteria specified for this exception.

SPR' s and the Utilities' objective in using derivatives is to reduce exposure to energy price risk. Energy price risks result from activities that include the generation, procurement and marketing of power and the procurement and marketing of natural gas. Derivative instruments used to manage energy price risk from time to time may include forwards, options, and swaps. These contracts allow the Utilities to reduce the risks associated with volatile electricity and natural gas markets.

The following table shows the fair value of the derivatives recorded on the Consolidated Balance Sheets of SPR, NPC, and SPPC, and the related regulatory assets/liabilities. Due to deferred energy accounting 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 (dollars in millions):

	March 31, 2006			December 31, 2005		
	SPR	NPC	SPPC	SPR	NPC	SPPC
Risk management assets	$39.9	$28.2	$11.7	$50.2	$22.4	$27.8
Risk management liabilities	$98.2	$61.3	$36.9	$16.6	$10.1	$6.5
Risk management regulatory assets (liabilities)	$89.0	$53.7	$35.3	$(15.6)	$(.6)	$(15.0)

The decrease in net risk management assets as of March 31, 2006 as compared to December 31, 2005 is due to unfavorable positions on natural gas options held by the Utilities as a result of decreasing prices.

Also included in risk management assets were $30.7 million, $20.7 million, and $10.0 million in payments for electric and gas options by SPR, NPC, and SPPC, respectively, at March 31, 2006.

NOTE 6. COMMITMENTS AND CONTINGENCIES

Environmental

Nevada Power Company

Mohave Generation Station

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 Generation Station (Mohave), 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, Mohave Units 1 and 2 ceased operations as of January 1, 2006 as the new emission limits were not met. The estimated cost of new pollution controls to meet the limits, and other capital investments is $1.2 billion. Should such investments be undertaken in the future, as a 14% owner in Mohave, NPC' s cost would be $168 million.

When operating, Mohave 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 Mohave 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.

Southern California Edison (SCE) is the operating partner of Mohave. On May 17, 2002, SCE filed with the CPUC an application to address the future disposition of SCE' s share of Mohave. On October 20, 2004, the CPUC issued a proposed decision which, among other things, directed SCE to continue negotiations with the Tribes regarding post-2005 coal and water supply, and directed SCE to conduct a study of potential alternatives to Mohave.

Because coal and water supplies necessary for long-term operation of Mohave have yet to be secured, SCE and the other Mohave co-owners (the "Owners") have been prevented from commencing the installation of extensive pollution control equipment that must be put in place to meet the emission limits contained in the decree. 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 installation of required pollution control equipment. Thus, the Owners suspended operation of the plant on December 31, 2005, pending resolution of these issues. It is the Owners' intent to preserve their ability to restart the plant at a later date should these issues be resolved, and economic analysis at that time support such a decision. NPC' s ownership interest in Mohave comprised approximately 10% of NPC' s peak generation capacity.

The co-tenancy agreement and the operating agreement between the Owners expires on July 1, 2006. The Owners have been negotiating an extension of both agreements including a process that addresses how Owners may sell or assign their right, title, interest and obligations in Mohave if they do not choose to continue to participate in future operations.

See further discussion of Mohave under Regulatory Contingencies.

Reid Gardner Station

In May 1997, the Nevada Division of Environmental Protection (NDEP) ordered NPC to submit a plan to eliminate the discharge of Reid Gardner Station wastewater to groundwater. The NDEP order also required a hydrological assessment of groundwater impacts in the area. In June 1999, NDEP determined that wastewater ponds had degraded groundwater quality. In August 1999, NDEP issued a discharge permit to Reid Gardner Station and an order that requires all wastewater ponds to be closed or lined with impermeable liners over the next 10 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. Pond construction and lining costs to satisfy the NDEP order expended to date are approximately $26.7 million. Expenditures for 2006 through 2010 are projected to be approximately $21 million.

In August 2004, NDEP conducted a Facility Air Quality Operating Permit (Title V permit) inspection at the Reid Gardner Station. NDEP requested monitoring, recordkeeping and reporting items and information pertaining to the sources identified in the Title V permit. NPC complied with the request and any subsequent requests that followed. In September and October 2004, NPC met with NDEP to review the results of NDEP' s inspection. NDEP informed NPC of possible non-compliance with some elements of its Title V permit, and on December 2, 2004 issued Notices of Alleged Violation (NOAVs) relating to record-keeping, monitoring and other alleged administrative infractions. Discussions between NPC and NDEP ensued. On July 20, 2005, NDEP issued new Notices of Alleged Violations (NOAVs). In part, these NOAVs represent reissuance of the previously issued NOAVs dated December 2, 2004 and address additional monitoring and reporting issues for the period September 2002 through December 2004. Additional NOAVs were issued concerning intermittent opacity emissions and the monitoring, record-keeping and reporting of such emissions. All NOAVs are subject to an administrative hearing before the Nevada State Environmental Commission and then to judicial review. On July 26, 2005 NPC received a letter from the Environmental Protection Agency (EPA) requiring submittal of information relating to compliance of Reid Gardner Station with opacity emission limits and reporting requirements. NPC has responded to the EPA information request.

NPC is engaged in an ongoing dialogue and settlement discussions with NDEP and the EPA and DOJ regarding the NOAVs. Management has booked a minimum liability with respect to these matters; however, because management cannot predict at this time whether a final settlement will be reached, it cannot accurately predict the cost of additional environmental controls and equipment changes, environmental benefit projects, monetary penalties, and/or other measures that may be required to achieve a settlement of the alleged violations. Any environmental controls and equipment changes needed to assure compliance with existing or modified regulations will be submitted by NPC to the PUCN for approval.

Clark Station

In July 2000, NPC received a request from the EPA for information to determine the compliance of certain generation facilities at NPC' s Clark Station with the applicable State Implementation Plan. In November 2000, NPC and the Clark County Health District entered into a Corrective Action Order requiring, among other steps, capital expenditures at the Clark Station totaling approximately $3 million. In March 2001, the EPA issued an additional request for information that could result in remediation beyond that specified in the November 2000 Corrective Action Order. On October 31, 2003, the EPA issued a violation regarding turbine blade upgrades, which occurred in July 1993. A conference between the EPA and NPC occurred in December 2003. NPC presented evidence on the nature and finding of the alleged violations. In March 2004, the EPA issued another request for information regarding the turbine blade upgrades, and NPC provided information responsive to this request in April and May 2004. NPC' s position is that a violation did not occur. Monetary penalties and retrofit control cost, if any, cannot be reasonably estimated at this time. On May 3, 2006, the EPA, by letter from the Department of Justice, notified NPC that it intends to initiate an enforcement action against NPC seeking unspecified civil penalties, together with injunctive relief, for alleged violations of the Prevention of Significant Deterioration requirements and Title V operating permit requirements of the Clean Air Act. NPC is unable to predict the outcome of this action.

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.

Sierra Pacific Power Company

PCB Treatment, Inc.

In September 1994, Region VII of the EPA notified SPPC that it was being named as a potentially responsible party (PRP) regarding the past improper handling of Polychlorinated Biphenyls (PCB' s) by PCB Treatment, Inc., in two buildings, one located in Kansas City, Kansas and the other in Kansas City, Missouri (the Sites). Prior to 1994, SPPC sent PCB contaminated material to PCB Treatment, Inc. for disposal. Certificates of disposal were issued to SPPC by PCB Treatment, Inc.; however, the contaminated material was not disposed of, but remained on-site. A number of the largest PRP' s formed a steering committee, which has completed site investigations and along with the EPA has determined that the Sites should be remediated by removing the buildings to the appropriate landfills. SPPC is a member of this steering committee. The EPA issued an administrative order on consent requiring the steering committee to oversee the performance of the work. One of the two buildings has been dismantled and the work has commenced on the other site. While the final cost to complete the work is not yet definite, SPPC' s share of the cost is not expected to be material.

Litigation

Nevada Power Company

Peabody Western Coal Company

NPC owns an 11%, 255 MW interest in the Navajo Generating Station (Navajo) which includes three coal-fired electrical generating units and is located in Northern Arizona. Other participants in Navajo, are the Salt River Project (Salt River), Arizona Public Service Company, Los Angeles Department of Water and Power, and Tucson Electric Power Company (together the Joint Owners).

On October 15, 2004, coal supplier Peabody Western Coal Co. (Peabody) filed a complaint in Missouri State Court in St. Louis, seeking reimbursement of royalties and other costs and damages for alleged breach of the coal supply agreement for the Navajo plant. In January 2005, the Joint Owners were served and operating agent, Salt River, has engaged counsel and is defending the suit on behalf of the Joint Owners. NPC believes Peabody' s claims are without merit and intends to contest these.

On February 10, 2005, the Joint Owners filed Notice of Removal of the complaint to the U. S. District Court, Eastern District of Missouri. On March 17, 2005, Peabody filed a motion to remand the case back to state court in St. Louis, Missouri. Joint Owners have filed a motion to dismiss the complaint for lack of jurisdiction. Both motions are pending and the parties are conducting limited discovery in Federal court in connection with the motions. NPC is unable to predict the outcome of the decision**.**

Sierra Pacific Power Company

Farad Dam

SPPC owns 4 hydro generating plants (10.3 MW capacity) located in California that were to be included in the sale of SPPC' s water business for $8 million to the Truckee Meadows Water Authority (TMWA) in June 2001. The contract with TMWA

requires that SPPC transfer the hydro assets in working condition. However, one of the four hydro generating plants, Farad 2.8 MW, has been out of service since the summer of 1996 due to a collapsed flume. While planning the reconstruction, a flood on the Truckee River in January 1997 destroyed the diversion dam.

SPPC filed a claim with the insurers Hartford Steam Boiler Inspection and Insurance Co. and Zurich-American Insurance Company (Insurers) for the flume and dam. In December, 2003, SPPC sued Insurers in the U.S. District Court for the District of Nevada on a coverage dispute relating to potential rebuild costs. In May 2005, Insurers filed a motion for summary judgment on the coverage issue, which has been denied. In October 2005, insurers filed a new (partial) summary judgment motion with respect to coverage, which the court also denied. Parties are awaiting a trial date.

The current estimate to rebuild the diversion dam, if management decides to proceed, is approximately $20 million. Management believes that it has a valid insurance claim and is likely to recover the costs to rebuild the dam through the courts or from other sources. Management has not recorded a loss contingency for the cost to rebuild the dam as it believes its overall exposure is insignificant.

Piñon Pine

In its 2003 General Rate Case, 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 Piñon Pine unit. SPPC' s participation in the Project had received PUCN approval as part of SPPC' s 1993 integrated electric resource plan. 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. 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 General Rate Case and remanded the case back to the PUCN for further review as to whether the costs were justly and reasonably incurred (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.

Other Legal Matters

SPR 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.

Regulatory Contingencies

Nevada Power Company

Mohave Generation Station

NPC' s ownership interest in Mohave comprises approximately 10% of NPC' s peak generation capacity. SCE is the operating partner of Mohave.

Mohave obtains all of its coal supply from a mine in northeast Arizona on lands of the Tribes. This coal is delivered from the mine to Mohave 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. Due to the uncertainty over a post-2005 coal supply, the Owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave' s operations are extended past 2005. See the Environmental section above for further discussion on Mohave' s environmental issue. As such, on December 31, 2005 the Owners of the Mohave plant suspended operation, pending resolution of these issues.

NPC' s Integrated Resource Plan (IRP) accepted by the PUCN in November 2003, assumes the Plant will be unavailable after December 31, 2005. In addition, in its General Rate Case filed on October 1, 2003, NPC requested that the PUCN authorize a higher depreciation rate be applied to Mohave in order to recover the remaining book value to a regulatory asset account to be amortized over a period as determined by the PUCN. While the PUCN did not approve higher depreciation rates, they did authorize the use of a regulatory asset to accumulate the costs and savings associated with Mohave in the event of its shutdown with recovery of any accumulated costs in a future rate case proceeding. NPC continues to recover the cost of Mohave in rates. Approximately $27.2 million was reclassified from Plant in Service to Other Regulatory assets on December 31, 2005. In its next general rate case, NPC will seek further clarification on the regulatory treatment of Mohave. In the event any portion of Mohave is disallowed, NPC will have to evaluate the asset for impairment.

NOTE 7. EARNINGS PER SHARE (EPS) (SPR)

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. Due to net losses for the three months ended March 31, 2005 these items are anti-dilutive. Accordingly, diluted EPS for this period are computed using the weighted average shares outstanding before dilution.

For the three months ended March 31, 2005, SPR had outstanding $300 million in 7.25% convertible notes due 2010 that were entitled to receive (non-cumulative) dividend payments on a 1:1 basis for dividends paid to common shareholders without exercising the conversion option. These convertible notes met the criteria of a participating security in the calculation of basic EPS, and were convertible at the option of the holders into 65,749,110 common shares. See 2005 10-K Note 7, Long-Term Debt, for discussion of the Convertible Notes.

Emerging Issues Task Force, Participating Securities and the Two-Class Method under FASB Statement No. 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. However, due to net losses for the three months ended March 31, 2005, the effect of the participating securities are anti-dilutive, and as such, they have not been included in basic or diluted earnings per share. On September 8, 2005, SPR issued approximately 65.7 million shares of common stock in connection with the early conversion of the 7.25% Convertible Notes.

The following table outlines the calculation for earnings per share (EPS):

	Three months ended March 31, 2006	2005
Basic EPS		
Numerator ($000)		
Income/(Loss) from continuing operations	$2,226	$(8,516)
Income/(Loss) from discontinued operations	$(9)	$5
Earnings/(Deficit) applicable to common stock	$1,242	$(9,486)
Denominator		
Weighted average number of common shares outstanding	200,868,612	117,549,912
Per Share Amounts		
Income/(Loss) from continuing operations	$0.01	$(0.07)
Income/(Loss) from discontinued operations	$−	$−
Earnings/(Deficit) applicable to common stock	$0.01	$(0.08)
Diluted EPS		
Numerator ($000)		
Income/(Loss) from continuing operations	$2,226	$(8,516)
Income/(Loss) from discontinued operations	$(9)	$5
Earnings/(Deficit) applicable to common stock	$1,242	$(9,486)
Denominator (1)		
Weighted average number of shares outstanding before dilution	200,868,612	117,549,912
Stock options	73,905	−
Executive long term incentive plan − restricted	112,074	−
Non-Employee Director stock plan	25,287	−
Employee stock purchase plan	2,168	−
Performance Shares	183,426	−
	201,265,472	117,549,912
Earnings (Deficit) Per Share Amounts		
Income from continuing operations	$0.01	$(0.07)
Loss from discontinued operations	$−	$−
Earnings applicable to common stock	$0.01	$(0.08)

(1) The denominator does not include stock equivalents resulting from the options issued under the Nonqualified stock option plan for the three months ended March 31, 2006 and 2005, due to conversion prices being higher than market prices for all periods. Under the nonqualified stock option plan for the three months ended March 31, 2006 and 2005, 919,914 and 1.1 million shares, respectively, would

be included. The denominator does not include stock equivalents resulting from the conversion of the Corporate PIES, for the three months ended March 31, 2005. The amounts that would have been included in the calculation, if the conversion price were met would have been 17.3 million shares.

NOTE 8. GOODWILL AND OTHER MERGER COSTS

SPR' s Consolidated Balance Sheet as of March 31, 2006 included approximately $4 million of goodwill assigned to SPR' s unregulated operations and approximately $19 million of goodwill assigned to SPPC' s regulated gas business. The goodwill assigned to the regulated gas business is subject to the provisions of SFAS 71, "Accounting for the Effects of Certain Types of Regulations", which permits SPPC to capitalize certain costs that may be recovered through rates. On April 26, 2006, the PUCN issued a decision on SPPC' s general rate case for the gas distribution business that included the recovery of goodwill and other merger costs allocated to SPPC resulting from the merger of SPR and NPC in 1999. In its decision, the PUCN affirmed that SPPC demonstrated merger savings exceeded merger costs, the requisite requirement for recovery of goodwill and merger costs. As a result of the PUCN decision, goodwill of approximately $19 million will be reclassified as a regulatory asset and then transferred from the financial statements of SPR to the financial statements of SPPC as of June 30, 2006. See Note 3 of the Condensed Notes to Consolidated Financial Statements, Regulatory Actions for more information regarding the SPPC general rate decision. The approximately $4 million of goodwill assigned to SPR' s unregulated operations were subject to impairment review under the provisions of SFAS No. 142, "Accounting for Goodwill, Other Intangible Assets."

SFAS No. 142 provides that an impairment loss shall be recognized if the carrying value of each reporting unit' s goodwill exceeds its fair value. For purposes of testing goodwill for impairment, a discounted cash flow model was developed for SPR' s unregulated businesses (TGPC and LOS) to determine the fair value of each reporting unit as of March 31, 2006. As a result, goodwill assigned to TGPC and LOS was determined not to be impaired.

NOTE 9. PENSION AND OTHER POST-RETIREMENT BENEFITS

A summary of the components of net periodic pension and other postretirement costs for the three months ended March 31 follows. This summary is based on a September 30 measurement date (dollars in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2006	2005	2006	2005
Service cost	$5,758	$4,620	$883	$820
Interest cost	9,157	8,062	2,571	2,465
Expected return on plan assets	(10,182)	(9,042)	(1,230)	(966)
Amortization of prior service cost	473	428	31	16
Amortization of Transition Obligation	–	–	242	242
Amortization of net (gain)/loss	2,443	1,614	1,154	946
Special Termination Charges	–	181	–	3
Net periodic benefit cost	$7,649	$5,863	$3,651	$3,526

Management is re-assessing the amounts to be funded for each of the plans in 2006. The amounts previously disclosed in Note 12, Retirement Plan and Post-retirement Benefits, in the Annual Report on Form 10-K, were $15 million for the pension plan and $14.7 million for other postretirement benefits.

NOTE 10. DEBT COVENANT RESTRICTION

Dividends Restrictions Applicable to the Utilities

Since SPR is a holding company, substantially all of its cash flow is provided by dividends paid to SPR by NPC and SPPC on their common stock, all of which is owned by SPR. 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 the PUCN order for Dockets 05-10024 and 05-10025, dated February 28, 2006, a dividend restriction was instituted for both utilities. Under this restriction, the combined amount that NPC and SPPC may pay to SPR each year is limited to the amount of SPR' s annual debt service. This restriction will expire when the Utilities' senior secured debt is rated investment grade by two of the three credit rating agencies.

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. The specific agreements entered into by the Utilities, restrictions on dividends contained in agreements to which NPC and SPPC are party, as well as specific regulatory limitations on dividends, are discussed in detail in the 2005 Form 10-K, Note 9, Debt Covenant Restrictions of the Notes to Financial Statements.

As of March 31, 2006, each Utility was able to pay dividends, subject to a cap, under the most restrictive test in its financing agreements; however, the total amount of dividends that the Utilities can pay to SPR under their financing agreements does not currently significantly restrict their ability to pay dividends because the maximum amount of dividends that can be paid under their respective financing agreements is greater than the amount that the Utilities can pay under the PUCN dividend restrictions.

NOTE 11. COMMON STOCK AND OTHER PAID-IN CAPITAL

Increased Authorized Shares

On May 1, 2006, SPR' s shareholders approved an amendment to SPR' s Restated Articles of Incorporation to increase the number of authorized shares of SPR common stock by 100,000,000 shares for a total amount of 350,000,000 authorized shares. As of May 2, 2006, SPR had 200,879,752 shares of common stock outstanding.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Risk Factors

The information in this Form 10-Q 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 Sierra Pacific Resources (SPR), Nevada Power Company (NPC), or Sierra Pacific Power Company (SPPC) to differ materially from those contemplated in any forward-looking statement include, among others, the following:

(1) **wholesale market conditions, including availability of power on the spot market, which affect the prices NPC and SPPC (the Utilities) have to pay for power as well as the prices at which the Utilities can sell any excess power;**

(2) **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), sharp increases in the prices for fuel and/or power or a ratings downgrade;**

(3) **the ability of SPR, NPC and SPPC to maintain access to the capital markets to support their requirements for working capital, including amounts necessary to finance deferred energy costs, as well as for construction and acquisition costs and other capital expenditures, particularly in the event of unfavorable rulings by the Public Utilities Commission of Nevada (the "PUCN"), a downgrade of the current debt ratings of SPR, NPC, or SPPC and/or adverse developments with respect to the Utilities' power and fuel suppliers;**

(4) **unfavorable or untimely rulings in rate 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 recorded by SPPC for its gas distribution business;**

(5) **unseasonable weather and other natural phenomena, which, in addition to affecting the Utilities' customers' demand for power, can have a potentially serious impact on the Utilities' ability to procure adequate supplies of fuel or purchased power to serve their respective customers and on the cost of procuring such supplies;**

(6) **whether NPC will be successful in obtaining PUCN approval to recover the outstanding balance of its other regulatory assets and other merger costs recorded in connection with the 1999 merger between SPR and NPC in a future general rate case;**

(7) **whether the Utilities will be able to continue to pay SPR dividends under the terms of their respective financing and credit agreements, their regulatory order from the PUCN, limitations imposed by the Federal Power Act, and in the case of SPPC, under the terms of SPPC' s restated articles of incorporation;**

(8) **the final outcome of SPPC' s pending lawsuit in Nevada state court seeking to reverse the PUCN' s 2004 decision on SPPC' s 2003 General Rate case disallowing the recovery of a portion of SPPC' s costs, expenses and investment in the Piñon Pine Project;**

(9) **the final outcome of NPC' s pending lawsuit in Nevada state court seeking to reverse portions of the PUCN' s 2002 order denying the recovery of NPC' s deferred energy costs;**

(10) **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 economy in general;**

(11) industrial, commercial, and residential growth in the service territories of the Utilities;

(12) employee workforce factors, including changes in collective bargaining unit agreements, strikes or work stoppages;

(13) 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;

(14) 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 Indian gaming establishments in California and other states;

(15) the financial decline of any significant customers;

(16) changes in environmental laws or regulations, including the imposition of significant new limits on mercury and other emissions from coal-fired power plants;

(17) changes in tax or accounting matters or other laws and regulations to which SPR or the Utilities are subject;

(18) future economic conditions, including inflation rates and monetary policy;

(19) financial market conditions, including changes in availability of capital or interest rate fluctuations; 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. SPR, 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.

EXECUTIVE OVERVIEW

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

- o Results of Operations
- o Analysis of Cash Flows
- o Liquidity and Capital Resources
- o Regulatory Proceedings (Utilities)
- o Recent Pronouncements

SPR' s Utilities operate three regulated business segments: NPC electric, SPPC electric and SPPC natural gas service. Both Utilities provide electric service, and SPPC provides natural gas service. Other segment operations consist mainly of unregulated operations and the holding company operations. The Utilities are the principal operating subsidiaries of SPR and account for substantially all of SPR' s assets and revenues. SPR, NPC and SPPC are separate filers for SEC reporting purposes and accordingly, this discussion has been divided to reflect the individual filers (SPR, NPC and SPPC), except for discussions that relate to all three entities or the Utilities.

The Utilities' revenues and operating income are subject to fluctuations during the year due to the impacts of 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 typically occurs in the summer, with a slightly lower peak demand in the winter.

During the first quarter of 2006, NPC' s revenues increased from the same period in 2005 primarily as a result of higher rates that went into effect in October 2005 and customer growth. On April 12, 2006, the PUCN approved an overall increase of NPC' s Base Tariff Energy Rates (BTER) effective May 1, 2006. The increase combined with a previously approved Deferred Energy Accounting Adjustment (DEAA) rate case represents an approximate 6.5% average rate increase. NPC' s 2006 first quarter net loss was less than the first quarter of 2005 primarily due to increased revenues, allowance for other funds used during construction, interest accrued on deferred energy and the carrying charge allowed for the newly completed Lenzie generating station.

SPPC electric and gas revenues increased primarily as a result of higher rates and customer growth. Electric and gas rates increased as a result of various deferred energy cases and BTER updates as discussed in the 2005 Form 10-K and below under *Regulatory Proceedings*. On April 12, 2006 the PUCN approved an overall 3.5% increase in BTER. Additionally, on April 26, 2006 the PUCN voted for a general electric revenue decrease of approximately $14 million and a general gas revenue increase of approximately $4.5 million to begin on May 1, 2006.

SPR recognized net income of $2.2 million for the three months ended March 31, 2006, compared to a net loss of $8.5 million for the same period in 2005. The improvement in earnings is primarily attributable to a decrease in interest charges due to refinancing activities, increased Allowance for Other Funds used During Construction and Allowance for Borrowed Funds used During Construction. In addition, increased interest on deferred energy and the carrying charge associated with the Lenzie Generating Station increased earnings.

Business Issues

SPR continues to focus on a "back to the basics" strategy that emphasizes the Utilities' core business. SPR' s and the Utilities' strategies are aimed at owning more generating facilities, reducing dependence on purchased power and diversifying fuel mix while the Utilities' service areas continue to grow. NPC and SPPC will continue to be subject to markets, that over recent years have been volatile, for energy necessary to serve the Utilities' customers that are in excess of owned generation, as well as, natural gas. Growth in Las Vegas shows no signs of slowing. Construction is expected to begin later this year on Project City Center, a $7 billion development on the Las Vegas Strip consisting of hotel-casino space, condominiums, retail and restaurants. We estimate that Project City Center could require up to 120 megawatts (MWs) of electricity once it is fully developed. In addition, other developers are planning multi-billion projects that, collectively, are as large as City Center. With the significant amounts of construction costs in the Utilities' future, SPR and the Utilities will need to raise substantial amounts of capital to fund the expenditures. As a result, reducing the cost of capital by attaining investment grade ratings for the Utilities' secured debt is a significant business focus in 2006. The Utilities continued to make progress toward this goal during the first quarter of this year.

Management of Energy Risk

The Utilities buy coal, natural gas, and oil to operate generating plants as well as buy wholesale power to meet the energy requirements of their customers. The Utilities also have invested in and maintain extensive transmission systems that allow the Utilities to move energy to meet customers' needs. The Utilities' significant need to tap energy markets is due to the fact that the Utilities' ownership and contractual call on power generating assets is insufficient to meet our customers' energy

needs. This situation exposes the Utilities to energy risk and uncertainty as to the Utilities' cash flow requirements for fuel and wholesale power, the expense the Utilities will incur as a result of their energy procurement efforts, and the rates the Utilities need to recover those costs. Energy risk also encompasses reliability risk − the prospect that energy supplies will not be sufficient to fulfill customer requirements.

The Utilities systematically manage and control each of the energy-related risks through three primary vehicles - organization and governance, energy risk management programs, and energy risk control practices.

The Utilities, through the purchases and sale of specified financial instruments and physical products, maintain an energy risk management program that limits energy risk to levels consistent with an approved energy supply plan. The energy risk management program provides for the systematic identification, quantification, evaluation, and management of the energy risk inherent in the Utilities' operations.

The Utilities follow PUCN-approved energy supply plans that encompasses the reliable and efficient operation of the Utilities' owned generation, the procurement of all fuels and purchased power and resource optimization. The process includes assessments of projected loads and resources, assessments of expected market prices, evaluations of relevant supply portfolio options available to the Utilities, and evaluations of the risk attributable to those supply portfolio options. Financial instruments for economic hedging in conjunction with energy purchases and sales are also used to mitigate these risks.

Generation Strategy

In 2003, NPC and SPPC embarked on a strategy to build electric power plants to reduce their exposure to the energy markets, reduce the overall price and volatility for its customers, and to increase the earnings of SPR. In line with this strategy, in October 2004, upon PUCN approval, NPC purchased a partially constructed nominally rated 1,200 MW natural gas-fired high efficiency combined cycle power plant from Duke Energy ("Lenzie").

The PUCN granted NPC' s request that Lenzie be designated a critical facility designation and allowed a 2% enhancement above NPC' s authorized Return on Equity (ROE) to be applied to the rate base associated with the Lenzie construction costs expended after acquisition. The order allows for up to an additional 1% enhanced ROE if the two Lenzie generator units are brought on line on or before dates specified in the order. In January 2006, NPC declared Block 1 of Lenzie commercially operable and in April 2006 declared Block 2 commercially operable, both ahead of the dates specified by the PUCN to qualify for the additional 1% enhancement. NPC believes it is eligible to receive the 3% enhancement, as discussed above, to the otherwise authorized ROE that will be decided as a result of its General Rate Case (GRC) filing to be made in November 2006.

On June 21, 2005, NPC announced that it signed an agreement to acquire from Pinnacle West Capital Corporation ("Pinnacle West"), Pinnacle West Energy Corporation (PWEC), a wholly-owned subsidiary of Pinnacle West, and GenWest, LLC ("GenWest"), a 75 percent ownership interest in the Silverhawk Power Plant ("Silverhawk"). Silverhawk is a 560-megawatt, natural gas-fueled, combined-cycle electric generating facility located 20 miles northeast of Las Vegas. In January 2006, NPC completed the $208 million purchase of Silverhawk.

On December 14, 2005, the PUCN issued an order granting approval for SPPC to construct a 514 MW gas fired high efficiency combined cycle generator at the Tracy Plant. The PUCN also allowed SPPC to include construction work in progress balances in the rate base of any interim general rate cases and granted a 1.5% enhanced ROE for the estimated $421 million investment. In January 2006, SPPC signed contracts for construction of the unit and construction has begun. SPPC anticipates an in service date by June 2008. The unit will provide needed generation within SPPC' s control area to reliably serve the growing needs of Northern Nevada.

In January 2006, the Utilities announced their intention to develop a major energy project located near Ely, Nevada (the "Ely Energy Center"). The project includes two 750 MW coal-fired units utilizing the latest, state-of-the-art, fully-environmental compliant, clean pulverized coal technologies, as well as the construction of a 250-mile transmission line to interconnect NPC and SPPC. Subject to regulatory approvals and permitting requirements, it is anticipated the first coal plant would be operational in 2011 with the second unit to follow within three years thereafter. The total estimated capital expenditures associated with the two coal plants and the transmission line is approximately $3 billion.

Liquidity and Access to Capital Markets

With rising energy costs and substantial commitments to construction, SPR and the Utilities' liquidity needs and access to capital markets is a significant business issue for 2006. As such, management continues to evaluate opportunities to refinance high yield debt at lower interest rates. Management is focused on returning the Utilities' senior secured debt to investment grade credit quality. Significant amounts of capital may be necessary to fund the construction costs of new power plants and, as such, management may issue new debt as necessary. If energy costs continue to rise at a rapid rate, and the Utilities do not recover, in a timely manner, the cost of fuel and purchased power, the Utilities may need to issue more debt to support their operating costs.

So far in 2006, the Utilities have completed major financing transactions that lower our interest costs, improve liquidity and extend maturities. The following lists those completed as of the end of the first quarter of 2006:

Issuance of $210 million of NPC' s 5.95% General and Refunding Mortgage Notes, Series M, due 2016

Issuance of $300 million of SPPC' s 6.0% General and Refunding Mortgage Notes, Series M, due 2016

Early redemption of $110 million of SPPC' s Collateralized Medium Term 6.95% to 8.61% Series A Notes due 2022

Early redemption of $58 million of SPPC' s Collateralized Medium Term 7.10% to 7.14% Series B Notes due 2023

Payment for maturing debt of $20 million for SPPC' s Collateralized Medium Term 6.81% Series C Notes

Major financing transactions completed subsequent to the first quarter of 2006 include, but are not limited to:

Issuance of $250 million of NPC' s 6.65% General and Refunding Mortgage Notes, Series N, due 2036

Increases to both NPC and SPPC Revolving Credit facility to $600 million and $350 million, respectively

Payment of $10 million for SPPC' s Collateralized Medium Term 6.81% that matured in April 2006

Redemptions of various NPC debt of approximately $262.5 million, including $35 million 8.5% First Mortgage Bonds, Series Z, due 2023; $105 million 6.7% Clark County, Nevada, Industrial Development Revenue Bonds, due 2022; and $122.5 million 8.2% Junior Subordinated Deferrable Interest Debentures

Additionally, NPC announced a notice of redemption for holders of its 7.2% Clark County Industrial Development Revenue bonds in the amount of $78 million which will be redeemed on May 30, 2006. SPPC announced a notice of redemption for holders of its Class A Preferred Stock, Series 1. The stock will be redeemed on June 1, 2006.

Regulatory

As is the case with most regulated entities, the Utilities are frequently involved in various regulatory proceedings. The Utilities are required to file for annual rate adjustments to provide recovery of their fuel and purchased power costs. They are also required to file rate cases every two years to adjust general rates that include its cost of service and return on investment in order to more closely align earned returns with those allowed by regulators. In addition, as necessary the Utilities can file for a change to their BTER rates to more closely match actual prices. The Utilities remain committed to maintaining a positive relationship with our regulators for the benefit of all stakeholders. Details regarding recently approved and pending rate cases are discussed below in *Regulatory Proceedings* and in our 2005 Form 10-K.

SIERRA PACIFIC RESOURCES

RESULTS OF OPERATIONS

Sierra Pacific Resources (Consolidated)

The operating results of SPR primarily reflect those of NPC and SPPC, discussed later. The Holding Company' s (stand alone) operating results included approximately $13.0 million and $19.6 million of interest costs for the three months ended March 31, 2006 and 2005, respectively.

During the three months ended March 31, 2006, SPR recognized earnings applicable to common stock of approximately $1.2 million compared to an approximate $9.5 million deficit applicable to common stock for the same period in 2005. The change in SPR' s consolidated earnings during the three months ended March 31, 2006 compared to the same period in 2005 was primarily due to a decrease in interest expense due to refinancing activities, increased Allowance for Other Funds used During Construction and Allowance for Borrowed Funds use During Construction. In addition, increased interest on deferred energy improved earnings.

As of March 31, 2006, NPC had paid $17.3 million in dividends to SPR and SPPC had paid $8.6 million in dividends to SPR. On May 2, 2006, NPC and SPPC declared a $14.7 million and $7.3 million dividend, respectively, payable to SPR. SPPC paid $975 thousand in dividends to holders of its preferred stock in the quarter ended March 31, 2006 and declared for the second quarter $975 thousand in dividends to holders of its preferred stock.

ANALYSIS OF CASH FLOWS

SPR' s consolidated net cash flows increased for the three months ended March 31, 2006 compared to the same period in 2005, primarily as a result of an increase in cash from financing activities offset by an increase in cash used in investing activities and a decrease in cash from operating activities.

During the first quarter of 2006, NPC borrowed approximately $335 million under its revolving credit facility of which approximately $210 million was repaid from the proceeds of the issuance of $210 million of NPC' s 5.95% General and Refunding Mortgage Notes, Series M, due 2016. Additionally, SPPC borrowed approximately $198 million under its revolving credit facility to retire approximately $188 million of SPPC' s Medium Term Series A, B and C Notes. Additionally, SPPC issued $300 million 6.0% General and Refunding Mortgage Notes, Series M to pay the $198 million borrowed under the revolving credit facility. SPPC intends to use a portion of the remaining proceeds to pay for future redemptions and payments of maturing debt of approximately $81 million.

Cash used by investing activities increased significantly when compared with the same period in 2005 primarily due to construction at NPC for the Lenzie Generating Station and NPC' s purchase of Silverhawk. Additionally, SPPC' s expansion of the Tracy Generating Station contributed to the increase in cash used by investing activities.

Cash from operating activities decreased compared to the same period in 2005. The decrease is primarily due to a change in NPC' s purchase power transactions, the Utilities' settlement of Enron, and for NPC a decrease in collection for deferred energy balances. In the first quarter of 2005, NPC payments to purchase power suppliers were offset by additional amounts owed to suppliers at March 31, 2005. In contrast, in the first quarter of 2006, NPC paid purchase power obligations existing at December 31, 2005, which were not offset by obligations due to the reduction in purchase power transactions as a result of the addition of Silverhawk and Lenzie Generating Stations.

LIQUIDITY AND CAPITAL RESOURCES (SPR CONSOLIDATED)

Overall Liquidity

SPR' 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 and natural gas costs) from sales of electricity and natural gas. Significant uses of cash flows from operations include the purchase of electricity and natural gas, other operating expenses and interest. SPR, on a stand-alone basis, had cash and cash equivalents of approximately $37.7 million at March 31, 2006. SPR has approximately $51.8 million payable of debt service obligations for 2006, which it intends to pay through dividends from subsidiaries. See Dividends from Subsidiaries below.

SPR paid approximately $22 million of debt service obligations on its existing debt securities during the first quarter of 2006. SPR has approximately $29.8 million payable of debt service obligations remaining during 2006, which SPR expects to meet through the payment of dividends by the Utilities to SPR.

SPR and the Utilities anticipate that they will be able to meet operating costs such as fuel and purchased power costs with internally generated funds, including the recovery of deferred energy. However, to fund capital requirements, as discussed in the 2005 10-K, SPR and the Utilities may meet such financial obligations with a combination of internally generated funds, the use of the Utilities' revolving credit facilities and if necessary, the issuance of long term debt.

During the three months ended March 31, 2006, there were no material changes to contractual obligations as set forth in SPR' s 2005 10-K for SPR (holding company). However, NPC and SPPC did enter into certain contractual obligations, which are discussed in their respective sections.

Factors Affecting Liquidity

Effect of Holding Company Structure

As of March 31, 2006, SPR (on a stand-alone basis) has outstanding debt and other obligations including, but not limited to: $99 million of its unsecured 7.803% Senior Notes due 2012; $225 million of its 6.75% Senior Notes due 2017; and $335 million of its unsecured 8 5/8% Senior Notes due 2014.

Due to the holding company structure, SPR' 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 and preferred stockholders. Therefore, SPR' 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, guarantee holders, NPC' s preferred trust security holders, and SPPC' s preferred stockholders.

As of March 31, 2006, SPR, NPC, SPPC, and their subsidiaries had approximately $4.3 billion of debt and other obligations outstanding, consisting of approximately $2.5 billion of debt at NPC, approximately $1.1 billion of debt at SPPC and approximately $0.7 billion of debt at the holding company and other subsidiaries. Additionally, SPPC had $50 million of outstanding preferred stock. Although the Utilities are parties to agreements that limit the amount of additional indebtedness they may incur, the Utilities retain the ability to incur substantial additional indebtedness and other liabilities.

Dividends from Subsidiaries

Since SPR is a holding company, substantially all of its cash flow is provided by dividends paid to SPR by NPC and SPPC on their common stock, all of which is owned by SPR. 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 the PUCN order for Dockets 05-10024 and 05-10025, dated February 28, 2006, a dividend restriction was instituted for both utilities. Under this restriction, the combined amount that NPC and SPPC may pay to SPR each year is limited to the amount of SPR' s annual debt service. This restriction will expire when the Utilities' senior secured debt is rated investment grade by two of the three credit rating agencies.

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. The specific agreements

entered into by the Utilities, restrictions on dividends contained in agreements to which NPC and SPPC are party, as well as specific regulatory limitations on dividends, are discussed in detail in the 2005 Form 10-K, Note 9, Debt Covenant Restrictions of the Notes to Financial Statements.

As of March 31, 2006, each Utility was able to pay dividends, subject to a cap, under the most restrictive test in its financing agreements; however, the total amount of dividends that the Utilities can pay to SPR under their financing agreements does not currently significantly restrict their ability to pay dividends because the maximum amount of dividends that can be paid under their financing agreements is greater than the amount that the Utilities can pay under the PUCN dividend restriction. As of March 31, 2006, NPC had paid $17.3 million in dividends to SPR and SPPC had paid $8.6 million in dividends to SPR. On May 2, 2006, NPC and SPPC declared a $14.7 million and $7.3 million dividend, respectively, payable to SPR.

Limitations on Indebtedness

The terms of SPR' s $335 million 8 5/8% Senior Unsecured Notes due March 15, 2014, $99 million 7.803% Senior Unsecured Notes due 2012 and $225 million 6.75% Senior Unsecured Notes due 2017 restrict SPR and any of its Restricted Subsidiaries (NPC and SPPC) from incurring any additional indebtedness unless:

1. at the time the debt is incurred, the ratio of consolidated cash flow to fixed charges for SPR' s most recently ended four quarter period on a pro forma basis is at least 2 to 1, or

2. the debt incurred is specifically permitted under the terms of the respective series of Senior Notes, which permits the incurrence of certain credit facility or letter of credit indebtedness, obligations incurred to finance property construction or improvement, indebtedness incurred to refinance existing indebtedness, certain intercompany indebtedness, hedging obligations, indebtedness incurred to support bid, performance or surety bonds, and certain letters of credit supporting SPR' s or any Restricted Subsidiary' s obligations to energy suppliers, or

3. the indebtedness is incurred to finance capital expenditures pursuant to NPC' s 2003 Integrated Resource Plan and SPPC' s 2004 Integrated Resource Plan.

If the respective series of Senior Notes are 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 respective series of Senior Notes remain investment grade. As of March 31, 2006, SPR, NPC and SPPC would have been able to issue approximately $262 million of additional indebtedness on a consolidated basis, assuming an interest rate of 6.00%, per the requirement stated in number 1 above.

Cross Default Provisions

None of the Utilities' financing agreements contain a cross-default provision that would result in an event of default by that Utility upon an event of default by SPR or the other Utility under any of their respective financing agreements. Certain of SPR' s financing agreements, however, do contain cross-default provisions that would result in event of default by SPR upon an event of default by the Utilities under their respective financing agreements. In addition, certain financing agreements of each of SPR 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 SPR or the Utilities may rectify or correct the situation before it becomes an event of default. The primary cross-default provisions in SPR' s and the Utilities' various financing agreements are summarized in the 2005 10-K in "Management' s Discussion and Analysis of Financial Condition and Results of Operations – Sierra Pacific Resources – Liquidity and Capital Resources (SPR Consolidated)," and remain unchanged from their description in the 2005 10-K.

Increased Authorized Shares

On May 1, 2006, SPR' s shareholders approved an amendment to SPR' s Restated Articles of Incorporation to increase the number of authorized shares of SPR common stock by 100,000,000 shares for a total amount of 350,000,000 authorized shares. As of May 2, 2006, SPR had 200,879,752 shares of common stock outstanding.

NEVADA POWER COMPANY

RESULTS OF OPERATIONS

During the three months ended March 31, 2006, NPC incurred a net loss of approximately $3.3 million compared to a net loss of approximately $8.0 million for the same period in 2005. NPC paid a common stock dividend of $17.3 million to SPR in the three months ended March 31, 2006 and declared a dividend of approximately $14.7 million on May 2, 2006.

Gross margin is presented by NPC in order to provide information by segment 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 utilized by management in its analysis of its business.

The components of gross margin were (dollars in thousands):

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Operating Revenues:				
Electric	$381,275	$354,134	7.7	%
Energy Costs:				
Purchased power	161,596	141,428	14.3	%
Fuel for power generation	89,822	55,640	61.4	%
Deferral of energy costs-electric-net	3,167	35,823	-91.2	%
	254,585	232,891	9.3	%
Gross Margin	$126,690	$121,243	4.5	%

The causes for significant changes in specific lines comprising the results of operations for NPC are discussed below (in $000' s):

	Three Months Ended March 31,		Change from Prior Year %	
	2006	2005		
Electric Operating Revenues ($000):				
Residential	$157,895	$143,005	10.4	%
Commercial	87,936	82,755	6.3	%
Industrial	113,955	103,332	10.3	%
Retail revenues	359,786	329,092	9.3	%
Other	21,489	25,042	-14.2	%
Total Revenues	$381,275	$354,134	7.7	%
Retail sales in thousands of megawatt-hours (MWH)	4,002	3,788	5.6	%
Average retail revenue per MWH	$89.90	$86.88	3.5	%

NPC' s retail revenues increased for the three months ended March 31, 2006 as compared to the same period in the prior year due to increases in rates and customer growth. The increase in rates became effective October 1, 2005, as a result of an update to NPC' s BTER. Growth in residential, commercial and industrial customers (5.0%, 4.9% and 1.6%, respectively) also contributed to the increase. These increases were slightly offset by a decrease resulting from NPC' s 2004 Deferred Energy Rate Case effective April 1, 2005. Based on NPC' s customer forecast, NPC expects retail electric customers in its service territory to continue to grow through the year. On January 17, 2006, NPC filed an application to establish a new deferred energy rate and to increase it' s going forward BTER to reflect future energy costs. On April 12, the PUCN approved an overall increase of 5.7% in BTER rates effective May 1, 2006, and scheduled hearings to review the deferred energy rate increase request for June 2006 (refer to Regulatory Proceedings, later).

The decrease in Electric Operating Revenues-Other for the three month period ended March 31, 2006 compared to the same period in 2005 was primarily due to certain transactions that were reported in revenues for the three months ended March 31, 2005, which are now being netted in purchase power. Other decreases include lower revenues from wheeling sales and transmission ancillary services as well as decreases in energy usage by public authority customers due to their transitioning to distribution-only services. Partially offsetting these decreases was an increase in revenues from economy energy sales to the Colorado River Commission.

Purchased Power

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Purchased Power	$161,596	$141,428	14.3	%
Purchased Power in thousands of MWhs	2,300	2,240	2.7	%
Average cost per MWh of Purchased Power	$70.26	$63.14	11.3	%

NPC' s purchased power costs were higher for the three months ended March 31, 2006 compared to the same period in 2005 due to higher prices and increased volume. Volume increases reflect growth in customer demand. Partially offsetting the 2006 purchased power costs and volumes are certain transactions that were reported in revenues for the first quarter of 2005 which are now netted against purchased power.

Fuel For Power Generation

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Fuel for Power Generation	$89,822	$55,640	61.4	%
Thousands of MWhs generated	1,929	1,886	2.3	%
Average cost per MWh of Generated Power	$46.56	$29.50	57.8	%

Fuel for power generation increased in the three months ended March 31, 2006 compared to the same period in 2005 due primarily to higher natural gas prices, the shutdown of the Mohave Coal Generating Station ("Mohave") and the replacement of Mohave generation by the Silverhawk and Lenzie natural gas generating stations beginning in January 2006 and February 2006, respectively. Silverhawk and Lenzie are highly efficient generating stations which require less natural gas to produce energy; however, the cost of coal is substantially lower than the cost of natural gas. In the first quarter of 2005, Mohave generation represented approximately 21% of total generation.

Deferred Energy Costs − Net

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Deferred energy costs − net	$3,167	$35,823	-91.2	%
Total	$3,167	$35,823	-91.2	%

Deferral 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. Reference 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 2006 and 2005 include amortization of deferred energy costs of $21.3 million and $46.7 million, respectively; and under-collections of amounts recoverable in rates of $18.1 million and $10.9 million, respectively.

Allowance for Funds Used During Construction (AFUDC)

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Allowance for other funds used during construction	$5,429	$3,490	55.6	%
Allowance for borrowed funds used during construction	$5,372	$4,313	24.6	%
	$10,801	$7,803	38.4	%

AFUDC for NPC is higher for the three months ended March 31, 2006 compared to the same period in 2005 due to an increase in Construction Work in Progress (CWIP). The increase is primarily due to the purchase of the partially completed

Lenzie Generating Station in October 2004 and the subsequent construction costs to complete the plant. Block 1 and 2 of the Lenzie Generating Station were completed and placed into service in January and April 2006, respectively.

Other (Income) and Expenses

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Other operating expense	$54,133	$51,099	5.9	%
Maintenance expense	$14,157	$16,955	-16.5	%
Depreciation and amortization	$34,237	$30,402	12.6	%
Interest charges on long-term debt	$42,739	$41,529	2.9	%
Interest charges-other	$3,827	$4,332	-11.7	%
Interest accrued on deferred energy	$(6,783)	$(4,525)	49.9	%
Other income	$(8,397)	$(6,913)	-21.5	%
Other expense	$1,965	$1,576	24.7	%

Other operating expense increased slightly for the three months ended March 31, 2006 compared to the same period in 2005 primarily due to an increase in software licensing fees and financing related activities. Partially offsetting these items was a decrease in legal fees and costs incurred for the reorganization of NPC, SPPC and SPR in 2005.

Maintenance expense decreased for the three months ended March 31, 2006 compared to the same period in 2005 due to outages scheduled at Navajo during the first quarter of 2005 and the shut-down of the Mohave generating station partially offset by scheduled and forced outages at Clark Station and the addition of Lenzie and Silverhawk Generating Stations in 2006.

Depreciation and amortization expenses were higher during the three months ended March 31, 2006 compared to the same period in 2005 primarily as a result of increases to plant-in-service. The increase is primarily due to the acquisition of Silverhawk, which was placed in service in January of 2006.

Interest charges on Long-Term Debt increased for the three months ended March 31, 2006, compared to the same period in 2005 due primarily to increases in long-term debt balances related to new debt issued in January 2006 of $210 million and interest associated with various draws from the Long-Term Credit Facility, partially offset by debt redemptions in July 2005 of $210 million. See Note 7, Long-Term Debt of the Notes to Financial Statements in the 2005 10-K for additional information regarding long-term debt and Note 4, Long-Term Debt of the Notes to Financial Statements in this 10-Q.

Interest charges-other for the three months ended March 31, 2006 decreased compared to the same period in 2005 due to settlements in 2005 with terminated energy suppliers which reduced associated interest costs on the terminated supplier balances, offset partially by higher amortization costs for the early redemption of NPC' s Series E and G General Refunding Mortgage Notes.

NPC' s interest accrued on deferred energy costs increased for the three months ended March 31, 2006 due to higher deferred energy balances compared to the same period in 2005. See Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements for further details of deferred energy balances.

Other income increased during the three months ended March 31, 2006 compared to the same period in 2005 due to income related to the recently completed Lenzie plant, partially offset by lower amortization of gains associated with disposition of SO2 allowances and expiration of the amortization period on sale of property.

Other expense increased during the three months ended March 31, 2006 compared to the same period in 2005 due to increases in pension costs, donations and advertising expenses.

ANALYSIS OF CASH FLOWS

NPC' s cash flows improved slightly during the three months ended March 31, 2006, compared to the same period in 2005 resulting primarily from an increase in cash from financing activities offset by an increase in cash used for investing activities and operating activities.

During the first quarter of 2006, NPC borrowed approximately $335 million under its revolving credit facility of which approximately $210 million was repaid from the proceeds of the issuance of $210 million of NPC' s 5.95% General and Refunding Mortgage Notes, Series M, due 2016. Additionally, NPC paid dividends to SPR of approximately $17.3 million.

Cash used by investing activities increased significantly when compared with the same period in 2005 primarily due to construction at NPC for the Lenzie Generating Station and NPC' s purchase of Silverhawk.

Cash used by operating activities increased compared to the same period in 2005. The increase is primarily due to a change in purchase power transactions, the settlement of Enron, and a decrease in collection for deferred energy balances. In the first quarter of 2005, NPC payments to purchase power suppliers were offset by additional amounts owed to suppliers at March 31, 2005. In contrast, in the first quarter of 2006, NPC paid purchase power obligations existing at December 31, 2005, which were not offset by obligations due to the reduction in purchase power transactions as a result of the addition of Silverhawk and Lenzie Generating Stations.

LIQUIDITY AND CAPITAL RESOURCES

Overall Liquidity

NPC' s primary source of operating cash flows are electric revenues, including the recovery of previously deferred energy costs. Significant uses of cash flows from operations include the purchase of electricity, natural gas, other operating expenses and interest. NPC had cash and cash equivalents of approximately $47.6 million at March 31, 2006. As of April 28, 2006, NPC had $244.8 million available under its existing revolving credit facility as discussed below in financing transactions.

NPC anticipates that it will be able to meet operating costs, such as fuel and purchased power costs with internally generated funds, including the recovery of deferred energy. However, to fund capital requirements, as discussed below, NPC 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.

During the three months ended March 31, 2006, there were no material changes to contractual obligations as set forth in NPC' s 2005 Form 10-K except for certain financing transactions as discussed below.

Financing Transactions

Redemption Notice

On April 28, 2006, NPC provided a notice of redemption to holders of the Company' s 7.20% Clark County Industrial Development Revenue Bonds, due October 1, 2022, in the amount of $78 million. The bonds will be redeemed on May 30, 2006 at 100% of the stated principal amount, plus interest accrued to the date of redemption.

General and Refunding Mortgage Notes, Series M

On January 18, 2006, NPC issued and sold $210 million of its 5.95% General and Refunding Mortgage Notes, Series M, due March 15, 2016. The Series M Notes were issued with registration rights. On February 10**,** 2006 the net proceeds of the issuance plus available cash were used to repay $210 million of NPC' s revolving credit facility, which was borrowed to finance the purchase of a 75% ownership interest in the Silverhawk Power Plant.

General and Refunding Mortgage Notes, Series N

On April 3, 2006, NPC issued and sold $250 million of its 6.65% General and Refunding Mortgage Notes, Series N, due April 1, 2036. The Series N Notes were issued with registration rights. Proceeds of the offering, together with available cash, were utilized as follows:

fund the early redemption of $35 million aggregate principal amount of NPC' s 8.50% Series Z First Mortgage Bonds due 2023 plus approximately $1 million of associated redemption premiums;

fund the early redemption of $105 million aggregate principal amount of 6.70% Industrial Development Revenue Bonds, due 2022; and

fund the early redemption of approximately $122.5 million aggregate principal amount of NPC' s 8.20% Junior Subordinated Debentures due 2037. When the debentures were repaid upon redemption, the proceeds from the repayment were used to simultaneously redeem an equal amount of the 8.20% Cumulative Quarterly Preferred Securities of NVP Capital I, a wholly-owned subsidiary of NPC.

Revolving Credit Facility

On April 19, 2006, NPC increased the size of its second amended and restated revolving credit facility to $600 million. The facility will provide additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of March 31, 2006, NPC had $55.2 million of letters of credit and had borrowed $275 million under the revolving credit facility. As of April 28, 2006, NPC had $55.2 million of letters of credit and had borrowed $300 million under the revolving credit facility.

The NPC Credit Agreement contains 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 March 31, 2006, NPC was in compliance with these covenants.

The NPC Credit Agreement provides 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.

The NPC Credit Agreement places certain restrictions on debt incurrence, liens and dividends. These restrictions are discussed in Note 9, Debt Covenant Restrictions in the 2005 Form 10-K.

Factors Affecting Liquidity

Limitations on Indebtedness

The terms of NPC' s Series E Notes, which mature in 2009, NPC' s Series G Notes, which mature in 2013, NPC' s Series I Notes, which mature in 2012, NPC' s Series L Notes, which mature in 2015, and NPC' s Second Amended and Restated Revolving Credit Facility restrict NPC from incurring any additional indebtedness unless certain covenants are satisfied. See Note 9, Debt Covenant Restrictions of the Notes to Financial Statements in the 2005 Form 10-K.

If NPC' s Series E Notes, Series G Notes, Series I Notes, or the Series L Notes are 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 securities remains investment grade.

Mortgage Indentures

NPC' s Indenture of Mortgage, dated as of October 1, 1953, between NPC and Deutsche Bank Trust Company Americas (the "First Mortgage Indenture"), creates a first priority lien on substantially all of NPC' s properties. As of March 31, 2006, $372.5 million of NPC' s first mortgage bonds were outstanding. In connection with the issuance of its Series E, Series G and Series I Notes, NPC agreed that it would not issue any more first mortgage bonds. As of April 28, 2006, $232.5 million of NPC' s first mortgage bonds were outstanding.

NPC' s General and Refunding Mortgage Indenture creates a lien on substantially all of NPC' s properties in Nevada that is junior to the lien of the first mortgage indenture. As of March 31, 2006, $1.8 billion of NPC' s General and Refunding Mortgage securities were outstanding. Additional securities may be issued under the General and Refunding Mortgage Indenture on the basis of:

1. 70% of net utility property additions,
2. the principal amount of retired General and Refunding Mortgage Bonds, and/or
3. the principal amount of first mortgage bonds retired after October 19, 2001.

On the basis of (1), (2) and (3) above and on plant accounting records as of March 31, 2006, NPC had the capacity to issue approximately $785 million of additional General and Refunding Mortgage securities. This amount does not reflect the issuance in April 2006 of $250 million Series N General and Refunding Mortgage notes, and $100 million of G&R bonds issued to secure the increased revolving credit facility.

Although NPC has substantial capacity to issue additional General and Refunding Mortgage securities on the basis of property additions and retired securities, the financial covenants contained in the Series E, Series G, Series I, and Series L Notes, the Revolving Credit Facility limits the amount of additional indebtedness that NPC may issue and the reasons for which such indebtedness may be issued.

NPC also has the ability to release property from the liens of the two mortgage indentures 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 that indenture.

Cross Default Provisions

None of the financing agreements of NPC contain a cross-default provision that would result in an event of default by NPC upon an event of default by SPR 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 other indebtedness) 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

During the three months ended March 31, 2006, SPPC recognized net income of approximately $13.3 million compared to $12.1 million for the same period in 2005. SPPC paid a common stock dividend of $8.6 million to SPR in the three months ended March 31, 2006 and declared a dividend of approximately $7.3 million on May 2, 2006. Additionally, SPPC paid $975 thousand in dividends in the first quarter of 2006 and declared an additional $975 thousand in dividends to holders of its preferred stock.

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.

The components of gross margin were (dollars in thousands):

	Three Months Ended March 31,		
	2006	2005	Change from Prior Year %
Operating Revenues:			
Electric	$238,772	$227,010	5.2 %
Gas	86,725	67,538	28.4 %
	$325,497	$294,548	10.5 %
Energy Costs:			
Purchased Power	$92,148	$78,724	17.1 %
Fuel for power generation	53,287	54,362	-2.0 %
Deferral of energy costs-electric-net	905	4,293	-78.9 %
Gas purchased for resale	67,396	53,480	26.0 %
Deferral of energy costs-gas-net	4,731	(328)	N/A
	$218,467	$190,531	14.7 %
Energy Costs by Segment:			
Electric	$146,340	$137,379	6.5 %
Gas	72,127	53,152	35.7 %
	$218,467	$190,531	14.7 %
Gross Margin by Segment:			
Electric	$92,432	$89,631	3.1 %
Gas	14,598	14,386	1.5 %
	$107,030	$104,017	2.9 %

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

Electric Operating Revenues

	Three Months Ended March 31,		
	2006	2005	Change from Prior year %
Electric Operating Revenues:			
Residential	$82,363	$73,572	11.9 %
Commercial	81,834	72,543	12.8 %
Industrial	66,360	73,335	-9.5 %
Retail	230,557	219,450	5.1 %
Other[1]	8,215	7,560	8.7 %
Total Revenues	$238,772	$227,010	5.2 %
Retail sales in thousands of MWh	2,069	2,296	-9.9 %
Average retail revenue per MWh	$111.43	$95.58	16.6 %

1 Primarily wholesale, as discussed below.

SPPC' s retail revenues increased for the three months ended March 31, 2006 as compared to the same period in the prior year due to increases in retail rates and customer growth. Retail rates increased due to various Deferred Energy and BTER cases in the Nevada jurisdiction and increased rates in SPPC' s California jurisdiction effective September 1, 2005. Growth in residential and commercial customers (2.7%, and 2.2%, respectively) also contributed to the increase in revenues. These increases were slightly offset by lower industrial energy revenues and MWh' s as a result of SPPC' s largest industrial customer, Barrick Gold, moving to distribution-only services effective December 1, 2005. On April 26, 2006, the PUCN voted for a general electric revenue decrease of approximately 1.5%, effective May 1, 2006. In December 2005, SPPC filed an application to

establish a new deferred energy rate and to reset its BTER. On April 12, 2006, the PUCN approved an overall 3.5% increase in BTER rates and scheduled hearings to review the deferred energy rate increase request for May 2006 (refer to Regulatory Proceedings, later).

The increase in Electric Operating Revenues-Other for the three month period ended March 31, 2006 compared to the same period in 2005 was primarily due to the amortization of impact charges resulting from Barrick becoming a distribution-only services customer.

Gas Operating Revenues

	Three Months Ended March 31,			
	2006	2005	Change from Prior year %	
Gas Operating Revenues:				
Residential	$49,289	$37,519	31.4	%
Commercial	22,743	18,619	22.1	%
Industrial	7,751	5,723	35.4	%
Retail revenue	79,783	61,861	29.0	%
Wholesale revenue	6,149	5,020	22.5	%
Miscellaneous	793	657	20.7	%
Total Revenues	$86,725	$67,538	28.4	%
Retail sales in thousands of decatherms	6,340	6,399	-0.9	%
Average retail revenues per decatherm	$12.58	$9.67	30.1	%

SPPC' s retail gas revenues increased for the three months ended March 31, 2006, primarily due to increases in retail rates and customer growth. Retail rates increased as a result of SPPC' s Purchased Gas Adjustment filing effective August 1, 2005 and SPPC' s Gas Deferred Energy Rate Case and BTER Update effective November 1, 2005. Growth in residential, commercial and industrial customers (4.2%, 3.2% and 23.7%, respectively) also contributed to the increase in revenues. This was partially offset by warmer temperatures in the first quarter of 2006 as compared to the same period of 2005. In October 2005, SPPC filed a Gas GRC requesting an overall increase of 5.4%. On April 26, 2006, the PUCN voted for a general revenue increase of approximately 2.3%, effective May 1, 2006 (refer to Regulatory Proceedings, later).

Wholesale gas revenues for the three months ended March 31, 2006 increased from the same period in 2005 due to warmer temperatures during the first quarter of 2006 which increased the availability of gas for wholesale sales.

Miscellaneous revenues for the three months ended March 31, 2006 increased from the same period in 2005 primarily due to an increase in revenues for transporting gas for industrial customers.

Purchased Power

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Purchased Power:	$92,148	$78,724	17.1	%
Purchased Power in thousands of MWhs	1,309	1,400	-6.5	%
Average cost per MWh of Purchased Power	$70.40	$56.23	25.2	%

Purchased power costs increased for the three months ended March 31, 2006 as compared to the same period in 2005 primarily due to higher prices of purchased power. Volumes decreased due to milder winter weather and a large industrial customer moving to distribution only service.

Fuel For Power Generation

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Fuel for Power Generation	$53,287	$54,362	-2.0	%
Thousands of MWh generated	966	1,071	-9.8	%
Average fuel cost per MWh of Generated Power	$55.16	$50.76	8.7	%

Fuel for power generation and MWh generated decreased for the three months ended March 31, 2006 as compared to the same period in 2005 due to milder winter weather and a large industrial customer transitioning to distribution only services. The increase in average fuel cost per MWh increased primarily due to the increase in natural gas and coal prices. SPPC' s hedging strategies, as discussed in the 2005 10-K Energy Supply (Utilities), partially offset the natural gas price increases.

Gas Purchased for Resale

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Gas Purchased for Resale	$67,396	$53,480	26.0	%
Gas Purchased for Resale (in thousands of decatherms)	7,457	7,359	1.3	%
Average cost per decatherm	$9.04	$7.27	24.3	%

The cost of gas purchased for resale increased for the three months ended March 31, 2006 as compared to the same period in 2005 due to increases in natural gas prices.

Deferred Energy Costs

	Three Months Ended March 31,			
	2006	2005	Change from Prior Year %	
Deferred energy costs − electric − net	$905	$4,293	-78.9	%
Deferred energy costs − gas − net	4,731	(328)	N/A	
Total	$5,636	$3,965		

Deferred 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 Reference Note 1, Summary of Significant Accounting Policies, Deferral of Energy Costs of the Notes to Financial Statements for further detail of deferred energy balances.

Deferred energy costs − electric - net for 2006 and 2005 reflect amortization of deferred energy costs of $11.2 million and $9.1 million, respectively; and an under-collection of amounts recoverable in rates of $10.3 million and $4.8 million, respectively.

Deferred energy costs − gas − net for 2006 and 2005 reflect amortization of deferred energy costs of $3.0 million and $(0.4) million, respectively; and an over-collection of amounts recoverable in rates of $1.6 million and $0.1 million, respectively.

Allowance for Funds Used During Construction (AFUDC)

	Three Months Ended March 31,		
	2006	2005	Change from Prior Year %
Allowance for other funds used during construction	$703	$319	N/A
Allowance for borrowed funds used during construction	630	290	N/A
	$1,333	$609	N/A

AFUDC for SPPC is higher for the three months ended March 31, 2006 compared to the same period in 2005 due to an increase in Construction Work-In-Progress (CWIP). The primary driver for the increase of CWIP is the expansion of the Tracy Generation Plant.

Other (Income) and Expense

	Three Months Ended March 31,		
	2006	2005	Change from Prior Year %
Other operating expense	$34,175	$34,769	-1.7 %
Maintenance expense	$7,773	$5,991	29.7 %
Depreciation and amortization	$23,224	$22,387	3.7 %
Interest charges on long-term debt	$17,690	$17,307	2.2 %
Interest charges-other	$1,096	$1,146	-4.4 %
Interest accrued on deferred energy	$(1,933)	$(1,583)	22.1 %
Other income	$(2,148)	$(971)	N/A
Other expense	$2,524	$1,640	53.9 %

Other operating expense decreased for the three months ended March 31, 2006 compared to the same period in 2005 primarily due to a decrease in legal fees and costs incurred for the reorganization of SPPC, NPC and SPR in 2005. Partially offsetting these items were increases in software licensing fees and other items, none of which were individually significant.

Maintenance expense increased for the three-month period ended March 31, 2006 compared to the same period in 2005 due to outages scheduled at Tracy during the first quarter of 2006.

Depreciation and amortization expenses were higher for the three months ended March 31, 2006 compared to the same period in 2005 primarily as a result of increases to plant-in-service.

Interest charges on long-term debt for the three months ended March 31, 2006 were comparable to the same period in 2005. See Note 4, Long Term Debt of the Notes to Financial Statements for additional information regarding long-term debt.

Interest charges-other for the three months ended March 31, 2006 decreased compared to the same period in 2005 due to settlements in 2005 with terminated energy suppliers which reduced associated interest costs on the terminated supplier balances, offset partially by higher miscellaneous interest charges.

Interest accrued on deferred energy costs was higher in 2006 due to higher deferred energy balances during the three months in 2006, when compared to the same period in 2005. See Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements for further details of deferred energy balances.

Other income increased during the three months ended March 31, 2006, when compared to the same period in 2005, due to interest income earned on cash received from the issuance of the Series M Notes issued in March 2006 and gains from the sale of property.

Other expense increased during the three months ended March 31, 2006, when compared to the same period in 2005, due primarily to non-utility lease expenses, donations, advertising, and pension costs.

ANALYSIS OF CASH FLOWS

SPPC' s cash flows increased during the three months ended March 31, 2006 compared to the same period in 2005 as a result of an increase in cash flows from financing activities offset by an increase in cash used in investing activities and a decrease in cash from operations.

SPPC borrowed approximately $198 million under its revolving credit facility to retire approximately $188 million of SPPC' s Medium Term Series A, B and C Notes. Additionally, SPPC issued $300 million 6.0% General and Refunding Mortgage Notes, Series M to pay the $198 million borrowed under the revolving credit facility. SPPC intends to use a portion of the remaining proceeds to pay for future redemptions and payments of maturing debt of approximately $81 million. Additionally, SPPC paid dividends to SPR of approximately $9.6 million.

Cash used by investing activities increased primarily as a result of the expansion of the Tracy plant. Cash from operating activities were slightly lower in 2006 mainly due to the Enron settlement.

LIQUIDITY AND CAPITAL RESOURCES

Overall Liquidity

SPPC' s primary source of operating cash flows are electric and gas revenues, including the recovery of previously deferred energy and gas costs. Significant uses of cash flows from operations include the purchase of electricity, natural gas, other operating expenses and interest. SPPC had cash and cash equivalents of approximately $152.9 million at March 31, 2006. As of April 28, 2006, SPPC had $337.4 million available under its existing revolving credit facility as discussed in financing transactions.

SPPC anticipates that it will be able to meet operating costs, such as fuel and purchased power costs with internally generated funds, including the recovery of deferred energy. However, to fund capital requirements, as discussed in the 2005 Form 10-K, 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.

During the three months ended March 31, 2006, there were no material changes to contractual obligations as set forth in SPPC' s 2005 Form 10-K except for certain financing transactions as discussed below and certain equipment and construction service contracts to build SPPC' s 514 MW combined cycle natural gas power plant at its Tracy Generating Station, with expected completion in 2008. Obligations under the contracts total approximately $329 million.

Financing Transactions

General and Refunding Mortgage Notes, Series M

On March 23, 2006, SPPC issued and sold $300 million of its 6.00% General and Refunding Mortgage Notes, Series M, due May 15, 2016. The Series M Notes were issued with registration rights. Proceeds of the offering were used to repay $173 million borrowed under the revolving credit facility to redeem the following:

- fund the early redemption of $110 million aggregate principal amount of SPPC' s Collateralized Medium Term 6.95% to 8.61% Series A Notes due 2022,
- fund the early redemption of $58 million aggregate principal amount of SPPC' s Collateralized Medium-Term 7.10% to 7.14% Series B Notes due 2023,
- payment for maturing debt of $20 million aggregate principal amount of SPPC Collateralized Medium-Term 6.81% to 6.83% Series C Notes due 2006,

The remaining proceeds of $112 million will be used as follows:

- payment of approximately $51 million in connection with the redemption of SPPC' s Series A Preferred Stock on June 1, 2006. The stock will be redeemed at a redemption price per share of $25.683, plus accrued dividends to the redemption date of $.4875 per share. As of March 31, 2006, there were 2 million shares outstanding;
- payment for maturing debt of $10 million aggregate principal amount of SPPC Collateralized Medium Term 6.81% Series C Notes due April 2006;
- payment for maturing debt of $20 million aggregate principal amount of SPPC Collateralized Medium Term 6.62% to 6.65% Series C notes due November 2006; and
- payment of related fees and for general corporate purposes.

Revolving Credit Facility

On April 19, 2006, SPPC increased the size of its amended and restated revolving credit facility to $350 million. The facility will provide additional liquidity for increased commodity prices and temporary bridge financing of capital expenditures. As of March 31, 2006, SPPC had $10.8 million of letters of credit outstanding and had no amounts borrowed

under the revolving credit facility. As of April 28, 2006, SPPC had $12.6 million of letters of credit and had no amounts 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 March 31, 2006, SPPC was in compliance with these covenants.

The SPPC Credit Agreement provides 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.

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 10, Debt Covenant Restrictions.

Factors Affecting Liquidity

Limitations on Indebtedness

The terms of SPPC' s Series H Notes and SPPC' s Amended and Restated Revolving Credit Agreement restrict SPPC from issuing additional indebtedness unless certain covenants are satisfied. See Note 9, Debt Covenant Restrictions, of the Notes to Financial Statements in the 2005 Form 10-K.

Mortgage Indentures

SPPC' s First Mortgage Indenture creates a first priority lien on substantially all of SPPC' s properties in Nevada and California. As of March 31, 2006, $299.3 million of SPPC' s first mortgage bonds were outstanding. SPPC agreed in its General and Refunding Mortgage Indenture that it would not issue any additional first mortgage bonds.

SPPC' s General and Refunding Mortgage Indenture creates a lien on substantially all of SPPC' s properties in Nevada that is junior to the lien of the first mortgage indenture. As of March 31, 2006, there were $1.0 billion of SPPC' s General and Refunding Mortgage securities outstanding. Additional securities may be issued under the General and Refunding Mortgage Indenture on the basis of:

1. 70% of net utility property additions,
2. the principal amount of retired General and Refunding Mortgage bonds, and/or
3. the principal amount of first mortgage bonds retired after April 8, 2002.

On the basis of (1), (2) and (3) above, and on plant accounting records as of March 31, 2006, SPPC had the capacity to issue approximately $169 million of additional General and Refunding Mortgage securities. This number does not reflect the April 2006 issuance of $100 million of G&R bonds to secure the increased revolving credit facility.

Although SPPC has capacity to issue additional General and Refunding Mortgage securities on the basis of property additions and retired securities, the financial covenants contained in the Revolving Credit Agreement limit the amount of additional indebtedness that SPPC may issue and the reasons for which such indebtedness may be issued.

SPPC also has the ability to release property from the liens of the two mortgage indentures 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 bonds issuable under that indenture.

Cross Default Provisions

SPPC' s financing agreements do not contain any cross-default provisions that would result in an event of default by SPPC upon an event of default by SPR or NPC under any of their respective financing agreements. 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 other indebtedness) 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)

SPR is a "holding company" under the Public Utility Holding Company Act of 2005 (PUHCA 2005). As a result, SPR 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 SPR 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 SPR, NPC and/or SPPC and/or any other affiliated company. SPR does not expect that the new PUHCA law or the regulations promulgated by the FERC will have a material impact on the company and how its public utility subsidiaries are regulated.

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the California Public Utilities Commission (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 Integrated Resource Plans (IRPs) to the PUCN for approval.

Under federal law, the Utilities and TGPC 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 rate of return they are permitted to earn on their utility assets, are subject to the approval of governmental agencies. The following regulatory proceedings have affected, or are expected to affect the utilities financial positions, results of operations and cash flows.

The Utilities are required to file periodic Deferred Energy Accounting Adjustment (DEAA) cases and General Rate Cases (GRC' s) in Nevada. As of March 31, 2006, NPC' s and SPPC' s balance sheet included approximately $403 and $110 million, respectively, of deferred energy costs, $171.5 million of which have been requested in NPC' s 2006 Deferred Energy case and $46.7 million of which have been requested in SPPC' s Deferred Energy case discussed below. As of March 31, 2006, recovery of approximately $97.6 million and $23.9 million of the $403 and $110 million had been previously approved for collection over various periods. Refer to Note 1, Summary of Significant Accounting Policies, of the Notes to Financial Statements. The remaining amounts will be requested in future regulatory filings.

The following summarizes rate case applications filed in 2005 and 2006. Each of these rate cases, as well as other regulatory matters such as, the Utilities' Integrated Resource Plans and subsequent amendments, other Nevada matters, California matters and FERC matters, are discussed in more detail within this section.

Pending Rate Cases

NPC 2006 Deferred Energy and BTER Update − Application to create a new Deferred Energy Accounting Adjustment (DEAA) rate and to update the Base Tariff Energy Rate (BTER). Refer to the "*Recently Approved Rate Cases*" for the outcome of the BTER phase of this rate case. In the Deferred Energy phase, NPC requested changes to the DEAA rates such that on August 1, 2006 NPC would begin collecting $171.5 million of deferred costs for purchased fuel and power. The requested DEAA rate would increase current rates by approximately 9.3%.

SPPC December 2005 Deferred Energy and BTER Update − Application to create a new Electric DEAA rate and to update the Electric BTER. Refer to the "*Recently Approved Rate Cases*" for the outcome of the BTER phase of this rate case. In the Deferred Energy phase, SPPC requested a change to the BTER rate such that on July 1, 2006 SPPC would begin collecting $46.7 million of deferred costs for purchased fuel and power. The requested DEAA rate would increase current rates by approximately 6.1%.

SPPC 2005 California General Rate Case (GRC) − Application to reset General Rates. The parties negotiated a settlement, which calls for a $4.1 million increase. SPPC anticipates the CPUC will rule in June and the rates to become effective in July 2006.

SPPC 2006 California Energy Cost Adjustment Clause Rate Case - Application to reset energy rates for SPPC' s California customers. The total request seeks to collect an additional $11.2 million annually for deferred and going forward costs related to fuel and power purchases. The two requested rate increases total 17.5%. If the CPUC approves the application, SPPC expects the new rates will become effective in the last part of 2006.

Recently Approved Rate Cases

NPC 2006 BTER Update – On April 12, 2006, the PUCN approved a new BTER, which will increase purchased fuel and power revenues by an estimated $111.7 million.

SPPC December 2005 Electric BTER Update – On April 12, 2006, the PUCN approved a new Electric BTER, which will increase purchased fuel and power revenues by an estimated $31 million.

SPPC 2005 Electric General Rate Case – On April 26, 2006, the PUCN voted to approve a draft order authorizing a 10.6% ROE and 8.96% ROR and ordered SPPC to reduce general revenues for electric services by approximately $14 million.

SPPC 2005 Gas General Rate Cases – On April 26, 2006, the PUCN voted to approve a draft order authorizing a 10.6% ROE and 7.98% ROR and ordered SPPC to increase general revenues for gas services by approximately $4.5 million.

Nevada Matters

Nevada Power Company

2006 Deferred Energy and BTER Update

On January 17, 2006, NPC filed a DEAA rate case application with the PUCN seeking recovery for purchased fuel and power costs and to increase its going forward BTER to reflect future energy costs. Refer to the 2005 Form 10-K for specific details about this filing.

On April 12, 2006, the PUCN approved an agreement among the interveners and NPC, which, effective May 1, 2006, sets NPC' s BTER rates such that an estimated $111.7 million of new revenues will be collected for fuel and power purchase in addition to the start of an $8.4 million collection related to a previous DEAA rate case. Combined, the $120.1 million increase represents an overall average rate increase of approximately 6.5%.

NPC' s request for authorization to begin a one year recovery of the $171.5 million of previously incurred purchased fuel and power cost on August 1, 2006 is pending. The requested DEAA adjustment represents an additional rate increase of approximately 9.3%. Intervener testimony addressing the deferred cost balances is due May 26, 2006 and the DEAA hearings are scheduled to begin June 20, 2006 and the PUCN decision is expected before the August 1, 2006 requested implementation date.

Enhanced ROE Due to Early Completion of Lenzie Generating Station

The PUCN designated the Lenzie Generating Station a critical facility and allowed a 2% enhancement to the authorized ROE when the PUCN approved NPC' s request to acquire the facility. The PUCN further allowed up to an additional .5% enhanced ROE if the Lenzie Block #1 generator units (two combustion turbine/generators and one steam turbine/generator) were commercially operable before March 31, 2006 and another .5% ROE enhancement if Block #2 is completed before June 30, 2006.

On January 29, 2006, the first 600MW combined cycle unit (Block #1) was declared commercially operable. On April 17, 2006, NPC announced that Lenzie Block #2 was commercially operable. NPC' s construction costs are projected to be less than the amount authorized by the PUCN. NPC believes it is eligible to receive a 3% enhancement to the otherwise authorized ROE that will be decided as a result of its GRC filing to be made November 2006.

Material Amendments to NPC's 2003 Integrated Resource Plan

Request for Authorization to Acquire Land & Land Rights for Transmission Facilities

On January 20, 2006, NPC filed an amendment to its 2003 Integrated Resource Plan requesting approval to acquire approximately $57 million of strategic investments in land and land rights necessary for future 500 kV and 230 kV transmission facilities. NPC also requested approval to accrue a carrying charge on the investments, which would be equal to the current Allowance for Funds Used During Construction.

On April 5, 2006, NPC reached agreement with the PUCN Staff and the BCP, which, if approved by the PUCN, will authorize NPC to invest $37 million in land and land rights and to include authorized investments in the rate base calculation of its next general rate case. On April 26, 2006, the PUCN approved the stipulation.

Sierra Pacific Power Company

December 2005 Deferred Energy and BTER Update

On December 1, 2005, SPPC filed an electric DEAA rate case application with the PUCN. The application sought recovery for purchased fuel and power costs and requested to increase its going forward BTER to reflect future energy costs. Refer to the 2005 Form 10-K for specific details about this filing.

On April 12, 2006, the PUCN issued an order authorizing SPPC to increase its BTER on May 1, 2006, such that SPPC expects to collect $31 million in new revenues for purchased power. The change represents a 3.5% increase to current customer rates.

SPPC' s request for authorization to begin a one year recovery of the $46.7 million of previously incurred purchased fuel and power costs on July 1, 2006 is pending. The requested DEAA rate would increase current rates by approximately 6.1%. Intervener testimony addressing the recovery of previously incurred purchased fuel and power costs was filed on May 3, 2006. Hearings are scheduled to begin May 31, 2006 and the PUCN' s decision is expected to be issued in June 2006.

2005 Electric and Gas General Rate Cases

On October 3, 2005, SPPC filed a gas general rate case along with its statutorily required electric general rate case. Refer to SPR' s 2005 Form 10-K for specific details about this filing

On April 26, 2006, the PUCN voted to change electric and gas general rates. The PUCN vote resulted in the following significant items:

Electric general revenue decrease approximately $14 million or 1.5% effective May 1, 2006

Gas general revenue increase: $4.5 million or 2.3%, effective May 1, 2006

Electric Return on Equity and Rate of Return: 10.6% and 8.96% respectively

Gas Return on Equity and Rate of Return: 10.6% and 7.98% respectively

Approval to continue to recover SPPC' s allocated amount of the 1999 NPC/SPPC merger costs from Electric customers

Approval to recover an allocated amount of the 1999 NPC/SPPC merger costs from Gas customers

New depreciation rates for Gas and Electric facilities

Deferred recovery of legal expenses related to the Enron power sales contract litigation

Nevada Power Company and Sierra Pacific Power Company

Renewable Portfolio Compliance Plan

In April 2006, the Utilities filed their 2005 Annual Renewable Energy Portfolio Standard Report with the PUCN (the "Report"). The Report indicates that the Utilities will meet the non-solar portfolio standard upon PUCN approval of a sale from SPPC to NPC of portfolio energy credits. The Utilities requested an exemption from the PUCN for the solar portion of the portfolio standard. Past filings have not resulted in monetary fines, but the PUCN regulations allow for such fines when utilities have not complied with the renewable portfolio standard. At this time, management cannot predict the amount of monetary fines, if any, however, management does not believe the monetary fines would be material. The Utilities continue to work with the PUCN and renewable energy suppliers to achieve compliance with the portfolio standard.

California Electric Matters (SPPC)

Sierra Pacific Power Company 2006 Energy Cost Adjustment Clause Rate Case

On April 3, 2006, SPPC filed with the CPUC to reset its "balancing" rate to recover a forecasted deferred energy cost balance and to increase its "offset" rate for going-forward fuel and power purchases. The requested increase in the balancing rate is expected to result in $1.1 million additional revenue and the requested increase in the offset rate is expected to collect an additional $10.1 million. The total request represents an $11.2 million annual revenue increase or a 17.5% average increase to customer rates.

If approved, SPPC anticipates it will begin recovering these deferred costs in the third quarter of 2006.

Sierra Pacific Power Company 2005 General Rate Case

On June 3, 2005, SPPC filed a California general rate case requesting $8.1 million of new revenue from approximately 40,000 California customers. The request represents a 12.7% average increase. SPPC requested that the new rates become effective on January 1, 2006.

California' s Division of Ratepayer Advocates filed testimony proposing to reduce SPPC' s revenue increase to $1.8 million and The Utility Reform Network proposed a $7.8 million increase. A large customer coalition group and the Western Manufactured Housing Communities Association filed testimony proposing modifications to SPPC' s rate design.

On January 24, 2006, the parties presented a negotiated settlement to a CPUC Administrative Law Judge calling for a $4.1 million revenue increase. SPPC anticipates the CPUC will rule on the settlement in June 2006. The earliest rates will become effective is July 1, 2006.

RECENT PRONOUNCEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of March 31, 2006, SPR, 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 and preferred trust securities. 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).

Expected Maturity Date

	2006	2007	2008	2009	2010	Thereafter	Total	Fair Value
Long-term Debt								
SPR								
Fixed Rate	$–	$–	$–	$–	$–	$659,142	$659,142	$694,335
Average Interest Rate	–	–	–	–	–	7.86 %	7.86 %	
NPC								
Fixed Rate	$157,559	$17	$13	$162,500	$–	$1,793,500	$2,113,589	$2,175,371
Average Interest Rate	8.27 %	8.17 %	8.17 %	10.88 %	–	6.96 %	7.36 %	
Variable Rate				$15,000	$275,000	$100,000	$390,000	$390,000
Average Interest Rate				3.00 %	5.54 %	3.00 %	4.79 %	
SPPC								
Fixed Rate	$31,695	$2,400	$322,400	$600	$–	$749,250	$1,106,345	$1,119,414
Average Interest Rate	6.67 %	6.40 %	7.99 %	6.40 %	–	6.09 %	6.66 %	
Total Debt	$189,254	$2,417	$322,413	$178,100	$275,000	$3,301,892	$4,269,076	$4,379,120

Commodity Price Risk

See the 2005 10-K, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, Commodity Price Risk, for a discussion of Commodity Price Risk. No material changes in commodity risk have occurred since December 31, 2005.

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 $45.1 million as of March 31, 2006,

which decreased significantly from December 31, 2005. The markets continued to fall during the first quarter of 2006 from the 2005 spikes as a result of hurricanes Katrina and Rita in 2005. 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.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

SPR, NPC and SPPC' s principal executive officers and principal financial officers, based on their evaluation of the registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) have concluded that, as of March 31, 2006, the registrants' disclosure controls and procedures were effective.

(b) Change in internal controls over financial reporting.

There were no changes in internal controls over financial reporting in the first quarter of 2006 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Nevada Power Company and Sierra Pacific Power Company

Western United States Energy Crisis Proceedings before the FERC

FERC Gaming and Partnership Show Cause Proceeding

On June 25, 2003, FERC commenced two separate cases involving Enron Power Marketing Inc.' s ("Enron") illicit trading activity in California with various counterparties, including the People of the State of California, California state entities, California utilities and other non-Californian entities (including NPC and SPPC). In 2004, FERC consolidated the proceedings and announced that "Enron potentially could be required to disgorge profits for all of its wholesale power sales in the Western Interconnect for the period January 16, 1997 to June 15, 2003." On March 11, 2005, FERC clarified that Enron' s profits under the terminated power contracts fell within the scope of that proceeding.

On February 1, 2006, the Utilities completed the settlement of long-term, ongoing litigation involving Enron' s market manipulation during the Western United States energy crisis and Enron' s claims with respect to terminated purchase power contracts between Enron and the Utilities in accordance with the terms of the Settlement Agreement, entered into as of November 15, 2005 among the Utilities, Enron, and other related Enron affiliates (the "Settlement Agreement").

In accordance with the terms of the Settlement Agreement, the Utilities withdrew from further participation in the Gaming and Partnership Show Cause Proceeding (including any associated appeals) as against Enron. The Utilities retained, however, all rights to participate in any allocation phase that may follow. The Utilities are unable to predict the outcome of the proceedings before the FERC at this time.

FERC 206 complaints

In December 2001, the Utilities filed ten complaints with the FERC against various power suppliers 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.

On June 26, 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. On July 28, 2003, the Utilities filed a petition for rehearing, but the FERC reaffirmed its June 26, 2003 decision. The Utilities appealed this decision to the Ninth Circuit. Oral argument was held on December 8, 2004. A decision remains pending. The Utilities are unable to predict the outcome of this appeal at this time.

The Utilities have since negotiated settlements with Duke Energy Trading and Marketing, Reliant Energy Services, Inc., Morgan Stanley Capital Group, El Paso Merchant Energy, now known as El Paso Marketing L.P., and Enron, but have been unable to reach agreement in bilateral settlement discussions with other respondents.

Nevada Power Company

Nevada Power Company 2001 Deferred Energy Case

On November 30, 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 spread the recovery of the deferred costs, together with a carrying charge, over a period of not more than three years.

On March 29, 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 Bureau of Consumer Protection (BCP) both sought individual review of the PUCN Order in the First District Court of Nevada. The District Court affirmed the PUCN' s decision. Both NPC and the BCP filed Notices of Appeal with the Nevada Supreme Court.

Supreme Court rules mandate settlement talks before a matter is set for briefing and argument. As a result of that mandatory process, NPC filed a motion with the Nevada Supreme Court seeking remand of the matter back to the PUCN to consider new evidence uncovered after the PUCN' s final decision, but on November 2, 2004, the Nevada Supreme Court denied such motion for remand.

Oral argument was heard on February 23, 2006. A decision is not expected for several months thereafter. At this time NPC is unable to predict either the outcome or timing of a decision in this matter.

Sierra Pacific Power Company

Piñon Pine

In its 2003 General Rate Case, 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 Piñon Pine unit. SPPC' s participation in the Project had received PUCN approval as part of SPPC' s 1993 integrated electric resource plan. 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. 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 General Rate Case and remanded the case back to the PUCN for further review as to whether the costs were justly and reasonably incurred (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.

Sierra Pacific Resources and Nevada Power Company

Merrill Lynch/Allegheny Lawsuit

In May 2003, SPR and NPC filed suit against Merrill Lynch & Co., Inc. and Merrill Lynch Capital Services, Inc. (collectively, Merrill Lynch) and Allegheny Energy, Inc. and Allegheny Energy Supply Co., LLC (collectively, Allegheny) in the United States District Court, District of Nevada, for compensatory and punitive damages of $850 million for causing the Public Utilities Commission of Nevada to disallow a $180 million rate adjustment for NPC in its 2001 deferred energy case (as discussed above). The PUCN held that NPC acted imprudently when it refused to enter into an electricity supply contract with Merrill Lynch and subsequently paid too much for electricity from another source. SPR and NPC allege that Merrill Lynch and Allegheny' s fraudulent testimony and wrongful conduct caused the PUCN disallowance. Merrill Lynch filed motions to dismiss on May 6, 2003 and June 23, 2003. The court has yet to rule on the motions to dismiss and the case is currently stayed pending resolution of NPC' s appeal of the 2001 deferred energy case currently pending before the Nevada Supreme Court.

Lawsuit Against Natural Gas Providers

On April 21, 2003, SPR and NPC filed a complaint in the U.S. District Court for the District of Nevada against several natural gas providers and traders. On July 3, 2003, SPR and NPC filed a First Amended Complaint. A Second Amended Complaint was filed on June 4, 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; (2) Dynegy Marketing and Trade; and (3) Sempra Energy, Sempra Energy Trading Corporation, Southern California Gas Company, and San Diego Gas and Electric. The defendants filed motions to dismiss, which were granted by the District Court. SPR and NPC appealed the decision to the Ninth Circuit Court of Appeals. Briefing has been completed. Oral argument has not been scheduled. At this time, management cannot predict the timing or outcome of a decision on this matter.

Other Legal Matters

SPR 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.

Environmental

Nevada Power Company

Mohave Generation Station

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 Generation Station (Mohave), 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, Mohave Units 1 and 2 ceased operations as of January 1, 2006 as the new emission limits are not met. The estimated cost of new pollution controls to meet the limits, and other capital investments is $1.2 billion. Should such investments be undertaken in the future, as a 14% owner in Mohave, NPC' s cost would be $168 million.

When operating, Mohave 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 Mohave 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.

Southern California Edison (SCE) is the operating partner of Mohave. On May 17, 2002, SCE filed with the CPUC an application to address the future disposition of SCE' s share of Mohave. On October 20, 2004, the CPUC issued a proposed decision which, among other things, directed SCE to continue negotiations with the Tribes regarding post-2005 coal and water supply, and directed SCE to conduct a study of potential alternatives to Mohave.

Because coal and water supplies necessary for long-term operation of Mohave have yet to be secured, SCE and the other Mohave co-owners (the "Owners") have been prevented from commencing the installation of extensive pollution control equipment that must be put in place to meet the emission limits contained in the decree. 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 installation of required pollution control equipment. Thus, the Owners suspended operation of the plant on December 31, 2005, pending resolution of these issues. It is the Owners' intent to preserve their ability to restart the plant at a later date should these issues be resolved, and economic analysis at that time support such a decision. NPC' s ownership interest in Mohave comprised approximately 10% of NPC' s peak generation capacity.

The co-tenancy agreement and the operating agreement between the Owners expires on July 1, 2006. The Owners have been negotiating an extension of both agreements including a process that addresses how Owners may sell or assign their right, title, interest and obligations in Mohave if they do not choose to continue to participate in future operations.

See further discussion of Mohave under Note 6, Commitments and Contingencies.

Reid Gardner Station

In May 1997, the Nevada Division of Environmental Protection (NDEP) ordered NPC to submit a plan to eliminate the discharge of Reid Gardner Station wastewater to groundwater. The NDEP order also required a hydrological assessment of groundwater impacts in the area. In June 1999, NDEP determined that wastewater ponds had degraded groundwater quality. In August 1999, NDEP issued a discharge permit to Reid Gardner Station and an order that requires all wastewater ponds to be closed or lined with impermeable liners over the next 10 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. Pond construction and lining costs to satisfy the NDEP order expended to date are approximately $26.7 million. Expenditures for 2006 through 2010 are projected to be approximately $21 million.

In August 2004, NDEP conducted a Facility Air Quality Operating Permit (Title V permit) inspection at the Reid Gardner Station. NDEP requested monitoring, recordkeeping and reporting items and information pertaining to the sources identified in the Title V permit. NPC complied with the request and any subsequent requests that followed. In September and October 2004, NPC met with NDEP to review the results of NDEP' s inspection. NDEP informed NPC of possible non- compliance with some elements of its Title V permit, and on December 2, 2004 issued Notices of Alleged Violation (NOAVs)

relating to record-keeping, monitoring and other alleged administrative infractions. Discussions between NPC and NDEP ensued. On July 20, 2005, NDEP issued new Notices of Alleged Violations (NOAVs). In part, these NOAVs represent reissuance of the previously issued NOAVs dated December 2, 2004 and address additional monitoring and reporting issues for the period September 2002 through December 2004. Additional NOAVs were issued concerning intermittent opacity emissions and the monitoring, record-keeping and reporting of such emissions. All NOAVs are subject to an administrative hearing before the Nevada State Environmental Commission and then to judicial review. On July 26, 2005 NPC received a letter from the Environmental Protection Agency (EPA) requiring submittal of information relating to compliance of Reid Gardner Station with opacity emission limits and reporting requirements. NPC has responded to the EPA information request.

NPC is engaged in an ongoing dialogue and settlement discussions with NDEP and the EPA and DOJ regarding the NOAVs. Management has booked a minimum liability with respect to these matters; however, because management cannot predict at this time whether a final settlement will be reached, it cannot accurately predict the cost of additional environmental controls and equipment changes, environmental benefit projects, monetary penalties, and/or other measures that may be required to achieve a settlement of the alleged violations. Any environmental controls and equipment changes needed to assure compliance with existing or modified regulations will be submitted by NPC to the PUCN for approval.

Clark Station

In July 2000, NPC received a request from the EPA for information to determine the compliance of certain generation facilities at NPC' s Clark Station with the applicable State Implementation Plan. In November 2000, NPC and the Clark County Health District entered into a Corrective Action Order requiring, among other steps, capital expenditures at the Clark Station totaling approximately $3 million. In March 2001, the EPA issued an additional request for information that could result in remediation beyond that specified in the November 2000 Corrective Action Order. On October 31, 2003, the EPA issued a violation regarding turbine blade upgrades, which occurred in July 1993. A conference between the EPA and NPC occurred in December 2003. NPC presented evidence on the nature and finding of the alleged violations. In March 2004, the EPA issued another request for information regarding the turbine blade upgrades, and NPC provided information responsive to this request in April and May 2004. NPC' s position is that a violation did not occur. Monetary penalties and retrofit control cost, if any, cannot be reasonably estimated at this time. On May 3, 2006, the EPA, by letter from the Department of Justice, notified NPC that it intends to initiate an enforcement action against NPC seeking unspecified civil penalties, together with injunctive relief, for alleged violations of the Prevention of Significant Deterioration requirements and Title V operating permit requirements of the Clean Air Act. NPC is unable to predict the outcome of this action.

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.

Sierra Pacific Power Company

PCB Treatment, Inc.

In September 1994, Region VII of the EPA notified SPPC that it was being named as a potentially responsible party (PRP) regarding the past improper handling of Polychlorinated Biphenyls (PCB' s) by PCB Treatment, Inc., in two buildings, one located in Kansas City, Kansas and the other in Kansas City, Missouri (the Sites). Prior to 1994, SPPC sent PCB contaminated material to PCB Treatment, Inc. for disposal. Certificates of disposal were issued to SPPC by PCB Treatment, Inc.; however, the contaminated material was not disposed of, but remained on-site. A number of the largest PRP' s formed a steering committee, which has completed site investigations and along with the EPA has determined that the Sites should be remediated by removing the buildings to the appropriate landfills. SPPC is a member of this steering committee. The EPA issued an administrative order on consent requiring the steering committee to oversee the performance of the work. One of the two buildings has been dismantled and the work has commenced on the other site. While the final cost to complete the work is not yet definite, SPPC' s share of the cost is not expected to be material.

ITEM 1A RISK FACTORS

For the purposes of this section, the terms "we," "us" and "our" refer to SPR on a consolidated basis (including NPC and SPPC). The following information updates, and should be read in conjunction with, the information disclosed in Item1A, "Risk Factors," of our 2005 Form 10-K. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that are not presently known or that we currently believe to be less significant may also adversely affect us.

If NPC and/or SPPC 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, gas and fuel costs, we will experience an adverse impact on cash flow and earnings. Any

significant disallowance of deferred energy charges in the future could materially adversely affect our cash flow, financial condition and liquidity.

The rates that the Utilities charge their customers and certain aspects of their operations are subject to the regulation of the PUCN, which significantly influences the Utilities' operating environment and affects their ability to recover costs from their customers. Under Nevada law, purchased power, gas and fuel costs in excess of those included in base rates are deferred as an asset on their balance sheets and are not shown as an expense until recovered from their retail customers. The Utilities are required to file deferred energy applications with the PUCN at least once every twelve months so that the PUCN may verify the prudence of the energy costs and allow them to clear their deferred energy accounts. 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.

On January 17, 2006, NPC filed its annual deferred energy rate case seeking to recover past costs of $171.5 million and to increase going-forward rates by $138 million. The filing requested an overall 9% increase to recover past costs and an 8% increase to going-forward rates. On April 12, 2006, the PUCN approved a stipulation that provided for an increase of approximately 6.5% totaling $120.1 million in NPC' s going-forward rates. On December 1, 2005, SPPC filed its annual deferred energy rate case seeking to recover past costs of $46.7 million and to increase going-forward rates by $53 million. On April 12, 2006, the PUCN approved an overall 3.5% increase totaling $31 million in SPPC' s going-forward electric rates. Decisions on the other portions of NPC' s and SPPC' s deferred energy rate cases filed with the PUCN are expected in the second quarter of 2006. On April 3, 2006, SPPC also requested from the California Public Utilities Commission an $11.2 million annual revenue increase to reset its "balancing" rate to recover a forecasted deferred energy cost balance and to increase its "offset" rate for going-forward fuel and power purchases. As of March 31, 2006, NPC' s and SPPC' s unapproved deferred energy costs, including claims for terminated energy supply contracts, were $305.4 million and $86 million, respectively, and SPPC' s unapproved gas deferred energy costs were $484 thousand.

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

If NPC and/or SPPC do not receive favorable rulings in their future general rate cases, 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 changes in regulatory proceedings known as general rate cases, which the Utilities file with the PUCN approximately every two years. In the Utilities' general rate cases, the PUCN establishes, among other things, their recoverable rate base, their return on common equity, overall rate of return, depreciation rates and their cost of capital.

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

SPR and the Utilities have substantial indebtedness that they may be required to refinance. The failure to refinance indebtedness would have an adverse effect on us.

SPR and the Utilities have indebtedness that must be repaid, purchased, remarketed or refinanced. If the Utilities do not have sufficient funds from operations and/or SPR does not have sufficient funds from dividends to repay such indebtedness at maturity or when otherwise due, we will have to refinance the indebtedness through additional financings in private or public offerings. If, at the time of any financing or refinancing, prevailing interest rates or other factors result in higher interest rates on the refinanced debt, the increase in interest expense associated with the refinancing could adversely affect our cash flow, and, consequently, the cash available for payments on our other indebtedness. If the Utilities are unable to refinance or extend outstanding borrowings on commercially reasonable terms, or at all, they may have to:

reduce or delay capital expenditures planned for replacements, improvements and expansions; and/or

dispose of assets on disadvantageous terms, potentially resulting in losses and adverse effects on cash flow from their operating activities.

We cannot assure you that the Utilities could effect or implement any of these alternatives on satisfactory terms, if at all. If SPR or the Utilities are unable to refinance indebtedness as it matures, our cash flow, financial conditions and liquidity could be materially adversely affected.

If SPR is precluded from receiving dividends from the Utilities, its financial condition and ability to meet its debt service obligations will be materially adversely affected.

SPR is a holding company with no significant operations of its own. Its cash flows are substantially derived from dividends paid to it by the Utilities, which are typically utilized to service SPR' s debt and pay SPR' s operating expenses. In the future, subject to various factors to be considered by SPR' s Board of Directors, a portion of SPR' s cash flow may be used to resume dividend payments on SPR' s common stock, with the balance, if any, reinvested in SPR' s subsidiaries as contributions to capital. The Utilities are subject to restrictions on their ability to pay dividends to SPR under the terms of certain of their respective financing agreements, their PUCN orders and, in the case of SPPC, under the terms of its restated articles of incorporation. In addition, certain provisions of the Federal Power Act could, depending on the interpretation thereof, limit or prohibit the payment of dividends to SPR.

Assuming that the Utilities meet the requirements to pay dividends under the Federal Power Act and that any dividends paid to us are for SPR' s debt service obligations, the most restrictive of the dividend restrictions applicable to the Utilities individually can be found, for NPC, in NPC' s Series E Notes and, for SPPC, in SPPC' s Series H Notes. Under their material dividend restrictions, each of the Utilities may pay dividends to SPR if each such Utility can meet a 2 to 1 fixed charge coverage ratio test. If that condition is met, the amount of dividends that can be paid is less than 50% of such Utilities' consolidated net income plus the amount of capital contributions made to such Utility by SPR for the period from the date of issuance of the respective series of Notes to the end of the most recently ended fiscal quarter. If they do not meet these conditions, the Utilities can still pay SPR' s reasonable fees and expenses, provided that each such Utility has a cash flow to fixed charge coverage ratio of at least 1.75:1 over the prior four fiscal quarters. In addition, under the most restrictive of their dividend restrictions, NPC and SPPC have a carve-out that permits them to pay up to $15 million and $25 million, respectively, to SPR, from the date of issuance of the applicable debt securities, regardless of whether the other conditions to paying dividends have been met. Although each Utility currently meets the conditions described above, a significant loss by either Utility could cause that Utility to be precluded from paying dividends to SPR until such time as that Utility again meets the coverage test. The dividend restriction in the PUCN order may be more restrictive than the Utilities' individual dividend restrictions because the PUCN dividend restriction currently limits the amount of dividends paid to SPR collectively by the Utilities to SPR' s actual cash debt service payments, which amount may be less than the aggregate amount of the Utilities' individual dividend restrictions. In the first quarter of 2006, SPR received approximately $25.9 million in dividends from the Utilities to meet its debt service obligations.

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

Because SPR is a holding company, its indebtedness is effectively subordinated to the Utilities' existing and future liabilities. SPR conducts substantially all of its operations through its subsidiaries, and thus SPR' s ability to meet its obligations under its indebtedness 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 SPR. Holders of SPR' s indebtedness will generally have a junior position to claims of SPR' s subsidiaries' creditors, including trade creditors, debt holders, secured creditors, taxing authorities, guarantee holders and preferred stockholders. As of April 28, 2006, the Utilities had approximately $3.7 billion of debt outstanding and SPPC had approximately $50 million stated value of preferred stock outstanding. The terms of SPR' s indebtedness restrict the amount of additional indebtedness that SPR and the Utilities may issue. Based on SPR' s March 31, 2006 financial statements, assuming an interest rate of 6.0%, SPR' s indebtedness restrictions would allow SPR and the Utilities to issue up to approximately $262 million of additional indebtedness in the aggregate, unless the indebtedness being issued is specifically permitted under the terms of SPR' 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.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits filed with this Form 10-Q:

Nevada Power Company:

Exhibit 4.1 Officer' s Certificate dated April 3, 2006, establishing the terms of Nevada Power Company' s 6.650% General and Refunding Mortgage Notes, Series N, due 2036.

Exhibit 4.2 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 above).

Exhibit 4.3 Registration Rights Agreement dated April 3, 2006 among Nevada Power Company, Lehman Brothers Inc. and Wachovia Capital Markets, LLC, as representatives of the initial purchasers.

Exhibit 10.1 Amendment and Consent, dated April 19, 2006, to the Second Amended and Restated Credit Agreement, dated as of 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.

Sierra Pacific Power Company:

Exhibit 4.4. Officer' s Certificate dated March 23, 2006, establishing the terms of Sierra Pacific Power Company' s 6% General and Refunding Mortgage Notes, Series M, due 2016.

Exhibit 4.5 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 above).

Exhibit 4.6 Registration Rights Agreement dated March 23, 2006 among Sierra Pacific Power Company, Citigroup Global Markets Inc. and UBS Securities LLC, as representatives of the initial purchasers.

Exhibit 10.2 Amendment and Consent, dated April 19, 2006, to the 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.

Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company

Exhibit 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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.

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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Sierra Pacific Resources
(Registrant)

Date: May 5, 2006

By: /s/ Michael W. Yackira
Michael W. Yackira
Corporate Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2006

By: /s/ John E. Brown
John E. Brown
Controller
(Principal Accounting Officer)

Nevada Power Company
(Registrant)

Date: May 5, 2006

By: /s/ Michael W. Yackira
Michael W. Yackira
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2006

By: /s/ John E. Brown
John E. Brown
Controller
(Principal Accounting Officer)

Sierra Pacific Power Company
(Registrant)

Date: May 5, 2006

By: /s/ Michael W. Yackira
Michael W. Yackira
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)

Date: May 5, 2006

By: /s/ John E. Brown
John E. Brown
Controller (Principal Accounting Officer)

EXHIBIT 4.1

NEVADA POWER COMPANY

OFFICER'S CERTIFICATE

April 3, 2006

I, the undersigned officer of Nevada Power Company (the "Company"), do hereby certify that I am an Authorized Officer of the Company as such term is defined in the Indenture (as defined herein). I am delivering this certificate pursuant to the authority granted in the Board Resolutions of the Company dated November 3, 2005, and Sections 1.04, 2.01, 3.01, 4.01(a) and 4.02(b)(i) of the General and Refunding Mortgage Indenture dated as of May 1, 2001, as heretofore amended and supplemented to the date hereof (as heretofore amended and supplemented, the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"). Section 1(u)(ix) of this Officer's Certificate sets forth definitions of capitalized terms used herein. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Indenture. Based upon the foregoing, I hereby certify on behalf of the Company as follows:

1. The terms and conditions of the Securities described in this Officer's Certificate are as follows (the lettered subdivisions set forth in this Section 1 corresponding to the lettered subdivisions of Section 3.01 of the Indenture):

(a) The Securities of the fourteenth series to be issued under the Indenture shall be designated "6.650% General and Refunding Mortgage Notes, Series N, due 2036" (the "Series N Notes").

(b) There shall be no limit upon the aggregate principal amount of the Series N Notes that may be authenticated and delivered under the Indenture. The Series N Notes shall be initially authenticated and delivered in the aggregate principal amount of $250,000,000.

(c) Interest on the Series N Notes shall be payable to the Persons in whose names such Securities are registered at the close of business on the Regular Record Date for such interest, except as otherwise expressly provided in the form of such Securities attached hereto as Exhibit A.

(d) The Series N Notes shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on April 1, 2036.

(e) The Series N Notes shall bear interest as provided in the form of such Securities attached hereto as Exhibit A.

(f) If a Holder of Series N Notes has given wire transfer instructions to the Company prior to the fifth day preceding the related record date (or, in the case of principal or premium, the fifth day preceding the date such principal or premium is due), the Company shall pay all principal, interest and premium and Liquidated Damages (as such

term is defined herein), if any, on that Holder's Series N Notes in

accordance with such instructions. The Corporate Trust Office of The Bank of New York in New York, New York shall be the place at which (i) the principal, interest and premium and Liquidated Damages, if any, on the Series N Notes shall be payable (other than payments made in accordance with the first sentence of this paragraph (f)), (ii) registration of transfer of the Series N Notes may be effected, (iii) exchanges of the Series N Notes may be effected and (iv) notices and demands to or upon the Company in respect of the Series N Notes and the Indenture may be served; and The Bank of New York shall be the Security Registrar for the Series N Notes; provided, however, that the Company reserves the right to change, by one or more Officer's Certificates, any such place or the Security Registrar; and provided, further, that the Company reserves the right to designate, by one or more Officer's Certificates, its principal office in Las Vegas, Nevada as any such place or itself or any of its Subsidiaries as the Security Registrar; provided, however, that there shall be only a single Security Registrar for the Series N Notes.

(g) Optional Redemption.

(i) Optional Redemption. The Company may redeem the Series N Notes at any time, either in whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series N Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series N Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series N Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series N Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers

appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

(ii) Notice of Redemption. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the Redemption Date to each Holder of Series N Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Series N Notes or a satisfaction and discharge of the Series N Notes under the Indenture. Notices of redemption may not be conditional.

(iii) Selection of Series N Notes to be Redeemed. In accordance with Section 5.03 of the Indenture, the following method is provided for the selection of Series N Notes to be redeemed and these procedures shall be followed by the Security Registrar in the event of a redemption of the Series N Notes pursuant to the provisions of this Officer's Certificate. If less than all of the Series N Notes are to be redeemed at any time, the Security Registrar shall select Series N Notes for redemption as follows:

(A) if the Series N Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Series N Notes are listed; or

(B) if the Series N Notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the Trustee deems fair and appropriate.

No Series N Notes of $1,000 principal amount or less can be redeemed in part.

(h) Mandatory Redemption/Redemption at Option of Holders/Offers to Purchase.

(i) Mandatory Redemption.

(A) Except as provided in Section 1(h)(i)(B) below or Section 1(h)(ii) below, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Series N Notes.

(B) Upon the occurrence of the events described below in clauses (1) or

(2) of this Section 1(h)(i)(B), the Company shall be required to redeem the Series N Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the date of redemption, without further action or notice on the part of the Trustee or the Holders of the Series N Notes:

(1) the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

(2) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

(ii) Redemption at the Option of the Holders.

(A) Upon the occurrence of any of the following events (each a "Triggering Event"):

(1) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series N Notes;

(2) failure to pay when due the principal of, or premium, if any, on the Series N Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Sections 1(u)(ii) of this Officer's Certificate (under the heading "Certain Covenants and Definitions -- Merger, Consolidation or Sale of Assets");

(4) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of this Officer's Certificate (under the heading "Offer to Purchase Upon Change of Control");

(5) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in this Officer's Certificate or the Series N Notes;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the original issue date of the Series N Notes, if that default:

(I) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(II) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more;

(7) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or

(8) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (3) or (5) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); provided, however, that, anything in this Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a

rescission and annulment of the consequences thereof,

the Holders of Series N Notes of at least 25% in principal amount of the Series N Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series N Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the Redemption Date.

(B) The Holders of a majority in aggregate principal amount of the Series N Notes then outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series N Notes waive any existing Triggering Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series N Notes.

(C) In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series N Notes pursuant to the provisions of Section 1(g)(i), an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series N Notes at the option of the Holders thereof.

(D) Upon becoming aware of any Triggering Event, the Company shall deliver to the Trustee a statement specifying such Triggering Event.

(iii) Offer to Purchase Upon Change of Control.

(A) Upon the occurrence of a Change of Control, each Holder of Series N Notes shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of that Holder's Series N Notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in this Officer's Certificate. In the Change of Control Offer, the Company shall offer an amount in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of Series N Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes repurchased, to Change of Control Payment Date (as defined below).

(B) Within ten days following any Change of Control, the Company shall mail a notice to each Holder of Series N Notes stating:

(1) the description of the transaction or transactions that constitute the Change of Control, that the Change of Control Offer is being made pursuant to this Section 1(h)(iii), and that all Series N Notes validly tendered and not withdrawn shall be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(3) that any Series N Note not tendered or accepted for payment shall continue to accrue interest and Liquidated Damages, if any;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Series N Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest and Liquidated Damages, if any, after the Change of Control Payment Date;

(5) that Holders of Series N Notes electing to have any Series N Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Series N Notes properly endorsed, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Series N Notes properly completed, together with other customary documents as the Company may reasonably request, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders of Series N Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Series N Notes delivered for purchase,

and a statement that such Holder of Series N Notes is withdrawing its election to have the Series N Notes purchased; and

(7) that Holders of Series N Notes whose Series N Notes are being purchased only in part shall be issued new Series N Notes equal in principal amount to the unpurchased portion of the Series N Notes surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

(C) If any of the Series N Notes subject to a Change of Control Offer are in the form of a Global Note, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures of the Depositary applicable to offers to purchase.

(D) On the Change of Control Payment Date, the Company shall, to the extent lawful, (1) accept for payment all Series N Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (2) deposit with the Paying Agent in immediately available funds an amount equal to the Change of Control Payment in respect of all Series N Notes or portions thereof so tendered and (3) deliver or cause to be delivered to the Trustee the Series N Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Series N Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to each Holder of Series N Notes so tendered the Change of Control Payment for such Series N Notes, and the Trustee shall promptly authenticate and make available for delivery to each Holder of Series N Notes a new Series N Note equal in principal amount to any unpurchased portion of the Series N Notes surrendered, if any; provided that each such new Series N Note shall be in a principal amount of $1,000 or an integral multiple thereof. Any Series N Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(E) The Change of Control provisions described above that require the Company to make a Change of Control Offer following a Change of Control shall be applicable whether or not any other provisions of this Officer's Certificate are applicable.

(F) The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Change of Control Offer made by the Company and purchases all Series N Notes validly tendered and not withdrawn under such Change of Control Offer.

(iv) Offers to Purchase - General.

(A) If the Change of Control Payment Date is on or after a Regular Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest

and Liquidated Damages, if any, shall be paid to the Person in whose name a Series N Note is registered at the close of business on such Regular Record Date, and no additional interest or Liquidated Damages shall be payable to Holders of Series N Notes who tender Series N Notes pursuant to the Change of Control Offer.

(B) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Officer's Certificate, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Change of Control Offer provisions of this Officer's Certificate by virtue of such conflict.

(i) The Series N Notes are issuable only in denominations of $100,000 and integral multiples of $1,000 in excess thereof.

(j) Not applicable.

(k) Not applicable.

(l) Not applicable.

(m) See subsection (e) above.

(n) Not applicable.

(o) Not applicable.

(p) Not applicable.

(q) Book-entry; Delivery and Form.

(i) Form and Dating.

The Series N Notes and the Trustee's certificate of authentication shall

be substantially in the form of Exhibit A hereto. The Series N Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Series N Note shall be dated the date of its authentication. The Series N Notes shall be in denominations of $100,000 and integral multiples of $1,000 in excess thereof.

The terms and provisions contained in the Series N Notes shall constitute, and are hereby expressly made, a part of this Officer's Certificate, and the Company, by its execution and delivery of this Officer's Certificate, expressly agrees to such terms and provisions and to be bound thereby. However, to the extent any provision of any Series N Note conflicts with the express provisions of this Officer's Certificate or the Indenture,

the provisions of this Officer's Certificate or the Indenture, as applicable, shall govern and be controlling.

Series N Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend and the "Schedule of Exchanges in the Global Note" attached thereto). Series N Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such aggregate principal amount of the outstanding Series N Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Series N Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Series N Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Series N Notes represented thereby shall be made by the Trustee, the Depositary or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 1(q)(v) of this Officer's Certificate.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Bank" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Notes that are held by members of, or Participants, in DTC through Euroclear or Clearstream.

(ii) Authentication.

The Trustee or an Authenticating Agent shall authenticate by delivery and execution of a Trustee's Certificate of Authentication in the form set forth in Section 2.02 of the Indenture (A) the Series N Notes for original issue on the Issue Date in the aggregate principal amount of $250,000,000 (the "Original Notes"), (B) additional Series N Notes for original issue from time to time after the Issue Date in such principal amounts as may be set forth in a Company Order (such additional Series N Notes, together with the Original Notes, the "Initial Notes") and (C) any Exchange Notes from time to time for issue only in exchange for a like principal amount of Initial Notes, in each case, upon a Company Order, which Company Order shall specify (x) the amount of Series N Notes to be authenticated and the date of original issue thereof, (y) whether the Series N Notes are Initial Notes or Exchange Notes and (z) the amount of Series N Notes to be issued in global form or definitive form. The aggregate

principal amount of Series N Notes outstanding at any time may not exceed $250,000,000 plus such additional principal amounts as may be issued and authenticated pursuant to clause (B) of this paragraph, except as provided in Section 1(q)(vi) of this Officer's Certificate.

(iii) Security Registrar, Paying Agent and Depositary.

The Company initially appoints the Trustee to act as the Security Registrar and Paying Agent for the Series N Notes. Upon the occurrence of an event set forth under Sections 1(h)(i)(B)(1) or 1(h)(i)(B)(2) herein or an Event of Default set forth in Sections 10.01(d) or 10.01(e) of the Indenture, the Trustee shall serve as Paying Agent for the Series N Notes. Pursuant to Section 6.02 of the Indenture, the Company hereby designates the Corporate Trust Office of the Trustee as its office or agency in the City and State of New York where payment of the Series N Notes shall be made, where the registration of transfer or exchange of the Series N Notes may be effected and where notices and demands to or upon the Company in respect of the Series N Notes and the Indenture may be served. The Company may also from time to time designate one or more other offices or agencies with respect to the Series N Notes and may from time to time rescind any of these designations in accordance with the terms provided in Section 6.02 of the Indenture.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes. The Trustee has been appointed by DTC to act as Note Custodian with respect to the Global Notes.

(iv) Liquidated Damages, if any, to be Held in Trust.

Payments of Liquidated Damages, if any, shall be subject to the provisions of Section 6.03 of the Indenture to the same extent as any payments of principal of or premium or interest on the Series N Notes.

(v) Transfer and Exchange.

(A) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary for the Global Notes or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary or

(2) the Company in its sole discretion notifies the Trustee in writing that it elects to cause issuance of the Series N Notes in certificated form; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Series N Notes.

Upon the occurrence of either of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 3.06 and 3.09 of the Indenture. Every Series N Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Sections 3.06 and 3.09 of the Indenture, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Series N Note other than as provided in this Section 1(q)(v)(A), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 1(q)(v)(B), (C) or (F) of this Officer's Certificate.

(B) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Officer's Certificate and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period transfers of beneficial interests in the Regulation S Global Note by a Distributor may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Security Registrar to effect the transfers described in this Section 1(q)(v)(B)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Security Registrar either:

(a) both (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions

given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or

(b) both (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given by the Depositary to the Security Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (i) above.

Upon an Exchange Offer by the Company in accordance with Section 1(q)(v)(F) of this Officer's Certificate, the requirements of this Section 1(q)(v)(B)(2) shall be deemed to have been satisfied upon receipt by the Security Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon notification from the Security Registrar that all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Officer's Certificate, the Series N Notes and otherwise applicable under the Securities Act have been satisfied, the Trustee shall adjust the principal amount of the relevant Global Notes pursuant to Section 1(q)(v)(H) of this Officer's Certificate.

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (2) above and the Security Registrar receives the following:

(a) if the transferee shall take delivery in the form of a beneficial interest in the Rule 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (1) thereof; or

(b) if the transferee shall take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted

Global Note if the exchange or transfer complies with the requirements of clause (2) above and:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an

affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (b) or (d) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (b) or (d) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(C) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon receipt by the Security Registrar of the following documentation:

(a) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (2)(a) thereof;

(b) if such beneficial interest is being transferred to a QIB in

accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(c) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(d) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(a) thereof;

(e) if such beneficial interest is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act, in either case other than those listed in subparagraphs (b) through (d) above, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and any Opinion of Counsel required by Item (3) thereof, if applicable;

(f) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(b) thereof; or

(g) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(c) thereof,

the Trustee, upon notice of receipt of such documentation by the Security Registrar, shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 1(q)(v)(H) of this Officer's Certificate, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 1(q)(v)(C) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the Persons in whose names such Series N Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 1(q)(v)(C)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

Notwithstanding Sections 1(q)(v)(C)(1)(a) and (c) hereof, a beneficial interest in the Regulation S Global Note may not be (a) exchanged for a Definitive Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Security Registrar of any certificates required pursuant to Rule 903(c)(3)(B) under the Securities Act or (b) transferred to a Person who takes delivery thereof in the form

of a Definitive Note prior to the conditions set forth in clause (a) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(2) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. Notwithstanding Section 1(q)(v)(C)(1) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

(3) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon notice by the Security Registrar of satisfaction of the conditions set forth in Section 1(q)(v)(B)(2) of this Officer's Certificate, the Trustee

shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 1(q)(v)(H) of this Officer's Certificate, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 1(q)(v)(C)(3) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the Persons in whose names such Series N Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 1(q)(v)(C)(3) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Definitive Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Definitive Note bearing the Private Placement Legend.

(D) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Series N Note for a beneficial interest in a Restricted Global Note or to

transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Security Registrar of the following documentation:

(a) if the Holder of such Restricted Definitive Note proposes to exchange such Series N Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (2)(b) thereof;

(b) if such Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(c) if such Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(d) if such Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(a) thereof;

(e) if such Definitive Note is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act,

in either case, other than those listed in subparagraphs (b) through (d) above, a certificate in the form of Exhibit B hereto, including certifications, certificates, and any Opinion of Counsel required by Item (3) thereof, if applicable;

(f) if such Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(b) thereof; or

(g) if such Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(c) thereof,

the Trustee, upon notice of receipt of such documentation by the Security Registrar, shall cancel the Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of subparagraph (a) above, the appropriate Restricted Global Note and, in the case of subparagraph (b) above, the Rule 144A Global Note, and, in the case of subparagraph (c) above, the Regulation S Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Series N Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Series N Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Series N Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Definitive Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 1(q)(v)(D)(2), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Series N Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in

the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to Sections 1(q)(v)(D)(2)(b) or (d) or the first paragraph of this Section 1(q)(v)(D)(3) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to Sections 1(q)(v)(D)(2)(b) or (d) or the first paragraph of this Section 1(q)(v)(D)(3).

(E) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 1(q)(v)(E), the Security Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Security Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Security Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 1(q)(v)(E).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Restricted Definitive Notes may be transferred to and registered in the name of Persons who take delivery thereof if the Security Registrar receives the following:

(a) if the transfer shall be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate

in the form of Exhibit B hereto, including the certifications in Item (1) thereof;

(b) if the transfer shall be made pursuant to Rule 903 or Rule 904 of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof; and

(c) if the transfer shall be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by Item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder of such Series N Notes, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Series N Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1)(b) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Series N Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Definitive Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes.

A Holder of Unrestricted Definitive Notes may transfer such Series N Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request for such a transfer, the Security Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof. Unrestricted Definitive Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Definitive Note.

(F) Exchange Offer. Upon the occurrence of an Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of (a) an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate and (b) an Opinion of Counsel opining as to the enforceability of the Exchange Notes and the guarantees thereof, if any, the Trustee shall authenticate (1) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that are not (i) broker-dealers, (ii) Persons participating in the distribution of the Exchange Notes or (iii) Persons who are affiliates (as defined in Rule 144) of the Company and accepted for exchange in such Exchange Offer and (2) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in such Exchange Offer, unless the Holders of such Restricted Definitive Notes shall request the receipt of Definitive Notes, in which case the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of such Restricted Definitive Notes one or more Definitive Notes without the Private Placement Legend in the appropriate principal amount. Concurrent with the issuance of such Unrestricted Global Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(G) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Officer's Certificate.

(1) Private Placement Legend.

(a) Except as permitted by subparagraph (b) below, each Global Note and each Definitive Note (and all Series N Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING ITS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT SHALL

NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES AND, IN THE CASE OF AN OFFER OR SALE BY A DISTRIBUTOR OR AN AFFILIATE THEREOF (OR A PERSON ACTING ON BEHALF THEREOF) DURING THE APPLICABLE DISTRIBUTION COMPLIANCE PERIOD, ONLY TO NON-U.S. PERSONS OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE AND THE SECURITY REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATION OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THIS TRANSFEROR TO THE TRUSTEE. THIS LEGEND SHALL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "DISTRIBUTION COMPLIANCE PERIOD," "DISTRIBUTOR," "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

(b) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (B)(4), (C)(2), (D)(2), (D)(3), (E)(2), (E)(3) or (F) of this Section 1(q)(v) (and all Series N Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE OFFICER'S CERTIFICATE UNDER THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE III OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 1(q)(v)(A) OF THE OFFICER'S CERTIFICATE UNDER THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.09 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY OR ANY SUCCESSOR THERETO."

Additionally, for so long as DTC is the Depositary with respect to any Global Note, each such Global Note shall also bear a legend in substantially the following form:

"UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY, TO THE COMPANY OR ANY SUCCESSOR THERETO OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(H) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 3.09 of the Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Series N Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly

and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or by the Depositary at the direction of the Trustee, to reflect such increase.

(I) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, subject to Section 1(q)(v) of this Officer's Certificate, the Company shall execute and, upon the Company's order, the Trustee or an Authenticating Agent shall authenticate Global Notes and Definitive Notes at the Security Registrar's request.

(2) All certifications, certificates and Opinions of Counsel required to be submitted to the Security Registrar pursuant to this Section 1(q)(v) to effect a transfer or exchange may be submitted by facsimile.

(3) The Trustee and the Security Registrar shall have no obligation or duty to monitor, determine or inquire as to whether any Person is or is not a Person described in clauses (i), (ii) and (iii) of each of Sections 1(q)(v)(B)(4)(a), 1(q)(v)(C)(2)(a), 1(q)(v)(D)(2)(a), 1(q)(v)(E)(2)(a) and 1(q)(v)(F) of this Officer's Certificate or under applicable law (other than the Trust Indenture Act) with respect to any transfer of any interest in any Series N Note (including any transfers between or among Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the

express requirements hereof.

(vi) Outstanding Series N Notes.

Notwithstanding the definition of "Outstanding" in Section 1.01 of the Indenture, Series N Notes that the Company, a Subsidiary of the Company or an Affiliate of the Company offers to purchase or acquires pursuant to an offer, exchange offer, tender offer or otherwise shall not be deemed to be owned by the Company, such Subsidiary or such Affiliate until legal title to such Series N Notes passes to the Company, such Subsidiary or such Affiliate, as the case may be.

(r) Not applicable.

(s) The Series N Notes have not been registered under the Securities Act and may not be offered, sold or otherwise transferred in the absence of such registration or an applicable exemption therefrom. No service charge shall be made for the registration of transfer or exchange of the Series N Notes; provided, however, that the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the exchange or transfer (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 1.06(f), 3.04, 5.06 or 14.06 of the Indenture and Section 1(h)(iii) of this Officer's Certificate not involving any transfer).

(t) For purposes of the Series N Notes, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York.

(u) Certain Covenants and Definitions.

(i) Series N Liens.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Series N Lien of any kind securing Indebtedness, Attributable Debt or trade payables on any of their property or assets, now owned or hereafter acquired, except Series N Permitted Liens.

(ii) Merger, Consolidation or Sale of Assets.

(A) The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) (a) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Series N Notes, the Indenture and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee; and (b) such Person executes and delivers to the Trustee a supplemental indenture that contains a grant, conveyance, transfer and mortgage by such Person confirming the lien of the Indenture on the property subject to such lien and subjecting to such lien all property thereafter acquired by such Person that shall constitute an improvement, extension or addition to the property subject to the lien of the Indenture or renewal, replacement or substitution of or for any part thereof and, at the election of such Person, subjecting to the lien of the Indenture such other property then owned or thereafter acquired by such Person as such Person shall specify;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) the Company, or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and any supplemental indenture entered into in connection therewith complies with all of the terms of this Section 1(u)(ii) and that all conditions precedent provided for in this Section 1(u)(ii) relating to such transaction or series of transactions have been complied with.

(B) In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clause (4) under Section 1(u)(ii)(A) shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries.

(C) In addition, the Company shall not effect any consolidation, merger, sale, assignment, transfer, conveyance or other disposition as is contemplated in this Section 1(u)(ii), unless the Company also complies with Sections 13.01 and 13.02 of the Indenture and the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made, shall be deemed a Successor Corporation under the Indenture.

(iii) Future Subsidiary Guarantees.

(A) The Company shall not permit any Restricted Subsidiary to guarantee the payment of any Indebtedness of the Company unless:

(1) such Restricted Subsidiary simultaneously executes and delivers to the Trustee a Subsidiary Guarantee of such Restricted Subsidiary except that with respect to a Guarantee of Indebtedness of the Company if such Indebtedness is by its express terms subordinated in right of payment to the Series N Notes, any such Guarantee of such Restricted Subsidiary with respect to such Indebtedness shall be

subordinated in right of payment to such Restricted Subsidiary's Subsidiary Guarantee with respect to the Series N Notes substantially to the same extent as such Indebtedness is subordinated to the Series N Notes;

(2) such Restricted Subsidiary waives and shall not in any manner whatsoever claim or take the benefit or advantage of, any rights or reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee of the Series N Notes; and

(3) such Restricted Subsidiary shall deliver to the Trustee an Opinion of Counsel to the effect that (a) such Subsidiary Guarantee has been duly executed and authorized and (b) such Subsidiary Guarantee constitutes a valid, binding and enforceable obligation of such Restricted Subsidiary, except insofar as enforcement thereof may be limited by bankruptcy, insolvency or similar laws (including, without limitation, all laws relating to fraudulent transfers) and except insofar as enforcement thereof is subject to general principles of equity; provided that this Section 1(u)(iii)(A) shall not be applicable to any Guarantee of any Restricted Subsidiary that (x) existed at the time such Person became a Restricted Subsidiary of the Company and (y) was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary of the Company.

(B) Notwithstanding the foregoing and the other provisions of this Officer's Certificate, in the event a Subsidiary Guarantor is sold or disposed of (whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease) and whether or not the Subsidiary Guarantor is the surviving corporation in such transaction) to a Person which is not the Company or a Restricted Subsidiary of the Company (other than a Receivables Entity), such Subsidiary Guarantor shall be released from its obligations under its Subsidiary Guarantee if:

(1) the sale or other disposition is in compliance with the applicable provisions of this Officer's Certificate; and

(2) the Subsidiary Guarantor is also released or discharged from its obligations under the Guarantee which resulted in the creation of such Subsidiary Guarantee, except by or as a result of payment under such Guarantee.

(iv) Sale and Leaseback Transactions.

(A) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an Officer's Certificate delivered to the Trustee, of the property that is the subject of that sale and leaseback transaction.

(v) Payments for Consent.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Series N Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Officer's Certificate or the Series N Notes unless such

consideration is offered to be paid and is paid to all Holders of the Series N Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

(vi) Covenant Defeasance.

(A) Option to Effect Covenant Defeasance. The Company may, at the option of the Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have Section 1(u)(vi)(B) hereof be applied to all outstanding Series N Notes upon compliance with the conditions set forth below in Section 1(u)(vi)(C) hereof.

(B) Exercise of Covenant Defeasance. Upon the Company's exercise under Section 1(u)(vi)(A) hereof of the option applicable to this Section 1(u)(vi)(B), the Company shall, subject to the satisfaction of the conditions set forth in Section 1(u)(vi)(C) hereof, be released from each of its obligations under the covenants contained in Section 1(h)(iii), Section 1(u)(i), Section 1(u)(iii), Section 1(u)(iv), Section 1(u)(v) hereof (under the headings: "Mandatory Redemption/Redemption at Option of Holders/Offers to Purchase -- Offer to Purchase Upon Change of Control," "Certain Covenants and Definitions -- Liens," "Certain Covenants and Definitions -- Future Subsidiary Guarantees," "Certain Covenants and Definitions -- Sale and Leaseback Transactions," and "Certain Covenants and Definitions -- Payment for Consents") hereof with respect to the Outstanding Series N Notes on and after the date the conditions set forth in Section 1(u)(vi)(C) hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Series N Notes shall thereafter be deemed not Outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders of Securities, including but not limited to, Holders of Series N Notes (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed Outstanding for all other purposes hereunder. For this purpose, Covenant Defeasance means that, with respect to the Outstanding Series N Notes, the Company may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Triggering Event under Section 1(h)(ii) hereof or a Default or an Event of Default under Section 10.01 of the Indenture, but, except as specified above, the remainder of the Indenture, this Officer's Certificate and such Series N Notes will be unaffected thereby. In addition, upon the Company's exercise under Section 1(u)(vi)(A) hereof of the option applicable to Section 1(u)(vi)(B) hereof, subject to the satisfaction of the conditions set forth in Section 1(u)(vi)(C) hereof, Sections 1(h)(ii)(A)(3) through 1(h)(ii)(A)(7) hereof will not constitute Triggering Events.

(C) Conditions to Covenant Defeasance. In order to exercise Covenant Defeasance under this Section 1(u)(vi):

(1) the Company must irrevocably deposit with the Trustee or any Paying Agent (other than the Company), in trust for the benefit of the Holders of the Series N Notes:

(a) money (including Funded Cash not otherwise applied pursuant to the Indenture) in an amount which will be sufficient, or

(b) Eligible Obligations which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide monies which, together with the money, if any, deposited with or held by the Trustee or such Paying Agent, will be sufficient, or

(c) a combination of (a) and (b) which will be sufficient, to pay when due the principal of and premium, if any, and interest, if any, and Liquidated Damages, if any, due and to become due on the Series N Notes or portions thereof provided, that the Company shall have delivered to the Trustee and such Paying Agent: (I) a Company Order stating that the money and Eligible Obligations deposited in accordance with this Section 1(u)(vi)(C) shall be held in trust, as provided in Section 9.03 of the Indenture; and (II) if Eligible Obligations shall have been deposited, an Opinion of Counsel to the effect that such obligations constitute Eligible Obligations and do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, and an opinion of an Independent public Accountant of nationally recognized standing, selected by the Company, to the effect that the other requirements set forth in Section 1(u)(vi)(C)(1)(b) above have been satisfied;

(2) the Company shall have delivered to the Trustee an Opinion of Counsel confirming that the Holders of the Outstanding Series N Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(3) no Triggering Event shall have occurred and be continuing on the date of such deposit (other than a Triggering Event arising from the breach of a covenant under this Officer's Certificate resulting from the borrowing of funds to be applied to such deposit);

(4) such Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than

this Officer's Certificate) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(5) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Series N Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(6) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Covenant Defeasance have been complied with.

(vii) Additional Conditions to Section 9.01 of Indenture.

Notwithstanding the provisions of Section 9.01 of the Indenture, no Series N Note shall be deemed to have been paid pursuant to such provisions unless the Company shall have delivered to the Trustee either: (a) an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Officer's Certificate, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Outstanding Series N Notes will not recognize income, gain or loss for federal income tax purposes as a result of such satisfaction and discharge and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such satisfaction and discharge had not occurred; or (b) (i) an instrument wherein the Company, notwithstanding the satisfaction and discharge of the Company's Indebtedness in respect of the Series N Notes, shall assume the obligation (which shall be absolute and unconditional) to irrevocably deposit with the Trustee such additional sums of money, if any, or additional Eligible Obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Eligible Obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Series N Notes or portions thereof; provided, however, that such instrument may state that the Company's obligation to make additional deposits as aforesaid shall be subject to the delivery to the Company by the Trustee of a notice asserting the deficiency accompanied by an opinion of an Independent public Accountant of nationally recognized standing showing the calculation thereof; and (ii) an Opinion of Counsel of tax counsel in the United States reasonably acceptable to the Trustee to the effect that the Holders of the Outstanding Series N Notes will not recognize income, gain or loss for federal income tax purposes as a result of such satisfaction and discharge and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such satisfaction and discharge had not occurred.

(viii) Modifications Requiring Consent.

In addition to the provisions of Section 14.02 of the Indenture, no supplemental indenture shall alter or waive any of the provisions with respect to the redemption of the Series N Notes set forth in Section 1(g) hereof without the consent of each Holder of Series N Notes affected thereby.

(ix) Certain Definitions.

Set forth below are certain defined terms used in this Officer's Certificate. Reference is made to the Indenture for the definitions of any other capitalized terms used herein for which no definition is provided herein.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control,"

as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee of such board of directors duly authorized to act for the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act, including any "group" with the meaning of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as

defined above) becomes the Beneficial Owner, directly or indirectly, of more than 30% of the Voting Stock of the Company or Sierra Pacific Resources, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Company or the Board of Directors of Sierra Pacific Resources are not Continuing Directors.

"Change of Control Offer" has the meaning assigned to it in Section 1(h)(iii)(A) of this Officer's Certificate.

"Change of Control Payment" has the meaning assigned to it in Section 1(h)(iii)(A) of this Officer's Certificate.

"Change of Control Payment Date" has the meaning assigned to it in Section 1(h)(iii)(B)(2) of this Officer's Certificate.

"Clearstream" means Clearstream Banking, societe anonyme.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of the Board of Directors of the Company on the original issue date of the Series N Notes; or

(2) was nominated for election or elected to the Board of Directors of

the Company with the approval of a majority of the Continuing Directors who were members of the Board of Directors at the time of such nomination or election.

"Credit Facilities" means one or more debt facilities or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time, and includes any securities issued pursuant to the Indenture in order to secure any amounts outstanding under a Credit Facility from time to time; provided that the obligation of the Company to make any payment on any such securities shall be:

(1) no greater than the amount required to be paid under such Credit Facility that is secured by such payment obligation;

(2) payable no earlier than such amount is required to be paid under such Credit Facility; and

(3) deemed to have been paid or otherwise satisfied and discharged to the extent that the Company has paid such amount under such Credit Facility.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default as defined in the Indenture.

"Definitive Note" means a certificated Series N Note registered in the name of the Holder thereof and issued in accordance with Section 1(q)(v) of this Officer's Certificate, in the form of Exhibit A hereto except that such Series N Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Series N Notes issuable or issued in whole or in part in global form, the Person specified in Section 1(q)(iii) of this Officer's Certificate as the Depositary with respect to the Series N Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Officer's Certificate or the Indenture.

"DTC" has the meaning assigned to it in Section 1(q)(iii) of this Officer's Certificate.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Euroclear" means Euroclear Bank S.A./N.V.

"Event of Default" means an Event of Default as defined in the Indenture.

"Exchange Notes" means if and when issued, each series of the Series N Notes issued in exchange for any Initial Notes in an Exchange Offer or upon transfer pursuant to a Shelf Registration Statement.

"Exchange Offer" has the meaning set forth in a corresponding Registration

Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"First Mortgage Indenture" means the Indenture of Mortgage, dated as of October 1, 1953 by and between the Company and Deutsche Bank Trust Company Americas, as trustee, as modified, amended or supplemented at any time or from time to time by supplemental indentures.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the original issue date of the Series N Notes.

"Global Note Legend" means the legend set forth in Section 1(q)(v)(G)(2) of this Officer's Certificate, which is required to be placed on all Global Notes issued under this Officer's Certificate.

"Global Notes" means, individually and collectively, each of the Series N Notes (which may be either Restricted Global Notes or Unrestricted Global Notes) issued or issuable in the global form of Exhibit A hereto issued in accordance with Sections 1(q)(i), 1(q)(v)(B)(4), 1(q)(v)(D)(4) or 1(q)(v)(F) of this Officer's Certificate.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person incurred in the normal course of business and consistent with past practices and not for speculative purposes under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements designed to protect the person or entity entering into the agreement against fluctuations in interest rates with respect to Indebtedness incurred and not for purposes of speculation;

(2) foreign exchange contracts and currency protection agreements entered into with one of more financial institutions designed to protect the person or entity entering into the agreement against fluctuations in currency exchange rates with respect to Indebtedness incurred and not for purposes of speculation;

(3) any commodity futures contract, commodity option or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used by that entity at the time; and

(4) other agreements or arrangements designed to protect such

Person against fluctuations in interest rates or currency exchange rates.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Series N Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" has the meaning set forth in Section 1(q)(ii) of this Officer's Certificate.

"Initial Purchaser" has the meaning set forth in the Purchase Agreement.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Issue Date" means the first date on which any Series N Notes are issued, authenticated and delivered under the Indenture and this Officer's Certificate.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of Initial Notes for use by such Holders in connection with an Exchange Offer.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Series N Notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they shall not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"Non-U.S. Person" means a person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian for the Depositary with respect to the Series N Notes in global form, or any successor entity thereto.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Original Notes by the Company on the Issue Date.

"Original Notes" has the meaning set forth in Section 1(q)(ii) of this Officer's Certificate.

"Participant" means, with respect to DTC, Euroclear or Clearstream, a Person who has an account with DTC, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Payment Default" has the meaning assigned to it in Section 1(h)(ii)(A)(6)(I) of this Officer's Certificate.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or

the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued and unpaid interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) if such Permitted Refinancing Indebtedness is issued on or after the first anniversary of the original issue date of the Series N Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if such Permitted Refinancing Indebtedness is issued on or after the first anniversary of the original issue date of the Series N Notes, and the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is contractually subordinated in right of payment to the Series N Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Series N Notes on terms at least as favorable to the Holders of Series N Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Private Placement Legend" means the legend set forth in Section 1(q)(v)(G)(1) of this Officer's Certificate to be placed on all Series N Notes issued under the Indenture and this Officer's Certificate except where otherwise permitted by the provisions of the Indenture and this Officer's Certificate.

"Purchase Agreement" means the Purchase Agreement dated March 29, 2006 among the Company and each Initial Purchaser relating to the Offering.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a

Receivables Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its

Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted in connection with asset securitization involving accounts receivable.

"Receivables Entity" means a wholly-owned Subsidiary of the Company or Sierra Pacific Resources (or another Person in which the Company or any Restricted Subsidiary of the Company makes an Investment and to which the Company or any Restricted Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable and which is designated by the Board of Directors (as provided below) as a Receivables Entity:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(a) is guaranteed by the Company or any Restricted Subsidiary of the Company (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(b) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) which is not party to any agreement, contract, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with the Company or any Restricted Subsidiary of the Company other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) to which neither the Company nor any Restricted Subsidiary of the Company has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain

or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Registration Rights Agreement" means (i) the Registration Rights Agreement, dated as of the Issue Date, by and among the Company and the other parties named on the signature pages thereof relating to the Original Notes and (ii) any similar agreement that the Company and other parties may enter into in relation to any other Initial Notes, in each case as such agreement may be amended, modified or supplemented from time to time.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in an initial denomination equal to the outstanding principal amount of the Notes initially sold by the Initial Purchasers in reliance on Rule 903 of Regulation S.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Period" means the applicable distribution compliance period as set forth in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 144A Global Note" means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee, issued in an initial denomination equal to the outstanding principal amount of the Notes initially sold by the Initial Purchasers in reliance on Rule 144A.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Securities Act" means the Security Act of 1933, as amended.

"Series N Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Series N Permitted Liens" means:

(1) Series N Liens securing any Indebtedness under a Credit Facility and all Obligations and Hedging Obligations relating to such Indebtedness;

(2) Series N Liens in favor of the Company or any Subsidiary Guarantors;

(3) Series N Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; provided that such Series N Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(4) Series N Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company, provided that such Series N Liens were in existence prior to the contemplation of such acquisition;

(5) Series N Liens to secure the performance of statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Series N Liens existing on the original issue date of the Series N Notes (including the Series N Lien of the First Mortgage Indenture and the Series N Lien of the Indenture);

(7) Series N Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(8) Series N Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary with respect to obligations (including Hedging Obligations) that do not exceed $35.0 million at any one time outstanding;

(9) Series N Liens securing Permitted Refinancing Indebtedness incurred to refinance Indebtedness that was previously so

secured; provided that any such Series N Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Series N Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Series N Permitted Lien hereunder;

(10) Series N Liens on assets transferred to a Receivables Entity or on assets of a Receivables Entity, in either case, incurred in connection with a Qualified Receivables Transaction; and

(11) Series N Liens, including pledges, rights of offset and bankers' liens, on deposit accounts, instruments, investment accounts and investment property (including cash, cash equivalents and marketable securities) from time to time maintained with or held by any financial and/or depository institutions, in each case solely to secure any and all obligations now or hereafter existing of the Company or any of its Subsidiaries in connection with any deposit account, investment account or cash management service (including ACH, Fedwire, CHIPS, concentration and zero balance accounts, and controlled disbursement, lockbox or restricted accounts) now or hereafter provided by any financial and/or depository institutions to or for the benefit of the Company, any of its Subsidiaries or any special purpose entity directly or indirectly providing loans to or making receivables purchases from the Company or any of its Subsidiaries.

"Shelf Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company which are reasonably customary in securitization of accounts receivable transactions.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other

business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of

such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Subsidiary Guarantee" means any Guarantee of the Series N Notes to be executed by any Subsidiary of the Company pursuant to Section 1(u)(iii) of this Officer's Certificate (under the heading "Future Subsidiary Guarantees").

"Subsidiary Guarantors" means any Subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns.

"Triggering Event" has the meaning assigned to it in Section 1(h) of this Officer's Certificate.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent Global Note in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries; and

(5) has at least one director on its Board that is not a director or executive officer of the Company or any of its Restricted Subsidiaries and has at least one executive officer that is

not a director or executive officer of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date.

"U.S." means the United States of America.

"U.S. Person" means a U.S. person as defined in Rule 902(o) under the Securities Act.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that shall elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

(v) The Series N Notes shall have such other terms and provisions as are provided in the form thereof attached hereto as Exhibit A, and shall be issued in substantially such form.

2. The undersigned has read all of the covenants and conditions contained in the Indenture, and the definitions in the Indenture relating thereto, relating to the issuance of the Series N Notes and in respect of compliance with which this certificate is made.

The statements contained in this certificate are based upon the familiarity of the undersigned with the Indenture, the documents accompanying this certificate, and upon discussions by the undersigned with officers and employees of the Company familiar with the matters set forth herein.

In the opinion of the undersigned, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions have been complied with.

In the opinion of the undersigned, such conditions and covenants have been complied with.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate as of the date first written above.

By:

William D. Rogers
Corporate Treasurer

Acknowledged and Received on

THE BANK OF NEW YORK,
as Trustee

By:

Name:
Title:

Signature Page to Officer's Certificate (Terms of Note)

EXHIBIT A

FORM OF SERIES N NOTES

[Insert the Global Note Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

[Insert the Private Placement Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

NEVADA POWER COMPANY

6.650% General and Refunding Mortgage Notes, Series N, due 2036

<TABLE>
<S> <C> <C>
Original Interest Accrual Date: April 3, 2006 Redeemable: Yes [X] No [ ]
Stated Maturity: April 1, 2036 Redemption Date: See Below
Interest Rate: 6.650% Redemption Price: See Below
Interest Payment Dates: April 1 and October 1
Record Dates: March 15 and September 15
</TABLE>

The Security is not a Discount Security within the meaning of the within-mentioned Indenture.

CUSIP No. _____

6.650% General and Refunding Mortgage Notes, Series N, due 2036

No. R- $_____

promises to pay to Cede & Co. or registered assigns, the principal sum of _____ Dollars on April 1, 2036.

1. Interest. Nevada Power Company, a Nevada corporation (the "Company"), promises to pay interest on the principal amount of this Series N Note at 6.650% per annum, from April 3, 2006 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages, if any, semi-annually in arrears on April 1 and October 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Series N Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from Original Interest Accrual Date specified above; provided that if there is no existing Default in the payment of interest, and if this Series N Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Series N Notes, in which case interest shall accrue from the Original Interest Accrual Date specified above; provided, further,

that the first Interest Payment Date shall be October 1, 2006. The Company shall pay interest (including postpetition interest in any proceeding under the Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate borne on the Series N Notes; it shall pay interest (including post-petition interest in any proceeding under the Bankruptcy Law) on overdue installments of interest and Liquidated Damages, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Series N Notes (except Defaulted Interest) and Liquidated Damages to the Persons who are registered Holders of Series N Notes at the close of business on the March 15 and September 15 next preceding the Interest Payment Date, even if such Series N Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 3.07 of the Indenture with respect to Defaulted Interest. The Series N Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders of Series N Notes at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest, premium and Liquidated Damages on, all Global Notes and all other Series N Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Security Registrar. Initially, The Bank of New York, the Trustee under the Indenture, shall act as Paying Agent and Security Registrar. The Company may change any Paying Agent or Security Registrar without notice to any Holder of Series N Notes. The Company or any of its Subsidiaries

may act in any such capacity.

4. Indenture; Security. This Series N Note is one of a duly authorized issue of Securities of the Company, issued and issuable in one or more series under and equally secured by a General and Refunding Mortgage Indenture, dated as of May 1, 2001 (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York, Trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Series N Note shall be deemed to constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Series N Note is one of the series designated above. The terms of the Series N Notes include those stated in the Indenture, the Officer's Certificate dated April 3, 2006 (the "Officer's Certificate") and those made part of the

Indenture by reference to the Trust Indenture Act. The Series N Notes are subject to all such terms, and Holders of Series N Notes are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Series N Note conflicts with the express provisions of the Indenture or the Officer's Certificate, the provisions of the Indenture and the Officer's Certificate shall govern and be controlling. The Series N Notes are general obligations of the Company initially limited to $250,000,000 aggregate principal amount in the case of Series N Notes issued on the Issue Date.

All Outstanding Securities, including the Series N Notes, issued under the Indenture are secured by the lien of the Indenture on the properties of the Company described in the Indenture. The lien of the Indenture is junior, subject and subordinate to the prior lien of the Indenture of Mortgage dated as of October 1, 1953 by and between the Company and Deutsche Bank Trust Company Americas, as trustee.

5. Optional Redemption.

(a) The Company may redeem the notes at any time, either in whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series N Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series N Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series N Notes that would be utilized, at the time of selection and in accordance with customary

financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series N Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

6. Notice of Optional Redemption. Notice of optional redemption shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Series N Notes are to be redeemed at its registered address. Series N Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Series N Notes held by a Holder are to be redeemed. Notices of redemption may not be conditional. On and after the redemption date, interest and Liquidated Damages, if any, cease to accrue on Series N Notes or portions thereof called for redemption.

7. Mandatory Redemption.

(a) Other than in connection with clause (b) below or in connection with a redemption at the option of the Holders of the Series N Notes in Section 8 below, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Series N Notes.

(b) Upon the occurrence of the events described below in clauses (1) or (2) of this paragraph 7(b), the Company shall be required to redeem the Series N Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the date of redemption,

without further action or notice on the part of the Trustee or the Holders of the Series N Notes:

(1) the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

(2) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

8. Redemption at the Option of Holders. Upon the occurrence of any of the following Triggering Events: (a) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series N Notes; (b) failure to pay when due the principal of, or premium, if any, on the Series N Notes; (c) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Section 1(u)(ii) of the Officer's Certificate; (d) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of the

Officer's Certificate; (e) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Officer's Certificate or the Series N Notes; (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the original issue date of the Series N Notes, if that default (i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the

grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (ii) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more; (g) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or (h) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (c) or (e) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); provided, however, that, anything in the Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a rescission and annulment of the consequences thereof, the Holders of at least 25% in principal amount of the Series N Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series N Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the Redemption Date. The Holders of a majority in aggregate principal amount of the Series N Notes then Outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series N Notes waive any existing Triggering Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series N Notes. In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series N Notes pursuant to the provisions of Section 1(g)(i) of the Officer's Certificate relating to redemption at the option of the Company, an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series N Notes at the option of the Holders thereof.

9. Denominations, Transfer, Exchange. The Series N Notes are in registered form without coupons in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The transfer of Series N Notes may be registered and Series N Notes may be exchanged as provided in the Indenture and the Officer's Certificate. The Security Registrar and the Trustee may require a Holder of Series N Notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder of Series N Notes to pay

any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Series N Note or portion of a Series N Note selected for redemption, except for the unredeemed portion of any Series N Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Series N Notes for a period of 15 days before a selection of Series N Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Series N Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Series N Note shall be conclusive and binding upon such Holder and upon all future Holders of this Series N Note and of any Series N Note issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series N Note.

12. Events of Default. If an Event of Default shall occur and be continuing, the principal of this Series N Note may be declared due and payable in the manner and with the effect provided in the Indenture.

13. No Recourse Against Others. As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the

enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

14. Authentication. Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Series N Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

15. Transfer and Exchange.

(a) As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series N Note is registrable in the Security Register, upon surrender of this Series N Note for registration of transfer at the Corporate Trust Office of The Bank of New York in New York, New York or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series N Notes of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

(b) No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(c) Prior to due presentment of this Series N Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Series N Note is registered as the absolute owner hereof for all purposes, whether or not this Series N Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

16. Governing Law. THE SERIES N NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

17. Definition of "Business Day" and Other Terms. As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York. All other terms used in this Series N Note which are defined in the Indenture or the Officer's Certificate shall have the meanings assigned to them in the Indenture or the Officer's Certificate, as applicable, unless otherwise indicated.

18. Abbreviations. Customary abbreviations may be used in the name of a Holder of Series N Notes or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Series N Notes under the Indenture, Holders of Restricted Global Notes and Restricted

Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of April 3, 2006 between Nevada Power Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").

20. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Series N Notes and the Trustee may use CUSIP numbers in notices of redemption

as a convenience to Holders of Series N Notes. No representation is made as to the accuracy of such numbers either as printed on the Series N Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder of Series N Notes upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Nevada Power Company
P.O. Box 230
6226 W. Sahara Avenue
Las Vegas, Nevada 89146
Attention: Chief Financial Officer

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

NEVADA POWER COMPANY

By:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____

THE BANK OF NEW YORK, as Trustee

By:

Authorized Signatory

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE***

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been

made:

<TABLE>
<CAPTION>

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF TRUSTEE OR NOTE CUSTODIAN
<S>	<C>	<C>	<C>	<C>

</TABLE>

*** This should be included only if the Note is issued in global form.

ASSIGNMENT FORM

To assign this Series N Note, fill in the form below: (I) or (we) assign and transfer this Series N Note to

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint_____ to transfer this Series N Note on the books of the Company. The agent may substitute another to act for him.

_____

Date:
Your Signature:

_____

(Sign exactly as your name appears on the face of this Series N Note)

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or

in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Series N Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Officer's Certificate, check the box below:

[ ] Section 1(h)(iii) (Offer to Purchase upon Change of Control)

If you want to elect to have only part of the Series N Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Indenture, state the amount you elect to have purchased:

$_____

Date:

Your Signature:

(Sign exactly as your name appears on the face of the Series N Note)

Tax Identification No.:

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Nevada Power Company
P.O. Box 230
6226 W. Sahara Avenue
Las Vegas, Nevada 89146
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Nevada Power Company 6.650% General and Refunding Mortgage Notes, Series N, due 2036

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as amended and supplemented (the "Indenture"), between Nevada Power Company, as issuer (the "Company") and The Bank of New York, as trustee and the Officer's Certificate dated April 3, 2006 governing the Note[s] (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note shall be subject to the restrictions

on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Officer's Certificate and the Securities Act.

2. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts

have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made by a "distributor" (within the meaning of Regulation S) prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Officer's Certificate and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE SHALL TAKE DELIVERY OF A DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act; or

(d) [ ] such Transfer is being effected to an accredited investor within the meaning of Rule (501)(a)(1), (2), (3) or (7) under the Securities Act ("Institutional Accredited Investor") or pursuant to another exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby certifies that the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) if the Transfer is to an Institutional Accredited Investor, a certificate executed by the Transferee in the form of Exhibit D to the Officer's Certificate and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certificate) to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Global Note and/or the Definitive Note and in the Officer's Certificate and the Securities Act.

4. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST

IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Officer's Certificate.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and the Officer's Certificate and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Officer's Certificate.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance

with the transfer restrictions contained in the Indenture and the Officer's Certificate and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Officer's Certificate.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By:

Name:

Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(ii) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee shall hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] Unrestricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note.

(c) [ ] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture and the Officer's Certificate.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Nevada Power Company
P.O. Box 230
6226 W. Sahara Avenue
Las Vegas, Nevada 89146
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Nevada Power Company 6.650% General and Refunding Mortgage Notes, Series N, due 2036

(CUSIP _____)

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as amended and supplemented (the "Indenture"), between Nevada Power Company, as issuer (the "Company") and The Bank of New York, as trustee, and the Officer's Certificate dated April 3, 2006 governing the Note[s] (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain

compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficiary interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with

the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial

interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture and the Officer's Certificate, the Restricted Definitive Note issued shall continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Officer's Certificate and the Securities Act.

(b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the

[CHECK ONE]

[ ] 144A Global Note [ ] Regulation S Global Note

with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture and the Officer's Certificate, the beneficial interest issued shall be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Officer's Certificate and the Securities Act.

This certificate and the statements contained herein are made for your

benefit and the benefit of the Company.

[Insert Name of Owner]

By:

Name:
Title:

Dated:

C-3

EXHIBIT D

FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Nevada Power Company
P.O. Box 230
6226 W. Sahara Avenue
Las Vegas, Nevada 89146
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Nevada Power Company 6.650% General and Refunding Mortgage Notes, Series N, due 2036

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as amended and supplemented (the "Indenture"), among Nevada Power Company, as issuer (the "Company") and The Bank of New York, as trustee, and the Officer's Certificate dated April 3, 2006 governing the Notes (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Definitive Note,

we confirm that:

1. we are an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act"), or an entity in which all of the equity owners are accredited investors within the meaning of Rule (501)(a)(1), (2), (3) or (7) under the Securities Act (an "institutional accredited investor");

2. (i)(A) any purchase of the Notes by us shall be for our own account or for the account of one or more other institutional accredited investors or as fiduciary for the account of one or more trusts, each of which is an

"accredited investor" within the meaning of Rule 501(a)(7) under the Securities Act and for each of which we exercise sole investment discretion or (B) we are a "bank," within the meaning of Section 3(a)(2) of the Securities Act, or a "savings and loan association" or other institution described in Section

3(a)(5)(A) of the Securities Act that is acquiring Notes as fiduciary for the account of one or more institutions for which we exercise sole investment discretion;

3. in the event that we purchase any Notes, we shall acquire Notes having a minimum purchase price of not less than $250,000 for our own account and for each separate account for which we are acting;

4. we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing Notes;

5. we are not acquiring the Notes with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdictions, provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our control;

6. we have received a copy of the Offering Memorandum relating to the offering of the Notes and acknowledge that we have had access to such financial and other information, and have been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Notes; and

7. (vii)(a) we are not an employee benefit plan or other arrangement that is subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or an entity whose underlying assets include assets of such a plan or arrangement (pursuant to 29 C.F.R. Section 2510.3-101 or otherwise), and we are not purchasing (and shall not hold) the Notes on behalf of, or with the assets of, any such plan, arrangement or entity; or (b) our purchase and holding of the Notes are completely covered by the full exemptive relief provided by U.S. Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14.

We understand that the Notes were offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes have not been registered under the Securities Act or any state securities laws, and they were offered for resale in transactions not requiring registration under the Securities Act. We agree on our own behalf and on behalf of any investor account for which we are purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, to offer, sell or otherwise transfer such notes prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of the Notes and the last date on which the Company or any of its affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by

applicable law (the "Resale Restriction Termination Date") only: (1) to the Company; (2) pursuant to a registration statement which has been declared effective under the Securities Act; (3) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made

in reliance on Rule 144A; (4) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act; or (5) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirements of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws. Subject to the procedures set forth under Section 1(q)(v) of the Officer's Certificate, prior to any proposed transfer of the Notes (otherwise than pursuant to an effective registration statement) within the period referred to in Rule 144(k) under the Securities Act with respect to such transfer, the Holder of the Notes must check the appropriate box set forth on the reverse of its Notes relating to the manner of such transfer and submit the Notes to the trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. We acknowledge that the Company, the trustee and the transfer agent and security registrar reserve the right prior to any offer, sale or other transfer pursuant this paragraph, prior to the end of the restrictive periods described in clauses (x) and (y) above, to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company, the trustee and the security registrar. We further understand that any Notes we receive shall be in the form of definitive physical certificates and that such certificates shall bear a legend reflecting the substance of this paragraph.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

We acknowledge that you and the Company shall rely upon the truth and accuracy of our acknowledgments, confirmations and agreements in this letter. Further, we acknowledge and agree that you and the Company are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or, official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By:

Name:
Title:

Dated:

EXHIBIT 4.2

FORM OF SERIES N NOTES

[Insert the Global Note Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

[Insert the Private Placement Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

NEVADA POWER COMPANY

6.650% General and Refunding Mortgage Notes, Series N, due 2036

<TABLE>
<S> <C> <C>
Original Interest Accrual Date: April 3, 2006 Redeemable: Yes [X] No [ ]
Stated Maturity: April 1, 2036 Redemption Date: See Below
Interest Rate: 6.650% Redemption Price: See Below
Interest Payment Dates: April 1 and October 1
Record Dates: March 15 and September 15
</TABLE>

The Security is not a Discount Security within the meaning of the within-mentioned Indenture.

CUSIP No. _____

6.650% General and Refunding Mortgage Notes, Series N, due 2036

No. R- $_____

promises to pay to Cede & Co. or registered assigns, the principal sum of _____ Dollars on April 1, 2036.

1. Interest. Nevada Power Company, a Nevada corporation (the "Company"), promises to pay interest on the principal amount of this Series N Note at 6.650% per annum, from April 3, 2006 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages, if any, semi-annually in arrears on April 1 and October 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Series N Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from Original Interest Accrual Date specified above; provided that if there is no existing Default in the payment of interest, and if this Series N Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Series N Notes, in which case interest shall accrue from the Original Interest Accrual Date specified above; provided, further, that the first Interest Payment Date shall be October 1, 2006. The Company shall pay interest (including postpetition interest in any proceeding under the Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate borne on the Series N

Notes; it shall pay interest (including post-petition interest in any proceeding under the Bankruptcy Law) on overdue installments of interest and Liquidated

Damages, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Series N Notes (except Defaulted Interest) and Liquidated Damages to the Persons who are registered Holders of Series N Notes at the close of business on the March 15 and September 15 next preceding the Interest Payment Date, even if such Series N Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 3.07 of the Indenture with respect to Defaulted Interest. The Series N Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders of Series N Notes at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest, premium and Liquidated Damages on, all Global Notes and all other Series N Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Security Registrar. Initially, The Bank of New York, the Trustee under the Indenture, shall act as Paying Agent and Security Registrar. The Company may change any Paying Agent or Security Registrar without notice to any Holder of Series N Notes. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture; Security. This Series N Note is one of a duly authorized issue of Securities of the Company, issued and issuable in one or more series under and equally secured by a General and Refunding Mortgage Indenture, dated as of May 1, 2001 (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York, Trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Series N Note shall be deemed to constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Series N Note is one of the series designated above. The terms of the Series N Notes include those stated in the Indenture, the Officer's Certificate dated April 3, 2006 (the "Officer's Certificate") and those made part of the Indenture by reference to the Trust Indenture Act. The Series N Notes are subject to all such terms, and Holders of Series N Notes are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Series N Note conflicts with the express provisions of the Indenture or the Officer's Certificate, the provisions of the Indenture and the

Officer's Certificate shall govern and be controlling. The Series N Notes are general obligations of the Company initially limited to $250,000,000 aggregate principal amount in the case of Series N Notes issued on the Issue Date.

All Outstanding Securities, including the Series N Notes, issued under the Indenture are secured by the lien of the Indenture on the properties of the Company described in the Indenture. The lien of the Indenture is junior, subject and subordinate to the prior lien of the Indenture of Mortgage dated as of October 1, 1953 by and between the Company and Deutsche Bank Trust Company

Americas, as trustee.

5. Optional Redemption.

(a) THE COMPANY MAY REDEEM THE NOTES AT ANY TIME, EITHER IN WHOLE OR IN PART AT A REDEMPTION PRICE EQUAL TO THE GREATER OF (1) 100% OF THE PRINCIPAL AMOUNT OF THE SERIES N NOTES BEING REDEEMED AND (2) THE SUM OF THE PRESENT VALUES OF THE REMAINING SCHEDULED PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES N NOTES BEING REDEEMED (EXCLUDING THE PORTION OF ANY SUCH INTEREST ACCRUED TO THE DATE OF REDEMPTION) DISCOUNTED (FOR PURPOSES OF DETERMINING PRESENT VALUE) TO THE REDEMPTION DATE ON A SEMI-ANNUAL BASIS (ASSUMING A 360-DAY YEAR CONSISTING OF TWELVE 30-DAY MONTHS) AT THE TREASURY RATE (AS DEFINED BELOW) PLUS 30 BASIS POINTS, PLUS, IN EACH CASE, ACCRUED INTEREST THEREON TO THE DATE OF REDEMPTION.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series N Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series N Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

6. Notice of Optional Redemption. Notice of optional redemption shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Series N Notes are to be redeemed at its registered address. Series N Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Series N Notes held by a Holder are to be redeemed. Notices of redemption may not be conditional. On and after the redemption date, interest and Liquidated Damages, if any, cease to accrue on Series N Notes or portions thereof called for redemption.

7. Mandatory Redemption.

(a) Other than in connection with clause (b) below or in connection with a redemption at the option of the Holders of the Series N Notes in Section 8 below, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Series N Notes.

(b) Upon the occurrence of the events described below in clauses (1) or (2) of this paragraph 7(b), the Company shall be required to redeem the Series N Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the date of redemption, without further action or notice on the part of the Trustee or the Holders of the Series N Notes:

THE COMPANY OR ANY OF ITS SUBSIDIARIES THAT IS A SIGNIFICANT SUBSIDIARY OR ANY GROUP OF SUBSIDIARIES THAT, TAKEN AS A WHOLE, WOULD CONSTITUTE A SIGNIFICANT SUBSIDIARY PURSUANT TO OR WITHIN THE MEANING OF BANKRUPTCY LAW:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

A COURT OF COMPETENT JURISDICTION ENTERS AN ORDER OR DECREE UNDER ANY BANKRUPTCY LAW THAT:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

8. Redemption at the Option of Holders. Upon the occurrence of any of the following Triggering Events: (a) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series N Notes; (b) failure to

pay when due the principal of, or premium, if any, on the Series N Notes; (c) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Section 1(u)(ii) of the Officer's Certificate; (d) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of the Officer's Certificate; (e) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Officer's Certificate or the Series N Notes; (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the original issue date of the Series N Notes, if that default (i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the

grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (ii) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more; (g) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or (h) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (c) or (e) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); provided, however, that, anything in the Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a rescission and annulment of the consequences thereof, the Holders of at least 25% in principal amount of the Series N Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series N Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series N Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series N Notes to the Redemption Date. The Holders of a majority in aggregate principal amount of the Series N Notes then Outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series N Notes waive any existing Triggering Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series N Notes. In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series N Notes pursuant to the provisions of Section 1(g)(i) of the Officer's Certificate relating to redemption at the option of the Company, an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series N Notes at the option of the Holders thereof.

9. Denominations, Transfer, Exchange. The Series N Notes are in registered form without coupons in denominations of $100,000 and integral multiples of $1,000 in excess thereof. The transfer of Series N Notes may be registered and Series N Notes may be exchanged as provided in the Indenture and the Officer's Certificate. The Security Registrar and the Trustee may require a Holder of Series N Notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder of Series N Notes to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Series N Note or portion of a

Series N Note selected for redemption, except for the unredeemed portion of any Series N Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Series N Notes for a period of 15 days before a selection of Series N Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Series N Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Series N Note shall be conclusive and binding upon such Holder and upon all future Holders of this Series N Note and of any Series N Note issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series N Note.

12. Events of Default. If an Event of Default shall occur and be continuing, the principal of this Series N Note may be declared due and payable in the manner and with the effect provided in the Indenture.

13. No Recourse Against Others. As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

14. Authentication. Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Series N Note shall not be entitled to any benefit under the Indenture or

be valid or obligatory for any purpose.

15. Transfer and Exchange.

(a) As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series N Note is registrable in the Security Register, upon surrender of this Series N Note for registration of transfer at the Corporate Trust Office of The Bank of New York in New York, New York or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series N Notes of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

(b) No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(c) Prior to due presentment of this Series N Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Series N Note is registered as the absolute owner hereof for all purposes, whether or not this Series N Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

16. Governing Law. THE SERIES N NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

17. Definition of "Business Day" and Other Terms. As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York. All other terms used in this Series N Note which are defined in the Indenture or the Officer's Certificate shall have the meanings assigned to them in the Indenture or the Officer's Certificate, as applicable, unless otherwise indicated.

18. Abbreviations. Customary abbreviations may be used in the name of a Holder of Series N Notes or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Series N Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of April 3, 2006 between Nevada Power Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").

20. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Series N Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders of Series N Notes. No representation is made as to the accuracy of

such numbers either as printed on the Series N Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder of Series N Notes upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Nevada Power Company
P.O. Box 230
6226 W. Sahara Avenue
Las Vegas, Nevada 89146
Attention: Chief Financial Officer

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

NEVADA POWER COMPANY

By: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE***

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<TABLE>
<CAPTION>

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF TRUSTEE OR NOTE CUSTODIAN
<S>	<C>	<C>	<C>	<C>

</TABLE>

*** This should be included only if the Note is issued in global form.

ASSIGNMENT FORM

To assign this Series N Note, fill in the form below: (I) or (we) assign and transfer this Series N Note to

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Series N Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:_____
(Sign exactly as your name appears on the face of this Series N Note)

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Series N Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Officer's Certificate, check the box below:

[ ] Section 1(h)(iii) (Offer to Purchase upon Change of Control)

If you want to elect to have only part of the Series N Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Indenture, state the amount you elect to have purchased:

$_____

Date:

Your Signature: _____
(Sign exactly as your name appears on the face of the Series N Note)

Tax Identification No.:_____

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program

("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT 4.3

REGISTRATION RIGHTS AGREEMENT

DATED APRIL 3, 2006

AMONG

NEVADA POWER COMPANY

AND

LEHMAN BROTHERS INC.

AND

WACHOVIA CAPITAL MARKETS, LLC,

AS REPRESENTATIVES OF THE

INITIAL PURCHASERS

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into this 3rd day of April, 2006, by and between Nevada Power Company, a Nevada corporation (the "Company"), and Lehman Brothers Inc. and Wachovia Capital Markets, LLC, as representatives (the "Representatives") of the Initial Purchasers (the "Initial Purchasers"), as contemplated by the Purchase Agreement, dated March 29, 2006 (the "Purchase Agreement"), by and between the Company and the Initial Purchasers, which provides for the sale by the Company to the Initial Purchasers of an aggregate of $250,000,000 in principal amount of the Company's 6.650% General and Refunding Mortgage Notes, Series N, due 2036 (the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Representatives, for the benefit of the Initial Purchasers and for the benefit of the beneficial owners (including the Initial Purchasers) from time to time of the Registrable Securities (as hereinafter defined), as follows:

1. DEFINITIONS.

As used in this Agreement, the following terms shall have the following meanings:

"1933 Act" means the Securities Act of 1933, as amended from time to time.

"1934 Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" means the Closing Time as defined in the Purchase Agreement.

"Company" has the meaning set forth in the preamble and shall also include the Company's successors.

"Depositary" means The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" means the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration" means a registration under the 1933 Act effected pursuant to Section 2.1 hereof.

"Exchange Offer Registration Statement" means an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" has the meaning set forth in Section 2.1 hereof.

"Exchange Securities" means the notes issued by the Company under the Indenture containing terms identical to the Securities in all material respects (except for references to provisions relating to liquidated damages, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

"Holder" means an Initial Purchaser, for so long as it owns any Registrable Securities, and any other beneficial owner of Registrable Securities.

"Indenture" means the General and Refunding Mortgage Indenture, dated as of May 1, 2001, between the Company and the Trustee, as amended and

supplemented from time to time in accordance with the terms thereof.

"Initial Purchaser" or "Initial Purchasers" has the meaning set forth in the preamble.

"Majority Holders" means the Holders of a majority in aggregate principal amount of Outstanding (as defined in the Indenture) Registrable Securities; provided, however, that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company and other obligors on the Securities or any Affiliate (as defined in the Indenture) of the Company or of such other obligor (unless the Company, such obligor or such Affiliate owns all Registrable Securities then Outstanding) shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage.

"Participating Broker-Dealer" means any of the Initial Purchasers and any other broker-dealer which makes a market in the Securities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

"Person" means an individual, partnership (general or limited), corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Private Exchange" has the meaning set forth in Section 2.1 hereof.

"Private Exchange Securities" has the meaning set forth in Section 2.1 hereof.

"Prospectus" means the prospectus included in a Registration Statement, including, without limitation, a prospectus that discloses information previously omitted

from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 under the 1933 Act), as amended or supplemented, including all documents incorporated by reference therein.

"Purchase Agreement" has the meaning set forth in the preamble.

"Registrable Securities" means the Securities and, if issued, the Private Exchange Securities; provided, however, that Securities and, if issued, the Private Exchange Securities, shall cease to be Registrable Securities when (i) (except in the case of Securities purchased from the Company and continued to be held by the Initial Purchasers) the Exchange Offer is consummated, (ii) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (iii) such Securities have been sold to the public pursuant to Rule 144 under the 1933 Act, (iv) the applicable holding period under rule 144(k) under the 1933 Act shall have expired or (v) such

Securities shall have ceased to be outstanding.

"Registration Expenses" means any and all expenses incident to performance of or compliance by the Company with this Agreement, including, without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. (the "NASD") registration and filing fees, including, if applicable, the fees and expenses of any "qualified independent underwriter" (and its counsel) that is required to be retained by any holder of Registrable Securities in accordance with the rules and regulations of the NASD, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all printing and other expenses in preparing, and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements of counsel for the Company and of the independent public accountants of the Company, (vi) the fees and expenses of the Trustee and its counsel (vii) the reasonable fees and expenses, if any, of the Initial Purchasers in connection with the Exchange Offer, including the reasonable fees and expenses, if any, of not more than one counsel to the Initial Purchasers in connection therewith, which shall be Dewey Ballantine LLP, (viii) the reasonable fees and disbursements of not more than one counsel representing the Holders of Registrable Securities which shall be Dewey Ballantine LLP, unless another firm shall be chosen by the Majority Holders and identified to the Company and (ix) any fees and disbursements of the underwriters customarily required to be paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" means any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such

Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"SEC" means the Securities and Exchange Commission or any successor agency or government body performing the functions currently performed by the United States Securities and Exchange Commission.

"Securities" has the meaning set forth in the preamble.

"Shelf Registration" means a registration effected pursuant to Section 2.2 hereof.

"Shelf Registration Statement" means a "shelf" registration statement of the Company pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities or all of the Private Exchange Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"TIA" means the Trust Indenture Act of 1939, as amended from time to time.

"Trustee" means the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act.

2.1 Exchange Offer. the Company shall, for the benefit of the Holders, at the Company's cost,

(A) prepare and, as soon as reasonably practicable but not later than the 180th day after the Closing Date, file with the SEC an Exchange Offer Registration Statement on an appropriate form under the 1933 Act with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities (other than Private Exchange Securities), of a like principal amount of Exchange Securities,

(B) use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act on or prior to the 270th day after the Closing Date,

(C) to commence the Exchange Offer as promptly as reasonably practicable after the effective date of the Exchange Offer Registration Statement,

(D) use all commercially reasonable efforts to keep the Exchange Offer Registration Statement effective until the closing of the Exchange Offer, and

(E) use all commercially reasonable efforts to cause the Exchange Offer to be consummated not later than the 40th day after such effective date. It is the objective of the Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (b) is not a broker-dealer tendering Registrable Securities acquired directly from

the Company for its own account, (c) acquired the Exchange Securities in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act or under state securities or blue sky laws.

In connection with the Exchange Offer, the Company shall:

(a) mail as promptly as reasonably practicable to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Exchange Offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(c) utilize the services of the Depositary for the Exchange Offer;

(d) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Time), on the last business day of the Exchange Period, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing such Holder's election to have such Securities exchanged;

(e) notify each Holder that any Registrable Security not tendered will remain Outstanding and continue to accrue interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers, as provided herein); and

(f) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

If, prior to consummation of the Exchange Offer, the Initial Purchasers hold any Securities acquired by them and having the status of an unsold allotment in the initial distribution, the Company upon the request of any Initial Purchaser shall, simultaneously with the delivery of the Exchange Securities in the Exchange Offer, issue and deliver to such Initial Purchaser in exchange (the "Private Exchange") for the Securities held by such Initial Purchaser, a like principal amount of debt securities (the "Private Exchange Securities") of the Company issued under the Indenture and identical (except

that such securities shall bear appropriate transfer restrictions) to the Exchange Securities.

The Company shall use all commercially reasonable efforts to have the Private Exchange Securities bear the same CUSIP number as the Exchange Securities; provided, however, that the Company shall not have any liability under this Agreement solely as a result of the Private Exchange Securities not bearing the same CUSIP number as the Exchange Securities.

As soon as practicable after the consummation of the Exchange Offer and/or the Private Exchange, as the case may be, the Company shall:

(ii) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(iii) accept for exchange all Securities properly tendered pursuant to the Private Exchange;

(iv) deliver to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(v) cause the Trustee promptly to authenticate and deliver Exchange Securities or Private Exchange Securities, as the case may be, to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security and Private Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date as of which interest on such Registrable Securities commenced to accrue, all as provided in the Indenture. The Exchange Offer and the Private Exchange shall not be subject to any conditions, other than the following:

(i) the Exchange Offer or the Private Exchange, or the making of any exchange by a Holder, shall not be in violation of applicable law or any applicable interpretation of the staff of the SEC,

(ii) the Registrable Securities to be exchanged shall have been duly tendered in accordance with the Exchange Offer and the Private Exchange,

(iii) each Holder of Registrable Securities to be exchanged in the Exchange Offer shall have represented that all Exchange

Securities to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available, and

(iv) no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer or the Private Exchange which, in the Company's judgment, would reasonably be expected to impair the ability of the Company to proceed with the Exchange Offer or the Private Exchange. The Company shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right (but shall have no obligation hereunder) to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

2.2 Shelf Registration. (i) If, because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2.1 hereof, (ii) if for any other reason the Exchange Offer Registration Statement is not declared effective on or prior to the 270th day after the Closing Date or the Exchange Offer is not consummated on or prior to the 40th day after the effective date of the Exchange Offer Registration Statement, or (iii) if any Holder is not permitted to participate in the Exchange Offer or does not receive fully tradeable Exchange Securities pursuant to the Exchange Offer, then in case of each of clauses (i) through (iii) the Company shall, at its cost:

(a) File with the SEC, as promptly as reasonably practicable but no later than the 30th day after such filing obligation arises, a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement, and shall use all commercially reasonable efforts to cause the Shelf Registration Statement to be declared effective as promptly as reasonably practicable but no later than the 90th day after the filing thereof.

(b) Use all commercially reasonable efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the date the Shelf Registration Statement is declared

effective by the SEC, or for such shorter period as will terminate when all Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Outstanding or otherwise to be Registrable Securities (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration Statement shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the 1933 Act and as otherwise provided herein.

(c) Notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company shall not permit any securities other than Registrable Securities to be included in the Shelf Registration Statement. The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(b) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

2.3 Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4 Effectiveness. (a) The Company will be deemed not to have used all commercially reasonable efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company voluntarily takes any action that would, or omits to take any action the omission of which would, result in any such Registration Statement not being declared effective or in the Holders of Registrable

Securities covered thereby not being able to exchange or offer and sell such Registrable Securities during that period as and to the extent contemplated

hereby, unless such action is required or prohibited, as the case may be, by applicable law.

(b) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to an Exchange Offer Registration Statement or a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

2.5 Liquidated Damages. In the event that either (a) the Exchange Offer Registration Statement is not filed with the SEC at or prior to the deadline therefor specified in Section 2.1, (b) the Exchange Offer Registration Statement has not been declared effective at or prior to the deadline therefor specified in Section 2.1, (c) the Exchange Offer is not consummated at or prior to the deadline therefor specified in Section 2.1, (d) the Shelf Registration Statement is not filed with the SEC at or prior to the deadline therefor specified in Section 2.2 or (e) the Shelf Registration Statement has not been declared effective at or prior to the deadline therefor specified in Section 2.2 (each such event referred to in clauses (a) through (e) above, a "Registration Default"), then the Company shall pay to each Holder of Registrable Securities affected thereby liquidated damages in an amount equal to $0.05 per $1,000 in principal amount of Registrable Securities held by such Holder for each week (or portion thereof) in the first 90-day period immediately following the occurrence of such Registration Default. The amount of such liquidated damages payable per week shall increase by $0.05 per $1,000 in principal amount of such Registrable Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Registrable Securities; provided that the Company shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Following the cure of all Registration Defaults liquidated damages will cease to accrue.

If the Shelf Registration Statement is unusable by the Holders for any reason (other than by reason of a prohibition, condition or other requirement (not relating to information contained therein or omitted therefrom) not in effect at the date hereof imposed by any statute or governmental regulation), and the aggregate number of days in any consecutive twelve-month period for which the Shelf Registration Statement shall not be usable exceeds 30 days in the aggregate, then the Company shall pay to each Holder of Registrable Securities affected thereby liquidated damages in an amount equal to $0.05 per $1,000 in principal amount of Registrable Securities held by such Holder for each week (or portion thereof) in the first 90-day period beginning on the 31st day on which the Shelf Registration Statement ceases to be usable. The amount of such liquidated damages shall increase by $0.05 per $1,000 in principal amount of such Registrable Securities with respect to each subsequent 90-day period in

which the Shelf

Registration Statement is not usable, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Registrable Securities. Upon the Shelf Registration Statement once again becoming usable, liquidated damages will cease to accrue.

Liquidated damages shall be computed based on the actual number of days elapsed in each 90-day period in which a Registration Default is continuing or in which the Shelf Registration Statement is unusable, as the case may be.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided in the Indenture for the payment of interest, on each interest payment date, as more fully set forth in the Indenture and the Securities. Notwithstanding the fact that any Securities in respect of which liquidated damages are due cease to be Registrable Securities, all obligations of the Company to pay such liquidated damages shall survive until such time as such obligations in respect of such Securities shall have been satisfied in full.

3. Registration Procedures.

In connection with the obligations of the Company with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the relevant time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and, (iii) shall comply as to form in all material respects with the requirements of the 1933 Act and TIA, and the rules and regulation of the SEC thereunder, and use all commercially reasonable efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act and comply with the provisions of the 1933 Act, the 1934 Act and the rules and regulations thereunder applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof (including sales by any Participating

Broker-Dealer);

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advise such Holders that the distribution of Registrable Securities will be made in

accordance with the methods selected by the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, and, if the Holder so requests, all exhibits in order to facilitate the public sale or other disposition of the Registrable Securities and (iii) be deemed to have consented to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use all commercially reasonable efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder and such underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(e) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company that it is utilizing the Exchange Offer Registration Statement as provided in paragraph (f) below and, if requested in writing by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments thereto become effective and any supplements thereto are filed, (ii) of any request by the SEC or any state securities authority for post-effective amendments to a Registration

Statement and supplements to a Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any

facts during any period in which a Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any change in such Registration Statement or Prospectus in order to make the statements therein not misleading, (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (vii) of any determination by the Company that a post-effective amendment to such Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer Registration Statement, (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution" which section shall be reasonably acceptable to the Representatives, on behalf of the Participating Broker-Dealers, and which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Securities acquired for its own account as a result of market-making activities or other trading activities and that will be the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Securities to be received by such broker-dealer in the Exchange Offer, whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the reasonable judgment of the Representatives on behalf of the Participating Broker-Dealers and its counsel, represent the prevailing views of the staff of the SEC, including a statement that any such broker-dealer who receives Exchange Securities for Registrable Securities pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the written notice referred to in Section 3(e), without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any

preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (iii) be deemed to have consented to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any Person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the Prospectus or any amendment or supplement thereto and to have agreed to keep the Exchange Offer Registration Statement effective during the period of such use (up to a maximum of 180 days after the consummation of the Exchange Offer) and (iv) include in the transmittal letter or functionally equivalent documentation to be executed by or on behalf of an exchange offeree in order to participate in the Exchange Offer (x) a statement to the following effect:

> "If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a

> result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer." and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and

(B) in the case of any Exchange Offer Registration Statement and solely upon the written request of the Representatives, deliver to the Initial Purchasers on behalf of the Participating Broker-Dealers, prior to the commencement of the Exchange Offer (i) an opinion of counsel or opinions of counsel substantially to the effect set forth in Exhibit A, (ii) officers' certificates substantially in the form customarily delivered in a public offering of debt securities and (iii) a comfort letter or comfort letters in customary form to the extent permitted by Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants (or if such a comfort letter is not permitted, an agreed upon procedures letter in customary form) from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) at least as broad in scope and coverage as the comfort letter or comfort letters delivered to the Initial Purchasers in connection with the initial sale of the Securities to the Initial Purchasers;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make all commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference and all exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least five business days prior to the closing of any sale of Registrable Securities;

(k) upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(e)(v) and 3(e)(vi) hereof, as promptly as practicable after the occurrence of such an event, use all commercially reasonable efforts to prepare a post-effective amendment to the Registration Statement, a supplement to the related Prospectus or an amendment to any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, the Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such number of copies of the Prospectus as amended or supplemented, as such Holder may reasonably request;

(l) in the case of a Shelf Registration, a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus (excluding, in any case, any document which is to be incorporated by reference into a Registration Statement or a Prospectus after the initial filing of a Registration Statement), provide copies of such document to the Holders participating in such Shelf Registration and make such representatives of the Company as shall be reasonably requested by the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, available for discussion of such document;

(m) obtain a CUSIP number for all Exchange Securities, Private Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Securities, Private Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(n) (i) use all commercially reasonable efforts to cause the Indenture to be qualified under the TIA in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate

with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use all commercially reasonable efforts to cause the Trustee to execute, all documents which may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(o) in the case of a Shelf Registration and at the request of the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, enter into agreements (including underwriting agreements) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to such Holders and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and

substance) shall be reasonably satisfactory to the managing underwriters, if any, and the holders of a majority in principal amount of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and updates thereof from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, if any, and use reasonable efforts to have such letter addressed to the selling Holders of Registrable Securities (to the extent consistent with Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accounts), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of

soliciting purchases of Registrable Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 4 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section or, at the request of any underwriters, in the form customarily provided to such underwriters in similar types of transactions; and

(vi) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the Holders of the Registrable Securities being sold and the managing underwriters, if any.

The above shall be done at (i) the effectiveness of such Registration Statement (and each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder;

(p) in the case of a Shelf Registration or if a Prospectus is required to be delivered by any Participating Broker-Dealer in the case of an Exchange Offer, make available for inspection by representatives of the Holders of the Registrable Securities, any underwriters participating in any disposition pursuant to a Shelf Registration Statement, any Participating Broker-Dealer and any counsel or accountant retained by any of the foregoing, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement, and make such representatives of the Company available for discussion of such documents as shall be reasonably requested by the Initial Purchasers;

(q) (i) in the case of an Exchange Offer Registration Statement and upon the written request of the Representatives, a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Representatives and/or counsel to the Initial Purchasers and make such changes in any such document prior to the filing thereof as the Representatives or such counsel may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which the Representatives or counsel to the Initial Purchasers shall not have previously been advised and furnished a copy of or to which the Representatives or such counsel shall reasonably object, and make the representatives of the Company available for

discussion of such documents as shall be reasonably requested by the Representatives; and

(ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Securities, to counsel for such Holders and to the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, and, upon the written request of the Representatives, to the Representatives and/or counsel to the Initial Purchasers, make such changes in any such document prior to the filing thereof as the Initial Purchasers, counsel to the Holders of Registrable Securities or the underwriter or underwriters shall reasonably request and not file any such document in a form to which the Representatives, the Majority Holders, counsel for the Holders of Registrable Securities or any underwriter shall not have previously been advised and furnished a copy of or to which the Representatives, the Majority Holders, counsel to the Holders of Registrable Securities or any underwriter shall reasonably

object, and make the representatives of the Company available for discussion of such document as shall be reasonably requested by the Representatives, the Majority Holders, counsel for the Holders of Registrable Securities or any underwriter;

(r) in the case of a Shelf Registration, use all commercially reasonable efforts to cause all Registrable Securities to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(s) in the case of a Shelf Registration, use all commercially reasonable efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(t) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earning statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(u) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD).

Each Holder will be deemed to have agreed that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts,

each of the kind described in Section 3(e)(v) or 3(e)(vi) (in the event that such notice pursuant to 3(e)(vi) relates to the jurisdiction in which such Holder plans to dispose of Registrable Securities) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

In the event that the Company fails to effect the Exchange Offer or file any Shelf Registration Statement and maintain the effectiveness of any Shelf Registration Statement as provided herein (other than by reason of a

prohibition, condition or other requirement not in effect at the date hereof imposed by any statute or governmental regulation), the Company shall not file any Registration Statement with respect to any securities (within the meaning of Section 2(1) of the 1933 Act) of the Company other than Registrable Securities.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Majority Holders of such Registrable Securities included in such offering and shall be reasonably acceptable to the Company. No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Securities to furnish to the Company, and update, such information regarding such Holder and the proposed distribution by such Holder as the Company may from time to time reasonably request. Such information may include such Holder's name and address and any relationships between such Holder and the Company, any of the Initial Purchasers or any underwriter proposing to participate in such proposed distribution. In order to obtain such information, the Company shall, at least fifteen business days prior to the filing of such Shelf Registration Statement, commence commercially reasonable efforts, in cooperation with the Depositary and the Initial Purchasers, (a) to inform the Holders of Registrable Securities that a Shelf Registration Statement is being filed and (b) to specify the information regarding such Holders which the Company requires in connection with the preparation thereof.

Anything in this Agreement to the contrary notwithstanding, any Holder of Registrable Securities which shall not have timely furnished to the Company the information so requested with respect to any Shelf Registration Statement:

(a) shall not be entitled to have the Registrable Securities held by it covered by such Shelf Registration Statement or to receive copies of such Shelf Registration Statement or the Prospectus relating thereto;

(b) shall not be entitled to any liquidated damages contemplated in clause (d) or (e) of the first sentence in the first paragraph, or in the second paragraph, of Section 2.5 hereof;

(c) shall not be entitled to receive any notices from the

Company as provided in this Section 3 or elsewhere in this Agreement; and

(d) shall not otherwise be deemed a Holder of Registrable Securities for purposes of this Agreement with respect to such Shelf Registration Statement.

All Holders of Registrable Securities, by their payment for and acceptance of such Securities, shall be deemed to have consented and agreed to the terms and provisions of this Agreement including, without limitation, the terms and provisions of this Section 3.

4. Indemnification; Contribution.

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or

any such alleged untrue statement or omission; provided that (subject to Section 4(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever (including the fees and disbursements of counsel chosen by any indemnified party), as incurred, which is reasonably incurred in investigating,

preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto); and provided, further, that this indemnity agreement shall not inure to the benefit of any Underwriter or any person who controls such Underwriter on account of any such loss, liability, claim, damage or expense arising out of any such defect or alleged defect in any preliminary prospectus if a copy of the Prospectus (exclusive of the documents incorporated by reference therein) shall not have been given or sent by such Underwriter with or prior to the written confirmation of the sale involved to the extent that (i) the Prospectus would have cured such defect or alleged defect and (ii) sufficient quantities of the Prospectus were timely made available to such Underwriter.

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Initial Purchasers, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Initial Purchasers, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 4(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Shelf Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in the Shelf Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it

in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result

thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 4 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 4(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 4 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Holders and the Initial Purchasers on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the Holders and the Initial Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Holders or the Initial Purchasers and the parties' relative intent,

knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Holders and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 4. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 4, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 4, each Person, if any, who controls an Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Initial Purchasers' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A to the Purchase Agreement and not joint.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. So long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports required to be filed by it under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder. If the Company ceases to be so required to file such reports, the Company covenants that it will upon the request of any Holder of Registrable Securities (a) make publicly available such

information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and it will take such further action as any Holder of Registrable Securities may reasonably request, and (c) take such further action

that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

5.2 No Inconsistent Agreements. The Company has not entered into and the Company will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers; and (b) if to the Company, initially at the Company's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing

overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent

Holders; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7 Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Sections 2.1 through 2.4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 2.1 through 2.4 hereof.

5.8 Restriction on Resales. Until the expiration of two years after the Closing Date, the Company will not, and will cause its "affiliates" (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, resell any

Securities which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act) that have been reacquired by any of them and shall immediately upon any purchase of any such Securities submit such Securities to the Trustee for cancellation.

5.9 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

5.10 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

5.12 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NEVADA POWER COMPANY

By: _____
Name:
Title:

Confirmed and accepted as
of the date first above written:

LEHMAN BROTHERS INC.
WACHOVIA CAPITAL MARKETS, LLC
By: LEHMAN BROTHERS INC.

By: _____
Name:
Title:

As Representatives of the Initial Purchasers

Exhibit A

CONTENTS OF OPINION OF COUNSEL

1. The Exchange Offer Registration Statement and the Prospectus (other than the financial statements, notes or schedules thereto and other financial data and supplemental schedules included or incorporated by reference therein or omitted therefrom and the Form T-1, as to which such counsel need express no opinion), comply as to form in all material respects with the requirements of the 1933 Act and the applicable rules and regulations promulgated under the 1933 Act.

2. Nothing has come to our attention that would lead us to believe that the Exchange Offer Registration Statement (except for financial statements and schedules and other financial data included therein as to which we make no statement), when it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as amended or supplemented (except for financial statements and schedules and other financial data included therein, as to which such counsel need make no statement), at the date of such opinion includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

EXHIBIT 4.4

SIERRA PACIFIC POWER COMPANY

OFFICER'S CERTIFICATE

March 23, 2006

I, the undersigned officer of Sierra Pacific Power Company (the "Company"), do hereby certify that I am an Authorized Officer of the Company as such term is defined in the Indenture (as defined herein). I am delivering this certificate pursuant to the authority granted in the Board Resolutions of the Company dated November 3, 2005, and Sections 1.04, 2.01, 3.01, 4.01(a) and 4.03(b)(i) of the General and Refunding Mortgage Indenture dated as of May 1, 2001, as heretofore supplemented to the date hereof (as heretofore supplemented, the "Indenture"), between the Company and The Bank of New York, as Trustee (the "Trustee"). Section 1(u)(ix) of this Officer's Certificate sets forth definitions of capitalized terms used herein. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Indenture. Based upon the foregoing, I hereby certify on behalf of the Company as follows:

1. The terms and conditions of the Securities described in this Officer's Certificate are as follows (the lettered subdivisions set forth in this Section 1 corresponding to the lettered subdivisions of Section 3.01 of the Indenture):

(a) The Securities of the twelfth series to be issued under the Indenture shall be designated "6% General and Refunding Mortgage Notes, Series M, due 2016" (the "Series M Notes").

(b) There shall be no limit upon the aggregate principal amount of the Series M Notes that may be authenticated and delivered under the Indenture. The Series M Notes shall be initially authenticated and delivered in the aggregate principal amount of $300,000,000.

(c) Interest on the Series M Notes shall be payable to the Persons in whose names such Securities are registered at the close of business on the Regular Record Date for such interest, except as otherwise expressly provided in the form of such Securities attached hereto as Exhibit A.

(d) The Series M Notes shall mature and the principal thereof shall be due and payable together with all accrued and unpaid interest thereon on May 15, 2016.

(e) The Series M Notes shall bear interest as provided in the form of such Securities attached hereto as Exhibit A.

(f) If a Holder of Series M Notes has given wire transfer instructions to the Company prior to the fifth day preceding the related record date (or, in the case of principal or premium, the fifth day preceding the date such principal or premium is due), the Company shall pay all principal, interest and premium and Liquidated Damages (as such

term is defined herein), if any, on that Holder's Series M Notes in accordance with such instructions. The Corporate Trust Office of The Bank of New York in New York, New York shall be the place at which (i) the principal, interest and premium and Liquidated Damages, if any, on the Series M Notes shall be payable (other than payments made in accordance with the first sentence of this paragraph (f)), (ii) registration of transfer of the Series M Notes may be effected, (iii) exchanges of the Series M Notes may be effected and (iv) notices and demands to or upon the Company in respect of the Series M Notes and the Indenture may be served; and The Bank of New York shall be the Security Registrar for the Series M Notes; provided, however, that the Company reserves the right to change, by one or more Officer's Certificates, any such place or the Security Registrar; and provided, further, that the Company reserves the right to designate, by one or more Officer's Certificates, its principal office in Reno, Nevada as any such place or itself or any of its Subsidiaries as the Security Registrar; provided, however, that there shall be only a single

Security Registrar for the Series M Notes.

(g) Optional Redemption.

(i) Optional Redemption. The Company may redeem the Series M Notes at any time, either in whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series M Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series M Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series M Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series M Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

(ii) Notice of Redemption. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the Redemption Date to each Holder of Series M Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Series M Notes or a satisfaction and discharge of the Series M Notes under the Indenture. Notices of redemption may not be conditional.

(iii) Selection of Series M Notes to be Redeemed. In accordance with

Section 5.03 of the Indenture, the following method is provided for the selection of Series M Notes to be redeemed and these procedures shall be followed by the Security Registrar in the event of a redemption of the Series M Notes pursuant to the provisions of this Officer's Certificate. If less than all of the Series M Notes are to be redeemed at any time, the Security Registrar shall select Series M Notes for redemption as follows:

(A) if the Series M Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Series M Notes are listed; or

(B) if the Series M Notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the Trustee deems fair and appropriate.

No Series M Notes of $1,000 principal amount or less can be redeemed in part.

(h) Mandatory Redemption/Redemption at Option of Holders/Offers to Purchase.

(i) Mandatory Redemption.

(A) Except as provided in Section 1(h)(i)(B) below or Section 1(h)(ii) below, the Company is not required to make mandatory redemption or sinking fund payments with respect to the Series M Notes.

(B) Upon the occurrence of the events described below in clauses (1) or (2) of this Section 1(h)(i)(B), the Company shall be required to redeem the Series M Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the date of redemption, without further action or notice on the part of the Trustee or the Holders of the Series M Notes:

(1) the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

(2) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any

of its Subsidiaries that is a Significant Subsidiary or any group of

Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted

Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

(ii) Redemption at the Option of the Holders.

(A) Upon the occurrence of any of the following events (each a "Triggering Event"):

(1) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series M Notes;

(2) failure to pay when due the principal of, or premium, if any, on the Series M Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Sections 1(u)(ii) of this Officer's Certificate (under the heading "Certain Covenants and Definitions -- Merger, Consolidation or Sale of Assets");

(4) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of this Officer's Certificate (under the heading "Offer to Purchase Upon Change of Control");

(5) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in this Officer's Certificate or the Series M Notes;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the original issue date of the Series M Notes, if that default:

(I) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace

period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(II) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default

or the maturity of which has been so accelerated, aggregates $15.0 million or more;

(7) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or

(8) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (3) or (5) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); provided, however, that, anything in this Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a rescission and annulment of the consequences thereof,

the Holders of Series M Notes of at least 25% in principal amount of the Series M Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series M Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the Redemption Date.

(B) The Holders of a majority in aggregate principal amount of the Series M Notes then outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series M Notes waive any existing Triggering Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series M Notes.

(C) In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series M Notes pursuant to the provisions of Section 1(g)(i), an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series M Notes at the option of the Holders thereof.

(D) Upon becoming aware of any Triggering Event, the Company shall deliver to the Trustee a statement specifying such Triggering Event.

(iii) Offer to Purchase Upon Change of Control.

(A) Upon the occurrence of a Change of Control, each Holder of Series M Notes shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of that Holder's Series M Notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in this Officer's Certificate. In the Change of Control Offer, the Company shall offer an amount in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of Series M Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes repurchased, to Change of Control Payment Date (as defined below).

(B) Within ten days following any Change of Control, the Company shall mail a notice to each Holder of Series M Notes stating:

(1) the description of the transaction or transactions that constitute the Change of Control, that the Change of Control Offer is being made pursuant to this Section 1(h)(iii), and that all Series M Notes validly tendered and not withdrawn shall be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(3) that any Series M Note not tendered or accepted for payment shall continue to accrue interest and Liquidated Damages, if any;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Series M Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest and Liquidated Damages, if any, after the Change of Control Payment Date;

(5) that Holders of Series M Notes electing to have any Series M Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Series M Notes properly endorsed, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Series M Notes properly completed, together with other customary documents as the Company may reasonably request, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders of Series M Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the

second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Series M Notes delivered for purchase, and a statement that such Holder of Series M Notes is withdrawing its election to have the Series M Notes purchased; and

(7) that Holders of Series M Notes whose Series M Notes are being purchased only in part shall be issued new Series M Notes equal in principal amount to the unpurchased portion of the Series M Notes surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

(C) If any of the Series M Notes subject to a Change of Control Offer are in the form of a Global Note, then the Company shall modify such notice to the extent necessary to accord with the Applicable Procedures of the Depositary applicable to offers to purchase.

(D) On the Change of Control Payment Date, the Company shall, to the extent lawful, (1) accept for payment all Series M Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (2) deposit with the Paying Agent in immediately available funds an amount equal to the Change of Control Payment in respect of all Series M Notes or portions thereof so tendered and (3) deliver or cause to be delivered to the Trustee the Series M Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Series M Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to each Holder of Series M Notes so tendered the Change of Control Payment for such Series M Notes, and the Trustee shall promptly authenticate and make available for delivery to each Holder of Series M Notes a new Series M Note equal in principal amount to any unpurchased portion of the Series M Notes surrendered, if any; provided that each such new Series M Note shall be in a principal amount of $1,000 or an integral multiple thereof. Any Series M Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(E) The Change of Control provisions described above that require the Company to make a Change of Control Offer following a Change of

Control shall be applicable whether or not any other provisions of this Officer's Certificate are applicable.

(F) The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth herein applicable to a Change of Control Offer made by the Company and purchases all Series M Notes validly tendered and not withdrawn under such Change of Control Offer.

(iv) Offers to Purchase - General.

(A) If the Change of Control Payment Date is on or after a Regular Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest and Liquidated Damages, if any, shall be paid to the Person in whose name a Series M Note is registered at the close of business on such Regular Record Date, and no additional interest or Liquidated Damages shall be payable to Holders of Series M Notes who tender Series M Notes pursuant to the Change of Control Offer.

(B) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer provisions of this Officer's Certificate, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the Change of Control Offer provisions of this Officer's Certificate by virtue of such conflict.

(i) The Series M Notes are issuable only in denominations of $1,000 and integral multiples of $1,000 in excess thereof.

(j) Not applicable.

(k) Not applicable.

(l) Not applicable.

(m) See subsection (e) above.

(n) Not applicable.

(o) Not applicable. (p) Not applicable.

(q) Book-entry; Delivery and Form.

(i) Form and Dating.

The Series M Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Series M Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Series M Note shall be dated the date of its authentication. The Series M Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Series M Notes shall constitute, and are hereby expressly made, a part of this Officer's Certificate, and the Company, by its execution and delivery of this Officer's Certificate, expressly agrees to such terms and

provisions and to be bound thereby. However, to the extent any provision of any Series M Note conflicts with the express provisions of this Officer's Certificate or the Indenture, the provisions of this Officer's Certificate or the Indenture, as applicable, shall govern and be controlling.

Series M Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend and the "Schedule of Exchanges in the Global Note" attached thereto). Series M Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such aggregate principal amount of the outstanding Series M Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Series M Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Series M Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Series M Notes represented thereby shall be made by the Trustee, the Depositary or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 1(q)(v) of this Officer's Certificate.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Bank" and "Customer Handbook" of Clearstream shall be applicable to transfers of beneficial interests in the Regulation S Global Notes that are held by members of, or Participants, in DTC through Euroclear or Clearstream.

(ii) Authentication.

The Trustee or an Authenticating Agent shall authenticate by delivery and execution of a Trustee's Certificate of Authentication in the form set forth in Section 2.02 of the Indenture (A) the Series M Notes for original issue on the Issue Date in the aggregate principal amount of $300,000,000 (the "Original Notes"), (B) additional Series M Notes for original issue from time to time after the Issue Date in such principal amounts as may be set forth in a Company Order (such additional Series M Notes, together with the Original Notes, the "Initial Notes") and (C) any Exchange Notes from time to time for issue only in exchange for a like principal amount of Initial Notes, in each case, upon a Company Order, which Company Order shall specify (x) the amount of Series M Notes to be authenticated and the date of original issue thereof, (y) whether the Series M Notes are Initial Notes or Exchange Notes and (z) the amount of Series M Notes to be issued in global form or definitive form. The aggregate principal amount of Series M Notes outstanding at any time may not exceed $300,000,000 plus such additional principal amounts as may be issued and authenticated pursuant to clause (B) of this paragraph, except as provided in Section 1(q)(vi) of this Officer's Certificate.

(iii) Security Registrar, Paying Agent and Depositary.

The Company initially appoints the Trustee to act as the Security Registrar and Paying Agent for the Series M Notes. Upon the occurrence of an event set forth under Sections 1(h)(i)(B)(1) or 1(h)(i)(B)(2) herein or an Event of Default set forth in Sections 10.01(d) or 10.01(e) of the Indenture, the Trustee shall serve as Paying Agent for the Series M Notes. Pursuant to Section 6.02 of the Indenture, the Company hereby designates the Corporate Trust Office of the Trustee as its office or agency in the City and State of New York where payment of the Series M Notes shall be made, where the registration of transfer or exchange of the Series M Notes may be effected and where notices and demands to or upon the Company in respect of the Series M Notes and the Indenture may be served. The Company may also from time to time designate one or more other offices or agencies with respect to the Series M Notes and may from time to time rescind any of these designations in accordance with the terms provided in Section 6.02 of the Indenture.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes. The Trustee has been appointed by DTC to act as Note Custodian with respect to the Global

Notes.

(iv) Liquidated Damages, if any, to be Held in Trust.

Payments of Liquidated Damages, if any, shall be subject to the provisions of Section 6.03 of the Indenture to the same extent as any payments of principal of or premium or interest on the Series M Notes.

(v) Transfer and Exchange.

(A) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary for the Global Notes or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary or

(2) the Company in its sole discretion notifies the Trustee in writing that it elects to cause issuance of the Series M Notes in certificated form; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Series M Notes.

Upon the occurrence of either of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 3.06 and 3.09 of the Indenture. Every Series M Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Sections 3.06 and 3.09 of the Indenture, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Series M Note other than as provided in this Section 1(q)(v)(A), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 1(q)(v)(B), (C) or (F) of this Officer's Certificate.

(B) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Officer's Certificate and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period transfers of beneficial interests in the Regulation S Global Note by a Distributor may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No

written orders or instructions shall be required to be delivered to the Security Registrar to effect the transfers described in this Section 1(q)(v)(B)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Security Registrar either:

(a) both (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or

(b) both (i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (ii) instructions given by the Depositary to the Security Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (i) above.

Upon an Exchange Offer by the Company in accordance with Section 1(q)(v)(F) of this Officer's Certificate, the requirements of this Section 1(q)(v)(B)(2) shall be deemed to have been satisfied upon receipt by the Security Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon notification from the Security Registrar that all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Officer's Certificate, the Series M Notes and otherwise applicable under the Securities Act have been satisfied, the Trustee shall adjust the principal amount of the relevant Global Notes pursuant to Section 1(q)(v)(H) of this Officer's Certificate.

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (2) above and the Security Registrar receives the following:

(a) if the transferee shall take delivery in the form of a beneficial interest in the Rule 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (1) thereof; or

(b) if the transferee shall take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may

be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of clause (2) above and:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (b) or (d) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate, the Trustee shall authenticate one or more Unrestricted Global

Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (b) or (d) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(C) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon receipt by the Security Registrar of the following documentation:

(a) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (2)(a) thereof;

(b) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(c) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(d) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(a) thereof;

(e) if such beneficial interest is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act, in either case other than those listed in subparagraphs (b) through (d) above, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and any Opinion of Counsel required by Item (3) thereof, if applicable;

(f) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(b) thereof; or

(g) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(c) thereof,

the Trustee, upon notice of receipt of such documentation by the Security Registrar, shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 1(q)(v)(H) of this Officer's Certificate, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 1(q)(v)(C) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the Persons in whose names such Series M Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 1(q)(v)(C)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

Notwithstanding Sections 1(q)(v)(C)(1)(a) and (c) hereof, a beneficial interest in the Regulation S Global Note may not be (a) exchanged for a Definitive Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Security Registrar of any certificates required pursuant to Rule 903(c)(3)(B) under the Securities Act or (b) transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to the conditions set forth in clause (a) above or unless the transfer is pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(2) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. Notwithstanding Section 1(q)(v)(C)(1) hereof, a holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person

participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in Item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act.

(3) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon notice by the Security Registrar of satisfaction of the conditions set forth in Section 1(q)(v)(B)(2) of this Officer's Certificate, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 1(q)(v)(H) of this Officer's Certificate, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 1(q)(v)(C)(3) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Security Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall make available for delivery such Definitive Notes to the

Persons in whose names such Series M Notes are so registered. Any

Definitive Note issued in exchange for a beneficial interest pursuant to this Section 1(q)(v)(C)(3) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Definitive Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Definitive Note bearing the Private Placement Legend.

(D) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Series M Note for a beneficial interest in a Restricted Global Note or to transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Security Registrar of the following documentation:

(a) if the Holder of such Restricted Definitive Note proposes to exchange such Series M Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (2)(b) thereof;

(b) if such Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (1) thereof;

(c) if such Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (2) thereof;

(d) if such Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(a) thereof;

(e) if such Definitive Note is being transferred to an Institutional Accredited Investor or in reliance on any other exemption from the registration requirements of the Securities Act, in either case, other than those listed in subparagraphs (b) through (d) above, a certificate in the form of Exhibit B hereto, including certifications, certificates, and any Opinion of Counsel required by Item (3) thereof, if applicable;

(f) if such Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(b) thereof; or

(g) if such Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in Item (3)(c) thereof,

the Trustee, upon notice of receipt of such documentation by

the Security Registrar, shall cancel the Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of subparagraph (a) above, the appropriate Restricted Global Note and, in the case of subparagraph (b) above, the Rule 144A Global Note, and, in the case of subparagraph (c) above, the Regulation S Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Series M Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Series M Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Series M Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Definitive Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 1(q)(v)(D)(2), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Series M Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to Sections 1(q)(v)(D)(2)(b) or (d) or the first paragraph of this Section 1(q)(v)(D)(3) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to Sections 1(q)(v)(D)(2)(b) or (d) or the first paragraph of this Section 1(q)(v)(D)(3).

(E) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 1(q)(v)(E), the Security Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Security Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Security Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 1(q)(v)(E).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Restricted Definitive Notes may be transferred to and registered in the name of Persons who take delivery thereof if the Security Registrar receives the following:

(a) if the transfer shall be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (1) thereof;

(b) if the transfer shall be made pursuant to Rule 903 or Rule 904 of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in Item (2) thereof; and

(c) if the transfer shall be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by Item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(a) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder of such Series M Notes, in the case of an exchange, or the transferee, in the case of a transfer, is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(b) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(c) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(d) the Security Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Series M Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in Item (1)(b) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Series M Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in Item (4) thereof;

and, in each such case set forth in this subparagraph (d), an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Definitive Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Series M Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request for such a transfer, the Security Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof. Unrestricted Definitive Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Definitive Note.

(F) Exchange Offer. Upon the occurrence of an Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of (a) an authentication order in accordance with Section 1(q)(ii) of this Officer's Certificate and (b) an Opinion of Counsel opining as to the enforceability of the Exchange Notes and the guarantees thereof, if any, the Trustee shall authenticate (1) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that are not (i) broker-dealers, (ii) Persons participating in the distribution of the Exchange Notes or (iii) Persons who are affiliates (as defined in Rule 144) of the Company and accepted for exchange in such Exchange Offer and (2) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in such Exchange Offer, unless the Holders of such Restricted Definitive Notes shall request the receipt of Definitive Notes, in which case the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of such Restricted Definitive Notes one or more Definitive Notes without the Private Placement Legend in the appropriate principal amount. Concurrent with the issuance of such Unrestricted Global Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and make available for delivery to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(G) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Officer's Certificate.

(1) Private Placement Legend.

(a) Except as permitted by subparagraph (b) below, each Global

Note and each Definitive Note (and all Series M Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR OTHER SECURITIES LAWS. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING ITS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT SHALL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144(k) UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES AND, IN THE CASE OF AN OFFER OR SALE BY A DISTRIBUTOR OR AN AFFILIATE THEREOF (OR A PERSON ACTING ON BEHALF THEREOF) DURING THE APPLICABLE DISTRIBUTION COMPLIANCE PERIOD, ONLY TO NON-U.S. PERSONS OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE AND THE SECURITY REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT

TO CLAUSE (C), (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATION OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THIS TRANSFEROR TO THE TRUSTEE. THIS LEGEND SHALL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "DISTRIBUTION COMPLIANCE PERIOD," "DISTRIBUTOR," "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

(b) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (B)(4), (C)(2), (D)(2), (D)(3), (E)(2), (E)(3) or (F) of this Section 1(q)(v) (and all Series M Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE OFFICER'S CERTIFICATE UNDER THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO ARTICLE III OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 1(q)(v)(A) OF THE OFFICER'S CERTIFICATE UNDER THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 3.09 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY

WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY OR ANY SUCCESSOR THERETO."

Additionally, for so long as DTC is the Depositary with respect to any Global Note, each such Global Note shall also bear a legend in substantially the following form:

"UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY, TO THE COMPANY OR ANY SUCCESSOR THERETO OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN

AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(H) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 3.09 of the Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Series M Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note, by the Trustee, the Note Custodian or by the Depositary at the direction of the Trustee, to reflect such increase.

(I) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, subject to Section 1(q)(v) of this Officer's Certificate, the Company shall execute and, upon the Company's order, the Trustee or an Authenticating Agent shall authenticate Global Notes and Definitive Notes at the Security Registrar's request.

(2) All certifications, certificates and Opinions of Counsel required to be submitted to the Security Registrar pursuant to this Section 1(q)(v) to effect a transfer or exchange may be submitted by facsimile.

(3) The Trustee and the Security Registrar shall have no obligation or duty to monitor, determine or inquire as to whether any Person is or is not a Person described in clauses (i), (ii) and (iii) of each of Sections 1(q)(v)(B)(4)(a), 1(q)(v)(C)(2)(a), 1(q)(v)(D)(2)(a), 1(q)(v)(E)(2)(a) and 1(q)(v)(F) of this Officer's Certificate or under applicable law (other than the Trust Indenture Act) with respect to any transfer of any interest in any Series M Note (including any transfers between or among Participants or beneficial owners of interests in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(vi) Outstanding Series M Notes.

Notwithstanding the definition of "Outstanding" in Section 1.01 of the Indenture, Series M Notes that the Company, a Subsidiary of the Company or an Affiliate of the Company offers to purchase or acquires pursuant to an offer, exchange offer, tender offer or otherwise shall not be deemed to be owned by the Company, such Subsidiary or such Affiliate until legal title to such Series M Notes passes to the Company, such Subsidiary or such Affiliate, as the case may be.

(r) Not applicable.

(s) The Series M Notes have not been registered under the Securities Act and may not be offered, sold or otherwise transferred in the absence of such registration or an applicable exemption therefrom. No service charge shall be made for the registration of transfer or exchange of the Series M Notes; provided, however, that the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the exchange or transfer (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 1.06(f), 3.04, 5.06 or 14.06 of the Indenture and Section 1(h)(iii) of this Officer's Certificate not involving any transfer).

(t) For purposes of the Series M Notes, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York.

(u) Certain Covenants and Definitions.

(i) Series M Liens.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Series M Lien of any kind securing Indebtedness, Attributable Debt or trade payables on any of their property or assets, now owned or hereafter acquired, except Series M Permitted Liens.

(ii) Merger, Consolidation or Sale of Assets.

(A) The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing

under the laws of the United States, any state of the United States or the District of Columbia;

(2) (a) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Series M Notes, the Indenture and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee; and (b) such Person executes and delivers to the Trustee a supplemental indenture that contains a grant, conveyance, transfer and mortgage by such Person confirming the lien of the Indenture on the property subject to such lien and subjecting to such lien all property thereafter acquired by such Person that shall constitute an improvement, extension or addition to the

property subject to the lien of the Indenture or renewal, replacement or substitution of or for any part thereof and, at the election of such Person, subjecting to the lien of the Indenture such other property then owned or thereafter acquired by such Person as such Person shall specify;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) the Company, or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such transaction and any supplemental indenture entered into in connection therewith complies with all of the terms of this Section 1(u)(ii) and that all conditions precedent provided for in this Section 1(u)(ii) relating to such transaction or series of transactions have been complied with.

(B) In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clause (4) under Section 1(u)(ii)(A) shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries.

(C) In addition, the Company shall not effect any consolidation, merger, sale, assignment, transfer, conveyance or other disposition as is contemplated in this Section 1(u)(ii), unless the Company also complies with Sections 13.01 and 13.02 of the Indenture and the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made, shall be deemed a Successor Corporation under the Indenture.

(iii) Future Subsidiary Guarantees.

(A) The Company shall not permit any Restricted Subsidiary to guarantee the payment of any Indebtedness of the Company unless:

(1) such Restricted Subsidiary simultaneously executes and delivers to the Trustee a Subsidiary Guarantee of such Restricted Subsidiary except that with respect to a Guarantee of Indebtedness of the Company if such Indebtedness is by its express terms subordinated in right of payment to the Series M Notes, any such Guarantee of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Restricted Subsidiary's Subsidiary Guarantee with respect to the Series M Notes substantially to the same extent as such Indebtedness is subordinated to the Series M Notes;

(2) such Restricted Subsidiary waives and shall not in any manner whatsoever claim or take the benefit or advantage of, any rights or reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee of the Series M Notes; and

(3) such Restricted Subsidiary shall deliver to the Trustee an Opinion of Counsel to the effect that (a) such Subsidiary Guarantee has been duly executed and authorized and (b) such Subsidiary Guarantee constitutes a valid, binding and enforceable obligation of such Restricted Subsidiary, except insofar as enforcement thereof may be limited by bankruptcy, insolvency or similar laws (including, without limitation, all laws relating to fraudulent transfers) and except insofar as

enforcement thereof is subject to general principles of equity; provided that this Section 1(u)(iii)(A) shall not be applicable to any Guarantee of any Restricted Subsidiary that (x) existed at the time such Person became a Restricted Subsidiary of the Company and (y) was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary of the Company.

(B) Notwithstanding the foregoing and the other provisions of this Officer's Certificate, in the event a Subsidiary Guarantor is sold or disposed of (whether by merger, consolidation, the sale of its Capital Stock or the sale of all or substantially all of its assets (other than by lease) and whether or not the Subsidiary Guarantor is the surviving corporation in such transaction) to a Person which is not the Company or a Restricted Subsidiary of the Company (other than a Receivables Entity), such Subsidiary Guarantor shall be released from its obligations under its Subsidiary Guarantee if:

(1) the sale or other disposition is in compliance with the applicable provisions of this Officer's Certificate; and

(2) the Subsidiary Guarantor is also released or discharged from its obligations under the Guarantee which resulted in the creation of such

Subsidiary Guarantee, except by or as a result of payment under such Guarantee.

(iv) Sale and Leaseback Transactions.

(A) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors and set forth in an Officer's Certificate delivered to the Trustee, of the property that is the subject of that sale and leaseback transaction.

(v) Payments for Consent.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Series M Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Officer's Certificate or the Series M Notes unless such consideration is offered to be paid and is paid to all Holders of the Series M Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

(vi) Covenant Defeasance.

(A) Option to Effect Covenant Defeasance. The Company may, at the option of the Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have Section 1(u)(vi)(B) hereof be applied to all outstanding Series M Notes upon compliance with the conditions set forth below in Section 1(u)(vi)(C) hereof.

(B) Exercise of Covenant Defeasance. Upon the Company's exercise under Section 1(u)(vi)(A) hereof of the option applicable to this Section 1(u)(vi)(B), the Company shall, subject to the satisfaction of the conditions set forth in Section 1(u)(vi)(C) hereof, be released from each of its obligations under the covenants contained in Section 1(h)(iii), Section 1(u)(i), Section 1(u)(iii), Section 1(u)(iv), Section 1(u)(v) hereof (under the headings: "Mandatory Redemption/Redemption at Option of Holders/Offers to Purchase -- Offer to Purchase Upon Change of Control," "Certain Covenants and Definitions -- Liens," "Certain Covenants and Definitions -- Future Subsidiary Guarantees," "Certain Covenants and Definitions -- Sale and Leaseback Transactions," and "Certain Covenants

and Definitions -- Payment for Consents") hereof with respect to the Outstanding Series M Notes on and after the date the conditions set forth in Section 1(u)(vi)(C) hereof are satisfied (hereinafter, "COVENANT DEFEASANCE"), and the Series M Notes shall thereafter be deemed not Outstanding for the purposes of any direction, waiver, consent or declaration or act of Holders of Securities, including but not limited to, Holders of Series M Notes (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed Outstanding for all other

purposes hereunder. For this purpose, Covenant Defeasance means that, with respect to the Outstanding Series M Notes, the Company may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Triggering Event under Section 1(h)(ii) hereof or a Default or an Event of Default under Section 10.01 of the Indenture, but, except as specified above, the remainder of the Indenture, this Officer's Certificate and such Series M Notes will be unaffected thereby. In addition, upon the Company's exercise under Section 1(u)(vi)(A) hereof of the option applicable to Section 1(u)(vi)(B) hereof, subject to the satisfaction of the conditions set forth in Section 1(u)(vi)(C) hereof, Sections 1(h)(ii)(A)(3) through 1(h)(ii)(A)(7) hereof will not constitute Triggering Events.

(C) Conditions to Covenant Defeasance. In order to exercise Covenant Defeasance under this Section 1(u)(vi):

(1) the Company must irrevocably deposit with the Trustee or any Paying Agent (other than the Company), in trust for the benefit of the Holders of the Series M Notes:

(a) money (including Funded Cash not otherwise applied pursuant to the Indenture) in an amount which will be sufficient, or

(b) Eligible Obligations which do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide monies which, together with the money, if any, deposited with or held by the Trustee or such Paying Agent, will be sufficient, or

(c) a combination of (a) and (b) which will be sufficient, to pay when due the principal of and premium, if any, and interest, if any, and Liquidated Damages, if any, due and to become due on the Series M Notes or portions thereof provided, that the Company shall have delivered to the Trustee and such Paying Agent: (I) a Company Order stating that the money and Eligible Obligations deposited in accordance with this Section 1(u)(vi)(C) shall be held in trust, as provided in Section 9.03 of the Indenture; and (II) if Eligible Obligations shall have been deposited, an Opinion of Counsel to the effect that such obligations constitute Eligible Obligations and do not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, and an opinion of an Independent public Accountant of nationally recognized standing, selected by the Company, to the effect that

the other requirements set forth in Section 1(u)(vi)(C)(1)(b) above have been satisfied;

(2) the Company shall have delivered to the Trustee an Opinion of Counsel confirming that the Holders of the Outstanding Series M Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(3) no Triggering Event shall have occurred and be continuing on the date of such deposit (other than a Triggering Event arising from the breach of a covenant under this Officer's Certificate resulting from the borrowing of funds to be applied to such deposit);

(4) such Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Officer's Certificate) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(5) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Series M Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(6) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Covenant Defeasance have been complied with.

(vii) Additional Conditions to Section 9.01 of Indenture.

Notwithstanding the provisions of Section 9.01 of the Indenture, no Series M Note shall be deemed to have been paid pursuant to such provisions unless the Company shall have delivered to the Trustee either: (a) an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Officer's Certificate, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Outstanding Series M Notes will not recognize income, gain or loss for federal income tax purposes as a result of such satisfaction and discharge and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such satisfaction and discharge had not occurred; or (b) (i) an instrument wherein the Company, notwithstanding the satisfaction and discharge of the Company's Indebtedness in respect of the Series M Notes, shall assume the obligation (which shall be absolute and unconditional) to irrevocably deposit

with the Trustee such additional sums of money, if any, or additional Eligible Obligations, if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Eligible Obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Series M Notes or portions thereof; provided, however, that such instrument may state that the Company's obligation to make additional deposits as aforesaid shall be subject to the delivery to the Company by the Trustee of a notice asserting the deficiency accompanied by an opinion of an Independent public Accountant of nationally recognized standing showing the calculation thereof; and (ii) an Opinion of Counsel of tax counsel in the United States reasonably acceptable to the Trustee to the effect that the Holders of the Outstanding Series M Notes will not recognize income, gain or loss for federal income tax purposes as a result of such satisfaction

and discharge and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such satisfaction and discharge had not occurred.

(viii) Modifications Requiring Consent.

In addition to the provisions of Section 14.02 of the Indenture, no supplemental indenture shall alter or waive any of the provisions with respect to the redemption of the Series M Notes set forth in Section 1(g) hereof without the consent of each Holder of Series M Notes affected thereby.

(ix) Certain Definitions.

Set forth below are certain defined terms used in this Officer's Certificate. Reference is made to the Indenture for the definitions of any other capitalized terms used herein for which no definition is provided herein.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the

option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee of such board of directors duly authorized to act for the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of

such Person serving a similar function.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act, including any "group" with the meaning of the Exchange Act);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the Beneficial Owner, directly or indirectly, of more than 30% of the Voting Stock of the Company or Sierra Pacific Resources, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Company or the Board of Directors of Sierra Pacific Resources are not Continuing Directors.

"Change of Control Offer" has the meaning assigned to it in Section 1(h)(iii)(A) of this Officer's Certificate.

"Change of Control Payment" has the meaning assigned to it in Section 1(h)(iii)(A) of this Officer's Certificate.

"Change of Control Payment Date" has the meaning assigned to it in Section 1(h)(iii)(B)(2) of this Officer's Certificate.

"Clearstream" means Clearstream Banking, societe anonyme.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of the Board of Directors of the Company on the original issue date of the Series M Notes; or

(2) was nominated for election or elected to the Board of

Directors of the Company with the approval of a majority of the Continuing Directors who

were members of the Board of Directors at the time of such nomination or election.

"Credit Facilities" means one or more debt facilities or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time, and includes any securities issued pursuant to the Indenture in order to secure any amounts outstanding under a Credit Facility from time to time; provided that the obligation of the Company to make any payment on any such securities shall be:

(1) no greater than the amount required to be paid under such Credit Facility that is secured by such payment obligation;

(2) payable no earlier than such amount is required to be paid under such Credit Facility; and

(3) deemed to have been paid or otherwise satisfied and discharged to the extent that the Company has paid such amount under such Credit Facility.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default as defined in the Indenture.

"Definitive Note" means a certificated Series M Note registered in the name of the Holder thereof and issued in accordance with Section 1(q)(v) of this Officer's Certificate, in the form of Exhibit A hereto except that such Series M Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Series M Notes issuable or issued in whole or in part in global form, the Person specified in Section 1(q)(iii) of this Officer's Certificate as the Depositary with respect to the Series M Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Officer's Certificate or the Indenture.

"DTC" has the meaning assigned to it in Section 1(q)(iii) of this Officer's Certificate.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Euroclear" means Euroclear Bank S.A./N.V.

"Event of Default" means an Event of Default as defined in the Indenture.

"Exchange Notes" means if and when issued, each series of the Series M Notes issued in exchange for any Initial Notes in an Exchange Offer or upon transfer pursuant to a Shelf Registration Statement.

"Exchange Offer" has the meaning set forth in a corresponding Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"First Mortgage Indenture" means the Indenture of Mortgage, dated as of December 1, 1940 by and between the Company and U.S. Bank National Association and Gerald R. Wheeler, as successor trustees, as modified, amended or supplemented at any time or from time to time by supplemental indentures.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the original issue date of the Series M Notes.

"Global Note Legend" means the legend set forth in Section 1(q)(v)(G)(2) of this Officer's Certificate, which is required to be placed on all Global Notes issued under this Officer's Certificate.

"Global Notes" means, individually and collectively, each of the Series M Notes (which may be either Restricted Global Notes or Unrestricted Global Notes) issued or issuable in the global form of Exhibit A hereto issued in accordance with Sections 1(q)(i), 1(q)(v)(B)(4), 1(q)(v)(D)(4) or 1(q)(v)(F) of this Officer's Certificate.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person incurred in the normal course of business and consistent with past practices and not for speculative purposes under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements designed to protect the person or entity entering into the agreement against fluctuations in interest rates with respect to Indebtedness incurred and not for purposes of speculation;

(2) foreign exchange contracts and currency protection agreements entered into with one of more financial institutions designed to protect the person or entity entering into the agreement against fluctuations in currency exchange rates with respect to Indebtedness incurred and not for purposes of speculation;

(3) any commodity futures contract, commodity option or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used by that entity at the time; and

(4) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase

price of any property, except any such balance that constitutes an accrued expense or trade payable; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Series M Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" has the meaning set forth in Section 1(q)(ii) of this Officer's Certificate.

"Initial Purchaser" has the meaning set forth in the Purchase Agreement.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Issue Date" means the first date on which any Series M Notes are issued, authenticated and delivered under the Indenture and this Officer's Certificate.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of Initial Notes for use by such Holders in connection with an Exchange Offer.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Series M Notes) of the Company or

any of its Restricted Subsidiaries to declare a default on

such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they shall not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"Non-U.S. Person" means a person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian for the Depositary with respect to the Series M Notes in global form, or any successor entity thereto.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Original Notes by the Company on the Issue Date.

"Original Notes" has the meaning set forth in Section 1(q)(ii) of this Officer's Certificate.

"Participant" means, with respect to DTC, Euroclear or Clearstream, a Person who has an account with DTC, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Payment Default" has the meaning assigned to it in Section 1(h)(ii)(A)(6)(I) of this Officer's Certificate.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued and unpaid interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) if such Permitted Refinancing Indebtedness is issued on or after the first anniversary of the original issue date of the Series M Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or

greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if such Permitted Refinancing Indebtedness is issued on or after the first anniversary of the original issue date of the Series M Notes, and the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is contractually subordinated in right of payment to the Series M Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is

subordinated in right of payment to, the Series M Notes on terms at least as favorable to the Holders of Series M Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Private Placement Legend" means the legend set forth in Section 1(q)(v)(G)(1) of this Officer's Certificate to be placed on all Series M Notes issued under the Indenture and this Officer's Certificate except where otherwise permitted by the provisions of the Indenture and this Officer's Certificate.

"Purchase Agreement" means the Purchase Agreement dated March 20, 2006 among the Company and each Initial Purchaser relating to the Offering.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to (1) a Receivables Entity (in the case of a transfer by the Company or any of its Restricted Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Entity), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, the proceeds of such receivables and other assets which are customarily transferred, or in respect of which security interests are customarily granted in connection with asset securitization involving accounts receivable.

"Receivables Entity" means a wholly-owned Subsidiary of the Company or Sierra Pacific Resources (or another Person in which the Company or any Restricted Subsidiary of the Company makes an Investment and to which the Company or any Restricted Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable and which is designated by the Board of Directors (as provided below) as a Receivables Entity:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which:

(a) is guaranteed by the Company or any Restricted Subsidiary of the Company (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings);

(b) is recourse to or obligates the Company or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the

satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) which is not party to any agreement, contract, arrangement or understanding (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with the Company or any Restricted Subsidiary of the Company other than on terms no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) to which neither the Company nor any Restricted Subsidiary of the Company has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"Registration Rights Agreement" means (i) the Registration Rights Agreement, dated as of the Issue Date, by and among the Company and the other parties named on the signature pages thereof relating to the Original Notes and (ii) any similar agreement that the Company and other parties may enter into in relation to any other Initial Notes, in each case as such agreement may be amended, modified or supplemented from time to time.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in an initial denomination equal to the outstanding principal amount of the Notes initially sold by the Initial Purchasers in reliance on Rule 903 of Regulation S.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Period" means the applicable distribution compliance period as set forth in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 144A Global Note" means a Global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with and registered in the name of the Depositary or its nominee, issued in an initial denomination equal to the outstanding principal amount of the Notes initially sold by the Initial Purchasers in reliance on Rule 144A.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Securities Act" means the Security Act of 1933, as amended.

"Series M Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional

sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Series M Permitted Liens" means:

(1) Series M Liens securing any Indebtedness under a Credit Facility and all Obligations and Hedging Obligations relating to such Indebtedness;

(2) Series M Liens in favor of the Company or any Subsidiary Guarantors;

(3) Series M Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; provided that such Series M Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(4) Series M Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company, provided that such Series M Liens were in existence prior to the contemplation of such acquisition;

(5) Series M Liens to secure the performance of statutory or regulatory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Series M Liens existing on the original issue date of the Series M Notes (including the Series M Lien of the First Mortgage Indenture and the Series M Lien of the Indenture);

(7) Series M Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(8) Series M Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary with respect to obligations (including Hedging Obligations) that do not exceed $35.0 million at any one time outstanding;

(9) Series M Liens securing Permitted Refinancing Indebtedness incurred to refinance Indebtedness that was previously so secured; provided that any such Series M Lien is limited to all or part of the same property or assets

(plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Series M Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Series M

Permitted Lien hereunder;

(10) Series M Liens on assets transferred to a Receivables Entity or on assets of a Receivables Entity, in either case, incurred in connection with a Qualified Receivables Transaction; and

(11) Series M Liens, including pledges, rights of offset and bankers' liens, on deposit accounts, instruments, investment accounts and investment property (including cash, cash equivalents and marketable securities) from time to time maintained with or held by any financial and/or depository institutions, in each case solely to secure any and all obligations now or hereafter existing of the Company or any of its Subsidiaries in connection with any deposit account, investment account or cash management service (including ACH, Fedwire, CHIPS, concentration and zero balance accounts, and controlled disbursement, lockbox or restricted accounts) now or hereafter provided by any financial and/or depository institutions to or for the benefit of the Company, any of its Subsidiaries or any special purpose entity directly or indirectly providing loans to or making receivables purchases from the Company or any of its Subsidiaries.

"Shelf Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company which are reasonably customary in securitization of accounts receivable transactions.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Subsidiary Guarantee" means any Guarantee of the Series M Notes to be executed by any Subsidiary of the Company pursuant to Section 1(u)(iii) of this Officer's Certificate (under the heading "Future Subsidiary Guarantees").

"Subsidiary Guarantors" means any Subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns.

"Triggering Event" has the meaning assigned to it in Section 1(h) of this Officer's Certificate.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent Global Note in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries; and

(5) has at least one director on its Board that is not a director or executive officer of the Company or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or executive officer of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date.

"U.S." means the United States of America.

"U.S. Person" means a U.S. person as defined in Rule 902(o) under the Securities Act.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that shall elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

(v) The Series M Notes shall have such other terms and provisions as are provided in the form thereof attached hereto as Exhibit A, and shall be issued in substantially such form.

2. The undersigned has read all of the covenants and conditions contained in the Indenture, and the definitions in the Indenture relating thereto, relating to the issuance of the Series M Notes and in respect of compliance with which this certificate is made.

The statements contained in this certificate are based upon the familiarity of the undersigned with the Indenture, the documents accompanying this certificate, and upon discussions by the undersigned with officers and employees of the Company familiar with the matters set forth herein.

In the opinion of the undersigned, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions have been complied with.

In the opinion of the undersigned, such conditions and covenants have been complied with.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate as of the date first written above.

By:

Michael W. Yackira
Executive Vice President and
Chief Financial Officer

Acknowledged and Received on
March ___, 2006

THE BANK OF NEW YORK,
as Trustee

By:

Name:
Title:

Signature Page to Officer's Certificate (Terms of Note)

EXHIBIT A

FORM OF SERIES M NOTES

[Insert the Global Note Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

[Insert the Private Placement Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

SIERRA PACIFIC POWER COMPANY
6% General and Refunding Mortgage Notes, Series M, due 2016

<TABLE>
<S> <C> <C>
Original Interest Accrual Date: March 23, 2006 Redeemable: Yes [ ] No [ ]
Stated Maturity: May 15, 2016 Redemption Date: See Below
Interest Rate: 6% Redemption Price: See Below

Interest Payment Dates: May 15 and November 15
Record Dates: May 1 and November 1
</TABLE>

The Security is not a Discount Security
within the meaning of the within-mentioned Indenture.

CUSIP No. _____

6% General and Refunding Mortgage Notes, Series M, due 2016

No. R- $_____

promises to pay to Cede & Co. or registered assigns, the principal sum of _____ Dollars on May 15, 2016.

1. Interest. Sierra Pacific Power Company, a Nevada corporation (the "company"), promises to pay interest on the principal amount of this Series M Note at 6% per annum, from March 23, 2006 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages, if any, semi-annually in arrears on May 15 and November 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Series M Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from Original Interest Accrual Date specified above; provided that if there is no existing Default in the payment of interest, and if this Series M Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Series M Notes, in which case interest shall accrue from the Original Interest Accrual Date specified above; provided, further,

that the first Interest Payment Date shall be November 15, 2006. The Company shall pay interest (including postpetition interest in any proceeding under the Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate borne on the Series M Notes; it shall pay interest (including post-petition interest in any proceeding under the Bankruptcy Law) on overdue installments of interest and Liquidated Damages, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Series M Notes (except Defaulted Interest) and Liquidated Damages to the Persons who are registered Holders of Series M Notes at the close of business on the May 1 and November 1 next preceding the Interest Payment Date, even if such Series M Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 3.07 of the Indenture with respect to Defaulted Interest. The Series M Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders of Series M Notes at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest, premium and Liquidated Damages on, all Global Notes and all other Series M Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Security Registrar. Initially, The Bank of New York, the Trustee under the Indenture, shall act as Paying Agent and Security Registrar. The Company may change any Paying Agent or Security Registrar without notice to any Holder of Series M Notes. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture; Security. This Series M Note is one of a duly authorized issue of Securities of the Company, issued and issuable in one or more series under and equally secured by a General and Refunding Mortgage Indenture, dated as of May 1, 2001 (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York, Trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Series M Note shall be deemed to constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Series M Note is one of the series designated above. The terms of the Series M Notes include those stated in the Indenture, the Officer's Certificate dated March 23, 2006 (the "Officer's Certificate") and those made part of

the Indenture by reference to the Trust Indenture Act. The Series M Notes are subject to all such terms, and Holders of Series M Notes are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Series M Note conflicts with the express provisions of the Indenture or the Officer's Certificate, the provisions of the Indenture and the Officer's Certificate shall govern and be controlling. The Series M Notes are general obligations of the Company initially limited to $300,000,000 aggregate principal amount in the case of Series M Notes issued on the Issue Date.

All Outstanding Securities, including the Series M Notes, issued under the Indenture are secured by the lien of the Indenture on the properties of the Company described in the Indenture. The lien of the Indenture is junior, subject and subordinate to the prior lien of the Indenture of Mortgage dated as of December 1, 1940 by and between the Company and U.S. Bank National Association and Gerald R. Wheeler, as successor trustees.

5. Optional Redemption.

(a) The Company may redeem the notes at any time, either in whole or in part at a redemption price equal to the greater of (1) 100% of the principal amount of the Series M Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series M Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series M Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series M Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

6. Notice of Optional Redemption. Notice of optional redemption shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Series M Notes are to be redeemed at its registered address. Series M Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Series M Notes held by a Holder are to be redeemed. Notices of redemption may not be conditional. On and after the redemption date, interest and Liquidated Damages, if any, cease to accrue on Series M Notes or portions thereof called for redemption.

7. Mandatory Redemption.

(a) Other than in connection with clause (b) below or in connection with a redemption at the option of the Holders of the Series M Notes in Section 8 below, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Series M Notes.

(b) Upon the occurrence of the events described below in clauses (1) or (2) of this paragraph 7(b), the Company shall be required to redeem the Series M Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the date of redemption, without further action or notice on the part of the Trustee or the Holders of the Series M Notes:

(1) the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

(2) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

8. Redemption at the Option of Holders. Upon the occurrence of any of the following Triggering Events: (a) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series M Notes; (b) failure to pay when due the principal of, or premium, if any, on the Series M Notes; (c) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Section 1(u)(ii) of the Officer's Certificate; (d) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of the Officer's Certificate; (e) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Officer's Certificate or the Series M Notes; (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the original issue date of the Series M Notes, if that default (i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the

grace period provided in such Indebtedness on the date of such default (a "PAYMENT DEFAULT") or (ii) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more; (g) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or (h) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (c) or (e) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); PROVIDED, HOWEVER, that, anything in the Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a rescission and annulment of the consequences thereof, the Holders of at least 25% in principal amount of the Series M Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series M Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the Redemption Date. The Holders of a majority in aggregate principal amount of the Series M Notes then Outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series M Notes waive any existing Triggering

Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series M Notes. In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series M Notes pursuant to the provisions of Section 1(g)(i) of the Officer's Certificate relating to redemption at the option of the Company, an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series M Notes at the option of the Holders thereof.

9. Denominations, Transfer, Exchange. The Series M Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Series M Notes may be registered and Series M Notes may be exchanged as provided in the Indenture and the Officer's Certificate. The Security Registrar and the Trustee may require a Holder of Series M Notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder of Series M Notes to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Series M Note or portion of a Series M Note selected for redemption, except for the unredeemed portion of any Series M Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Series M Notes for a period of 15 days before a selection of Series M Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Series M Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Series M Note shall be conclusive and binding upon such Holder and upon all future Holders of this Series M Note and of any Series M Note issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series M Note.

12. Events of Default. If an Event of Default shall occur and be continuing, the principal of this Series M Note may be declared due and payable in the manner and with the effect provided in the Indenture.

13. No Recourse Against Others. As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or

upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

14. Authentication. Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Series M Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

15. Transfer and Exchange.

(a) As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series M Note is registrable in the Security Register, upon surrender of this Series M Note for registration of transfer at the Corporate Trust Office of The Bank of New York in New York, New York or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series M Notes of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

(b) No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(c) Prior to due presentment of this Series M Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Series M Note is registered as the absolute owner hereof for all purposes, whether or not this Series M Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

16. Governing Law. THE SERIES M NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

17. Definition of "Business Day" and Other Terms. As used herein, "BUSINESS DAY" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York. All other terms used in this Series M Note which are defined in the Indenture or the Officer's Certificate shall have the meanings assigned to them in the Indenture or the Officer's Certificate, as applicable, unless otherwise indicated.

18. Abbreviations. Customary abbreviations may be used in the name of a Holder of Series M Notes or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Series M Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of March 23, 2006 between Sierra Pacific Power Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").

20. Cusip Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused

CUSIP numbers to be printed on the Series M Notes and the Trustee may use CUSIP numbers in notices of redemption a

as a convenience to Holders of Series M Notes. No representation is made as to the accuracy of such numbers either as printed on the Series M Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder of Series M Notes upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0400
Attention: Chief Financial Officer

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

SIERRA PACIFIC POWER COMPANY

By: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____, _____

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE* **

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<TABLE>
<CAPTION>

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF TRUSTEE OR NOTE CUSTODIAN
<S>	<C>	<C>	<C>	<C>

</TABLE>

*** This should be included only if the Note is issued in global form.

ASSIGNMENT FORM

To assign this Series M Note, fill in the form below: (I) or (we) assign and transfer this Series M Note to

_____

(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint_____
to transfer this Series M Note on the books of the Company. The agent may substitute another to act for him.

_____

Date:
Your Signature:_____
(Sign exactly as your name appears on the face of this Series M Note)

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Series M Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Officer's Certificate, check the box below:

[ ] Section 1(h)(iii) (Offer to Purchase upon Change of Control)

If you want to elect to have only part of the Series M Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Indenture, state the amount you elect to have purchased:

$_____

Date:

Your Signature:_____
(Sign exactly as your name appears on the face of the Series M Note)

Tax Identification No.:_____

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0400
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Sierra Pacific Power Company 6% General and Refunding Mortgage Notes, Series M, due 2016

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as supplemented (the "Indenture"), between Sierra Pacific Power Company, as issuer (the "Company") and The Bank of New York, as trustee and the Officer's Certificate dated March 23, 2006 governing the Note[s] (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note shall be subject to the restrictions

on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Officer's Certificate and the Securities Act.

2. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made by a "distributor" (within the meaning of Regulation S) prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Officer's Certificate and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE SHALL TAKE DELIVERY OF A DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act; or

(d) [ ] such Transfer is being effected to an accredited investor within the meaning of Rule (501)(a)(1), (2), (3) or (7) under the Securities Act ("Institutional Accredited Investor") or pursuant to another exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby certifies that the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) if the Transfer is to an Institutional Accredited Investor, a certificate executed by the Transferee in the form of Exhibit D to the Officer's Certificate and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certificate) to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Global Note and/or the Definitive Notes and in the Officer's Certificate and the Securities Act.

4. [ ] CHECK IF TRANSFEREE SHALL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Officer's Certificate.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and the Officer's Certificate and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Officer's Certificate.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance

with the transfer restrictions contained in the Indenture and the Officer's Certificate and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture and the Officer's Certificate, the transferred beneficial interest or Definitive Note shall not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Officer's Certificate.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By:

Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(ii) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____);

or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee shall hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] Unrestricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note.

(c) [ ] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture and the Officer's Certificate.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0400
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Sierra Pacific Power Company 6% General and Refunding Mortgage Notes, Series M, due 2016

(CUSIP _____)

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as supplemented (the "Indenture"), between Sierra Pacific Power Company, as issuer (the "Company") and The Bank of New York, as trustee, and the Officer's Certificate dated March 23, 2006 governing the Note[s] (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange

has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain

compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficiary interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture, the Officer's Certificate and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial

interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture and the Officer's Certificate, the Restricted Definitive Note issued shall continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Officer's Certificate and the Securities Act.

(b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the

[CHECK ONE]

[ ] 144A Global Note [ ] Regulation S Global Note

with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture and the Officer's Certificate, the beneficial interest issued shall be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Officer's Certificate and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Owner]

By:

Name:
Title:

Dated:

C - 3

EXHIBIT D

FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0400
Attention: Treasurer

The Bank of New York
101 Barclay Street, Floor 8W
New York, New York 10286
Attention: Corporate Trust Division - Corporate Finance Unit

Re: Sierra Pacific Power Company 6% General and Refunding Mortgage Notes, Series M, due 2016

Reference is hereby made to the General and Refunding Mortgage Indenture, dated as of May 1, 2001, as supplemented (the "Indenture"), among Sierra Pacific Power Company, as issuer (the "Company") and The Bank of New York, as trustee, and the Officer's Certificate dated March 23, 2006 governing the Notes (the "Officer's Certificate"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture and the Officer's Certificate.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Definitive Note,

we confirm that:

1. we are an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "SECURITIES

ACT"), or an entity in which all of the equity owners are accredited investors within the meaning of Rule (501)(a)(1), (2), (3) or (7) under the Securities Act (an "Institutional Accredited Investor");

2. (i)(A) any purchase of the Notes by us shall be for our own account or for the account of one or more other institutional accredited investors or as fiduciary for the account of one or more trusts, each of which is an "accredited investor" within the meaning of Rule 501(a)(7) under the Securities Act and for each of which we exercise sole investment discretion or (B) we are a "bank," within the meaning of Section 3(a)(2) of the Securities Act, or a "savings and loan association" or other institution described in Section

3(a)(5)(A) of the Securities Act that is acquiring Notes as fiduciary for the account of one or more institutions for which we exercise sole investment discretion;

3. in the event that we purchase any Notes, we shall acquire Notes having a minimum purchase price of not less than $250,000 for our own account and for each separate account for which we are acting;

4. we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing Notes;

5. we are not acquiring the Notes with a view to any distribution thereof in a transaction that would violate the Securities Act or the securities laws of any State of the United States or any other applicable jurisdictions, provided that the disposition of our property and the property of any accounts for which we are acting as fiduciary shall remain at all times within our control;

6. we have received a copy of the Offering Memorandum relating to the offering of the Notes and acknowledge that we have had access to such financial and other information, and have been afforded the opportunity to ask such questions of representatives of the Company and receive answers thereto, as we deem necessary in connection with our decision to purchase the Notes; and

7. (vii)(a) we are not an employee benefit plan or other arrangement that is subject to the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended, or an entity whose underlying assets include assets of such a plan or arrangement (pursuant to 29 C.F.R. Section 2510.3-101 or otherwise), and we are not purchasing (and shall not hold) the Notes on behalf of, or with the assets of, any such plan, arrangement or entity; or (b) our purchase and holding of the Notes are completely covered by the full exemptive relief provided by U.S. Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1 or 84-14.

We understand that the Notes were offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes have not been registered under the Securities Act or any state securities laws, and they were offered for resale in transactions not requiring registration under the Securities Act. We agree on our own behalf and on behalf of any investor account for which we are purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, to offer, sell or otherwise transfer such notes prior to (x) the date which is two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of the Notes and the last date on which the Company or any of its affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "RESALE RESTRICTION TERMINATION DATE") only: (1) to the Company; (2) pursuant to a registration statement which has been declared effective under the Securities Act; (3) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) that purchases for its own account or for the account of a qualified

institutional buyer to whom notice is given that the transfer is being made

in reliance on Rule 144A; (4) pursuant to offers and sales to Non-U.S. Persons that occur outside the United States within the meaning of Regulation S under the Securities Act; or (5) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirements of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws. Subject to the procedures set forth under Section 1(q)(v) of the Officer's Certificate, prior to any proposed transfer of the Notes (otherwise than pursuant to an effective registration statement) within the period referred to in Rule 144(k) under the Securities Act with respect to such transfer, the Holder of the Notes must check the appropriate box set forth on the reverse of its Notes relating to the manner of such transfer and submit the Notes to the trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. We acknowledge that the Company, the trustee and the transfer agent and security registrar reserve the right prior to any offer, sale or other transfer pursuant this paragraph, prior to the end of the restrictive periods described in clauses (x) and (y) above, to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to the Company, the trustee and the security registrar. We further understand that any Notes we receive shall be in the form of definitive physical certificates and that such certificates shall bear a legend reflecting the substance of this paragraph.

THIS LETTER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

We acknowledge that you and the Company shall rely upon the truth and accuracy of our acknowledgments, confirmations and agreements in this letter. Further, we acknowledge and agree that you and the Company are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or, official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By:

Name:

Title:

Dated:

EXHIBIT 4.5

FORM OF SERIES M NOTES

[Insert the Global Note Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

[Insert the Private Placement Legend, if applicable, pursuant to the provisions of the Indenture and the Officer's Certificate]

SIERRA PACIFIC POWER COMPANY

6% General and Refunding Mortgage Notes, Series M, due 2016

<TABLE>
<S> <C> <C>
Original Interest Accrual Date: March 23, 2006 Redeemable: Yes [X] No [ ]
Stated Maturity: May 15, 2016 Redemption Date: See Below
Interest Rate: 6% Redemption Price: See Below
Interest Payment Dates: May 15 and November 15
Record Dates: May 1 and November 1
</TABLE>

The Security is not a Discount Security within the meaning of the within-mentioned Indenture.

CUSIP No. _____

6% General and Refunding Mortgage Notes, Series M, due 2016

No. R- $_____

promises to pay to Cede & Co. or registered assigns, the principal sum of _____ Dollars on May 15, 2016.

1. Interest. Sierra Pacific Power Company, a Nevada corporation (the "Company"), promises to pay interest on the principal amount of this Series M Note at 6% per annum, from March 23, 2006 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages, if any, semi-annually in arrears on May 15 and November 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "Interest Payment Date"). Interest on the Series M Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from Original Interest Accrual Date specified above; provided that if there is no existing Default in the payment of interest, and if this Series M Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date, except in the case of the original issuance of Series M Notes, in which case interest shall accrue from the Original Interest Accrual Date specified above; provided, further, that the first Interest Payment Date shall be November 15, 2006. The Company shall pay interest (including postpetition interest in any proceeding under the Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at the rate borne on the Series M

Notes; it shall pay interest (including post-petition interest in any proceeding under the Bankruptcy Law) on overdue installments of interest and Liquidated Damages, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment. The Company shall pay interest on the Series M Notes (except Defaulted Interest) and Liquidated Damages to the Persons who are registered Holders of Series M Notes at the close of business on the May 1 and November 1 next preceding the Interest Payment Date, even if such Series M Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 3.07 of the Indenture with respect to Defaulted Interest. The Series M Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders of Series M Notes at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds shall be required with respect to principal of, and interest, premium and Liquidated Damages on, all Global Notes and all other Series M Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Security Registrar. Initially, The Bank of New York, the Trustee under the Indenture, shall act as Paying Agent and Security Registrar. The Company may change any Paying Agent or Security Registrar without notice to any Holder of Series M Notes. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture; Security. This Series M Note is one of a duly authorized issue of Securities of the Company, issued and issuable in one or more series under and equally secured by a General and Refunding Mortgage Indenture, dated as of May 1, 2001 (such Indenture as originally executed and delivered and as supplemented or amended from time to time thereafter, together with any constituent instruments establishing the terms of particular Securities, being herein called the "Indenture"), between the Company and The Bank of New York, Trustee (herein called the "Trustee," which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the property mortgaged, pledged and held in trust, the nature and extent of the security and the respective rights, limitations of rights, duties and immunities of the Company, the Trustee and the Holders of the Securities thereunder and of the terms and conditions upon which the Securities are, and are to be, authenticated and delivered and secured. The acceptance of this Series M Note shall be deemed to constitute the consent and agreement by the Holder hereof to all of the terms and provisions of the Indenture. This Series M Note is one of the series designated above. The terms of the Series M Notes include those stated in the Indenture, the Officer's Certificate dated March 23, 2006 (the "Officer's Certificate") and those made part of the Indenture by reference to the Trust Indenture Act. The Series M Notes are subject to all such terms, and Holders of Series M Notes are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Series M Note conflicts with the express provisions of the Indenture or the Officer's Certificate, the provisions of the Indenture and the

Officer's Certificate shall govern and be controlling. The Series M Notes are general obligations of the Company initially limited to $300,000,000 aggregate principal amount in the case of Series M Notes issued on the Issue Date.

All Outstanding Securities, including the Series M Notes, issued under the Indenture are secured by the lien of the Indenture on the properties of the Company described in the Indenture. The lien of the Indenture is junior, subject and subordinate to the prior lien of the Indenture of Mortgage dated as of December 1, 1940 by and between the Company and U.S. Bank National Association and Gerald R. Wheeler, as successor trustees.

5. Optional Redemption.

(a) The Company may redeem the notes at any time, either in whole or in part at a redemption price equal to the greater of (1) 100% of the principal

amount of the Series M Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on the Series M Notes being redeemed (excluding the portion of any such interest accrued to the date of redemption) discounted (for purposes of determining present value) to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued interest thereon to the date of redemption.

"Comparable Treasury Issue" means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Series M Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Series M Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities" or (2) if such release (or any successor release) is not published or does not contain such prices on such third business day, the Reference Treasury Dealer Quotation for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Company.

"Reference Treasury Dealer" means a primary U.S. Government Securities Dealer selected by the Company.

"Reference Treasury Dealer Quotation" means, with respect to the Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at or before 5:00 p.m., New York City time, on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

6. Notice of Optional Redemption. Notice of optional redemption shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder whose Series M Notes are to be redeemed at its registered address. Series M Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Series M Notes held by a Holder are to be redeemed. Notices of redemption may not be conditional. On and after the redemption date, interest and Liquidated Damages, if any, cease to accrue on Series M Notes or portions thereof called for redemption.

7. Mandatory Redemption.

(a) Other than in connection with clause (b) below or in connection with a redemption at the option of the Holders of the Series M Notes in Section 8 below, the Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Series M Notes.

(b) Upon the occurrence of the events described below in clauses (1) or (2) of this paragraph 7(b), the Company shall be required to redeem the

Series M Notes immediately, at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the date of redemption, without further action or notice on the part of the Trustee or the Holders of the Series M Notes:

(1) the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(I) commences a voluntary case,

(II) consents to the entry of an order for relief against it in an involuntary case,

(III) consents to the appointment of a custodian of it or for all or substantially all of its property,

(IV) makes a general assignment for the benefit of its creditors, or

(V) admits in writing of its inability to pay its debts generally as they become due; or

(2) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(I) is for relief against the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary in an involuntary case;

(II) appoints a custodian of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(III) orders the liquidation of the Company or any of its Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

8. Redemption at the Option of Holders. Upon the occurrence of any of the following Triggering Events: (a) failure for 30 days to pay when due interest on, or Liquidated Damages with respect to, the Series M Notes; (b) failure to pay when due the principal of, or premium, if any, on the Series M Notes; (c) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described in Section 1(u)(ii) of the Officer's Certificate; (d) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice to comply with the provisions described in Section 1(h)(iii) of the Officer's Certificate; (e) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to comply with any of the other agreements in the Officer's Certificate or the Series M Notes; (f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such

Indebtedness or guarantee now exists, or is created after the original issue date of the Series M Notes, if that default (i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or

(ii) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $15.0 million or more; (g) failure by the Company or any of its Subsidiaries to pay final judgments aggregating in excess of $15.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; or (h) an event of default under the First Mortgage Indenture (other than any such matured event of default which (i) is of similar kind or character to the Triggering Event described in (c) or (e) above and (ii) has not resulted in the acceleration of the securities outstanding under the First Mortgage Indenture); provided, however, that, anything in the Officer's Certificate to the contrary notwithstanding, the waiver or cure of such event of default under the First Mortgage Indenture and the rescission and annulment of the consequences thereof under the First Mortgage Indenture shall constitute a cure of the corresponding Triggering Event and a rescission and annulment of the consequences thereof, the Holders of at least 25% in principal amount of the Series M Notes then Outstanding may deliver a notice to the Company requiring the Company to redeem the Series M Notes immediately at a Redemption Price equal to 100% of the aggregate principal amount of the Series M Notes plus accrued and unpaid interest and Liquidated Damages, if any, on the Series M Notes to the Redemption Date. The Holders of a majority in aggregate principal amount of the Series M Notes then Outstanding by notice to the Company and the Trustee may on behalf of the Holders of all of the Series M Notes waive any existing Triggering Event and its consequences except a continuing Triggering Event related to the payment of interest or Liquidated Damages on, or the principal of, the Series M Notes. In the case of any Triggering Event by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Series M Notes pursuant to the provisions of Section 1(g)(i) of the Officer's Certificate relating to redemption at the option of the Company, an equivalent premium equal to the premium payable under Section 1(g)(i) shall also become and be immediately due and payable to the extent permitted by law upon the redemption of the Series M Notes at the option of the Holders thereof.

9. Denominations, Transfer, Exchange. The Series M Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Series M Notes may be registered and Series M Notes may be exchanged as provided in the Indenture and the Officer's Certificate. The Security Registrar and the Trustee may require a Holder of Series M Notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder of Series M Notes to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Series M Note or portion of a Series M Note selected for redemption, except for the unredeemed portion of any Series M Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Series M Notes for a period of 15 days before a selection of Series M Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. Persons Deemed Owners. The registered Holder of a Series M Note may be treated as its owner for all purposes.

11. Amendment, Supplement and Waiver. The Indenture permits, with certain exceptions as therein provided, the Trustee to enter into one or more supplemental indentures for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Indenture with the

consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series then Outstanding under the Indenture, considered as one class; provided, however, that if there shall be Securities of more than one series Outstanding under the Indenture and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that the Indenture permits the Trustee to enter into one or more supplemental indentures for limited purposes without the consent of any Holders of Securities. The Indenture also contains provisions permitting the Holders of a majority in principal amount of the Securities then Outstanding, on behalf of the Holders of all Securities, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Series M Note shall be conclusive and binding upon such Holder and upon all future Holders of this Series M Note and of any Series M Note issued upon the registration of transfer hereof or in exchange therefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Series M Note.

12. Events of Default. If an Event of Default shall occur and be continuing, the principal of this Series M Note may be declared due and payable in the manner and with the effect provided in the Indenture.

13. No Recourse Against Others. As provided in the Indenture, no recourse shall be had for the payment of the principal of or premium, if any, or interest on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under the Indenture, against, and no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor corporation (either directly or through the Company or a predecessor or successor corporation), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that the Indenture and all the Securities are solely corporate obligations and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of the Indenture and the issuance of the Securities.

14. Authentication. Unless the certificate of authentication hereon has been executed by the Trustee or an Authenticating Agent by manual signature, this Series M Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

15. Transfer and Exchange.

(a) As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Series M Note is registrable in the Security Register, upon surrender of this Series M Note for registration of transfer at the Corporate Trust Office of The Bank of New York in New York, New York or such other office or agency as may be designated by the Company from time to time, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series M Notes of this series of authorized denominations and of like tenor and aggregate principal amount, will be issued to the designated transferee or transferees.

(b) No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(c) Prior to due presentment of this Series M Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Series M Note is registered as the absolute owner hereof for all purposes, whether or not this Series M Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

16. Governing Law. THE SERIES M NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

17. Definition of "Business Day" and Other Terms. As used herein, "Business Day" shall mean any day, other than Saturday or Sunday, on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in New York. All other terms used in this Series M Note which are defined in the Indenture or the Officer's Certificate shall have the meanings assigned to them in the Indenture or the Officer's Certificate, as applicable, unless otherwise indicated.

18. Abbreviations. Customary abbreviations may be used in the name of a Holder of Series M Notes or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes. In addition to the rights provided to Holders of Series M Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of March 23, 2006 between Sierra Pacific Power Company and the parties named on the signature pages thereof (the "Registration Rights Agreement").

20. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Series M Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders of Series M Notes. No representation is made as to the accuracy of

such numbers either as printed on the Series M Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder of Series M Notes upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Sierra Pacific Power Company
6100 Neil Road
P.O. Box 10100
Reno, Nevada 89520-0400
Attention: Chief Financial Officer

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

SIERRA PACIFIC POWER COMPANY

By: _____

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: _____, _____

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE***

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<TABLE>
<CAPTION>

DATE OF EXCHANGE	AMOUNT OF DECREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	AMOUNT OF INCREASE IN PRINCIPAL AMOUNT OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED SIGNATORY OF TRUSTEE OR NOTE CUSTODIAN
<S>	<C>	<C>	<C>	<C>

</TABLE>

*** This should be included only if the Note is issued in global form.

ASSIGNMENT FORM

To assign this Series M Note, fill in the form below: (I) or (we) assign and transfer this Series M Note to

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Series M Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:_____

(Sign exactly as your name appears on the face of this Series M Note)

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Series M Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Officer's Certificate, check the box below:

[ ] Section 1(h)(iii) (Offer to Purchase upon Change of Control)

If you want to elect to have only part of the Series M Note purchased by the Company pursuant to Section 1(h)(iii) (Offer to Purchase upon Change of Control) of the Indenture, state the amount you elect to have purchased:

$_____

Date:

Your Signature: _____

(Sign exactly as your name appears on the face of the Series M Note)

Tax Identification No.: _____

SIGNATURE GUARANTEE

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT 4.6

REGISTRATION RIGHTS AGREEMENT

DATED MARCH 23, 2006

AMONG

SIERRA PACIFIC POWER COMPANY

AND

CITIGROUP GLOBAL MARKETS INC.

AND

UBS SECURITIES LLC,

AS REPRESENTATIVES OF THE

INITIAL PURCHASERS

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into this 23rd day of March, 2006, by and between Sierra Pacific Power Company, a Nevada corporation (the "Company"), and Citigroup Global Markets Inc. and UBS Securities LLC as representatives (the "Representatives") of the Initial Purchasers (the "Initial Purchasers"), as contemplated by the Purchase Agreement, dated March 20, 2006 (the "Purchase Agreement"), by and between the Company and the Initial Purchasers, which provides for the sale by the Company to the Initial Purchasers of an aggregate of $300,000,000 in principal amount of the Company's 6.00% General and Refunding Mortgage Notes, Series M, due 2016 (the "Securities"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

The Company agrees with the Representatives, for the benefit of the Initial Purchasers and for the benefit of the beneficial owners (including the Initial Purchasers) from time to time of the Registrable Securities (as hereinafter defined), as follows:

1. Definitions.

As used in this Agreement, the following terms shall have the following meanings:

"1933 Act" means the Securities Act of 1933, as amended from time to time.

"1934 Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Closing Date" means the Closing Time as defined in the Purchase Agreement.

"Company" has the meaning set forth in the preamble and shall also include the Company's successors.

"Depositary" means The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" means the exchange offer by the Company of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration" means a registration under the 1933 Act effected pursuant to Section 2.1 hereof.

"Exchange Offer Registration Statement" means an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" has the meaning set forth in Section 2.1 hereof.

"Exchange Securities" means the notes issued by the Company under the Indenture containing terms identical to the Securities in all material respects (except for references to provisions relating to liquidated damages, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

"Holder" means an Initial Purchaser, for so long as it owns any Registrable Securities, and any other beneficial owner of Registrable Securities.

"Indenture" means the General and Refunding Mortgage Indenture, dated as of May 1, 2001, between the Company and the Trustee, as amended and

supplemented from time to time in accordance with the terms thereof.

"Initial Purchaser" or "Initial Purchasers" has the meaning set forth in the preamble.

"Majority Holders" means the Holders of a majority in aggregate principal amount of Outstanding (as defined in the Indenture) Registrable Securities; provided, however, that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company and other obligors on the Securities or any Affiliate (as defined in the Indenture) of the Company or of such other obligor (unless the Company, such obligor or such Affiliate owns all Registrable Securities then Outstanding) shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage.

"Participating Broker-Dealer" means any of the Initial Purchasers and any other broker-dealer which makes a market in the Securities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

"Person" means an individual, partnership (general or limited), corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Private Exchange" has the meaning set forth in Section 2.1 hereof.

"Private Exchange Securities" has the meaning set forth in Section 2.1 hereof.

"Prospectus" means the prospectus included in a Registration Statement, including, without limitation, a prospectus that discloses information previously omitted

from a prospectus filed as part of an effective registration statement in reliance upon Rule 415 under the 1933 Act), as amended or supplemented, including all documents incorporated by reference therein.

"Purchase Agreement" has the meaning set forth in the preamble.

"Registrable Securities" means the Securities and, if issued, the Private Exchange Securities; provided, however, that Securities and, if issued, the Private Exchange Securities, shall cease to be Registrable Securities when (i) (except in the case of Securities purchased from the Company and continued to be held by the Initial Purchasers) the Exchange Offer is consummated, (ii) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (iii) such Securities have been sold to the public pursuant to Rule 144 under the 1933 Act, (iv) the applicable holding period under rule 144(k) under the 1933 Act shall have expired or (v) such

Securities shall have ceased to be outstanding.

"Registration Expenses" means any and all expenses incident to performance of or compliance by the Company with this Agreement, including, without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. (the "NASD") registration and filing fees, including, if applicable, the fees and expenses of any "qualified independent underwriter" (and its counsel) that is required to be retained by any holder of Registrable Securities in accordance with the rules and regulations of the NASD, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities), (iii) all printing and other expenses in preparing, and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements of counsel for the Company and of the independent public accountants of the Company, (vi) the fees and expenses of the Trustee and its counsel (vii) the reasonable fees and expenses, if any, of the Initial Purchasers in connection with the Exchange Offer, including the reasonable fees and expenses, if any, of not more than one counsel to the Initial Purchasers in connection therewith, which shall be Dewey Ballantine LLP, (viii) the reasonable fees and disbursements of not more than one counsel representing the Holders of Registrable Securities which shall be Dewey Ballantine LLP, unless another firm shall be chosen by the Majority Holders and identified to the Company and (ix) any fees and disbursements of the underwriters customarily required to be paid by issuers or sellers of securities, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" means any registration statement of the Company which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such

Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"SEC" means the Securities and Exchange Commission or any successor agency or government body performing the functions currently performed by the United States Securities and Exchange Commission.

"Securities" has the meaning set forth in the preamble.

"Shelf Registration" means a registration effected pursuant to Section 2.2 hereof.

"Shelf Registration Statement" means a "shelf" registration statement of the Company pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities or all of the Private Exchange Securities on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"TIA" means the Trust Indenture Act of 1939, as amended from time to time.

"Trustee" means the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act.

2.1 Exchange Offer. The Company shall, for the benefit of the Holders, at the Company's cost,

(A) prepare and, as soon as reasonably practicable but not later than the 180th day after the Closing Date, file with the SEC an Exchange Offer Registration Statement on an appropriate form under the 1933 Act with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities (other than Private Exchange Securities), of a like principal amount of Exchange Securities,

(B) use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act on or prior to the 270th day after the Closing Date,

(C) to commence the Exchange Offer as promptly as reasonably practicable after the effective date of the Exchange Offer Registration Statement,

(D) use all commercially reasonable efforts to keep the Exchange Offer Registration Statement effective until the closing of the Exchange Offer, and

(E) use all commercially reasonable efforts to cause the Exchange Offer to be consummated not later than the 40th day after such effective date. It is the objective of the Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, (b) is not a broker-dealer tendering Registrable Securities acquired directly from

the Company for its own account, (c) acquired the Exchange Securities in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act or under state securities or blue sky laws.

In connection with the Exchange Offer, the Company shall:

(a) mail as promptly as reasonably practicable to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Exchange Offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(c) utilize the services of the Depositary for the Exchange Offer;

(d) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Time), on the last business day of the Exchange Period, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Registrable Securities delivered for exchange, and a statement that such Holder is withdrawing such Holder's election to have such Securities exchanged;

(e) notify each Holder that any Registrable Security not tendered will remain Outstanding and continue to accrue interest, but will not retain any rights under this Agreement (except in the case of the Initial Purchasers and Participating Broker-Dealers, as provided herein); and

(f) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

If, prior to consummation of the Exchange Offer, the Initial Purchasers hold any Securities acquired by them and having the status of an unsold allotment in the initial distribution, the Company upon the request of any Initial Purchaser shall, simultaneously with the delivery of the Exchange Securities in the Exchange Offer, issue and deliver to such Initial Purchaser in exchange (the "Private Exchange") for the Securities held by such Initial Purchaser, a like principal amount of debt securities (the "Private Exchange Securities") of the Company issued under the Indenture and identical (except

that such securities shall bear appropriate transfer restrictions) to the Exchange Securities.

The Company shall use all commercially reasonable efforts to have the Private Exchange Securities bear the same CUSIP number as the Exchange Securities; provided, however, that the Company shall not have any liability under this Agreement solely as a result of the Private Exchange Securities not bearing the same CUSIP number as the Exchange Securities.

As soon as practicable after the consummation of the Exchange Offer and/or the Private Exchange, as the case may be, the Company shall:

(ii) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(iii) accept for exchange all Securities properly tendered pursuant to the Private Exchange;

(iv) deliver to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(v) cause the Trustee promptly to authenticate and deliver Exchange Securities or Private Exchange Securities, as the case may be, to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security and Private Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date as of which interest on such Registrable Securities commenced to accrue, all as provided in the Indenture. The Exchange Offer and the Private Exchange shall not be subject to any conditions, other than the following:

(i) the Exchange Offer or the Private Exchange, or the making of any exchange by a Holder, shall not be in violation of applicable law or any applicable interpretation of the staff of the SEC,

(ii) the Registrable Securities to be exchanged shall have been duly tendered in accordance with the Exchange Offer and the Private Exchange,

(iii) each Holder of Registrable Securities to be

exchanged in the Exchange Offer shall have represented that all Exchange Securities to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available, and

(iv) no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer or the Private Exchange which, in the Company's judgment, would reasonably be expected to impair the ability of the Company to proceed with the Exchange Offer or the Private Exchange. The Company shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right (but shall have no obligation hereunder) to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

2.2 Shelf Registration. (i) If, because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC, the Company is not permitted to effect the Exchange Offer as contemplated by Section 2.1 hereof, (ii) if for any other reason the Exchange Offer Registration Statement is not declared effective on or prior to the 270th day after the Closing Date or the Exchange Offer is not consummated on or prior to the 40th day after the effective date of the Exchange Offer Registration Statement, or (iii) if any Holder is not permitted to participate in the Exchange Offer or does not receive fully tradeable Exchange Securities pursuant to the Exchange Offer, then in case of each of clauses (i) through (iii) the Company shall, at its cost:

(a) File with the SEC, as promptly as reasonably practicable but no later than the 30th day after such filing obligation arises, a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement, and shall use all commercially reasonable efforts to cause the Shelf Registration Statement to be declared effective as promptly as reasonably practicable but no later than the 90th day after the filing thereof.

(b) Use all commercially reasonable efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of

two years from the date the Shelf Registration Statement is declared effective by the SEC, or for such shorter period as will terminate when all Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be Outstanding or otherwise to be Registrable Securities (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration Statement shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements of Rule 174 under the 1933 Act and as otherwise provided herein.

(c) Notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company shall not permit any securities other than Registrable Securities to be included in the Shelf Registration Statement. The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(b) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

2.3 Expenses. The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4 Effectiveness. (a) The Company will be deemed not to have used all commercially reasonable efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company voluntarily takes any action that would, or omits to take any action the omission of which would, result in any such Registration Statement not being declared effective or in the Holders of Registrable Securities covered thereby not being able to exchange or offer and sell such Registrable

Securities during that period as and to the extent contemplated hereby, unless such action is required or prohibited, as the case may be, by applicable law.

(b) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to an Exchange Offer Registration Statement or a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

2.5 Liquidated Damages. In the event that either (a) the Exchange Offer Registration Statement is not filed with the SEC at or prior to the deadline therefor specified in Section 2.1, (b) the Exchange Offer Registration Statement has not been declared effective at or prior to the deadline therefor specified in Section 2.1, (c) the Exchange Offer is not consummated at or prior to the deadline therefor specified in Section 2.1, (d) the Shelf Registration Statement is not filed with the SEC at or prior to the deadline therefor specified in Section 2.2 or (e) the Shelf Registration Statement has not been declared effective at or prior to the deadline therefor specified in Section 2.2 (each such event referred to in clauses (a) through (e) above, a "Registration Default"), then the Company shall pay to each Holder of Registrable Securities affected thereby liquidated damages in an amount equal to $0.05 per $1,000 in principal amount of Registrable Securities held by such Holder for each week (or portion thereof) in the first 90-day period immediately following the occurrence of such Registration Default. The amount of such liquidated damages payable per week shall increase by $0.05 per $1,000 in principal amount of such Registrable Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Registrable Securities; provided that the Company shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Following the cure of all Registration Defaults liquidated damages will cease to accrue.

If the Shelf Registration Statement is unusable by the Holders for any reason (other than by reason of a prohibition, condition or other requirement (not relating to information contained therein or omitted therefrom) not in effect at the date hereof imposed by any statute or governmental regulation), and the aggregate number of days in any consecutive twelve-month period for which the Shelf Registration Statement shall not be usable exceeds 30 days in the aggregate, then the Company shall pay to each Holder of Registrable Securities affected thereby liquidated damages in an amount equal to $0.05 per $1,000 in principal amount of Registrable Securities held by such Holder for each week (or portion thereof) in the first 90-day period beginning on the 31st day on which the Shelf Registration Statement ceases to be usable. The amount of such liquidated damages shall increase by $0.05 per $1,000 in principal amount

of such Registrable Securities with respect to each subsequent 90-day period in which the Shelf

Registration Statement is not usable, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Registrable Securities. Upon the Shelf Registration Statement once again becoming usable, liquidated damages will cease to accrue.

Liquidated damages shall be computed based on the actual number of days elapsed in each 90-day period in which a Registration Default is continuing or in which the Shelf Registration Statement is unusable, as the case may be.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided in the Indenture for the payment of interest, on each interest payment date, as more fully set forth in the Indenture and the Securities. Notwithstanding the fact that any Securities in respect of which liquidated damages are due cease to be Registrable Securities, all obligations of the Company to pay such liquidated damages shall survive until such time as such obligations in respect of such Securities shall have been satisfied in full.

3. Registration Procedures.

In connection with the obligations of the Company with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the relevant time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof and, (iii) shall comply as to form in all material respects with the requirements of the 1933 Act and TIA, and the rules and regulation of the SEC thereunder, and use all commercially reasonable efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act and comply with the provisions of the 1933 Act, the 1934 Act and the rules and regulations thereunder applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution

by the selling Holders thereof (including sales by any Participating Broker-Dealer);

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advise such Holders that the distribution of Registrable Securities will be made in

accordance with the methods selected by the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, and, if the Holder so requests, all exhibits in order to facilitate the public sale or other disposition of the Registrable Securities and (iii) be deemed to have consented to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use all commercially reasonable efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder and such underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(e) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company that it is utilizing the Exchange Offer Registration Statement as provided in paragraph (f) below and, if requested in writing by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments thereto become effective and any supplements thereto are filed, (ii) of any request by the SEC or any state

securities authority for post-effective amendments to a Registration Statement and supplements to a Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any

facts during any period in which a Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any change in such Registration Statement or Prospectus in order to make the statements therein not misleading, (vi) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (vii) of any determination by the Company that a post-effective amendment to such Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer Registration Statement, (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution" which section shall be reasonably acceptable to the Representatives, on behalf of the Participating Broker-Dealers, and which shall contain a summary statement of the positions taken or policies made by the staff of the SEC with respect to the potential "underwriter" status of any broker-dealer that holds Registrable Securities acquired for its own account as a result of market-making activities or other trading activities and that will be the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of Exchange Securities to be received by such broker-dealer in the Exchange Offer, whether such positions or policies have been publicly disseminated by the staff of the SEC or such positions or policies, in the reasonable judgment of the Representatives on behalf of the Participating Broker-Dealers and its counsel, represent the prevailing views of the staff of the SEC, including a statement that any such broker-dealer who receives Exchange Securities for Registrable Securities pursuant to the Exchange Offer may be deemed a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company the written notice referred to in Section 3(e), without charge, as many copies of each Prospectus

included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (iii) be deemed to have consented to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any Person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the Prospectus or any amendment or supplement thereto and to have agreed to keep the Exchange Offer Registration Statement effective during the period of such use (up to a maximum of 180 days after the consummation of the Exchange Offer) and (iv) include in the transmittal letter or functionally equivalent documentation to be executed by or on behalf of an exchange offeree in order to participate in the Exchange Offer (x) a statement to the following effect:

> "If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a

> result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer." and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and

(B) in the case of any Exchange Offer Registration Statement and solely upon the written request of the Representatives, deliver to the Initial Purchasers on behalf of the Participating Broker-Dealers, prior to the commencement of the Exchange Offer (i) an opinion of counsel or opinions of counsel substantially to the effect set forth in Exhibit A, (ii) officers' certificates substantially in the form customarily delivered in a public offering of debt securities and (iii) a comfort letter or comfort letters in customary form to the extent permitted by Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants (or if such a comfort letter is not permitted, an agreed upon procedures letter in customary form) from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) at least as broad in scope and coverage as the comfort letter or comfort letters delivered to the Initial Purchasers in connection with

the initial sale of the Securities to the Initial Purchasers;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make all commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference and all exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least five business days prior to the closing of any sale of Registrable Securities;

(k) upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(e)(v) and 3(e)(vi) hereof, as promptly as practicable after the occurrence of such an event, use all commercially reasonable efforts to prepare a post-effective amendment to the Registration Statement, a supplement to the related Prospectus or an amendment to any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, the Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such number of copies of the Prospectus as amended or supplemented, as such Holder may reasonably request;

(l) in the case of a Shelf Registration, a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus (excluding, in any case, any document which is to be incorporated by reference into a Registration Statement or a Prospectus after the initial filing of a Registration Statement), provide copies of such document to the Holders participating in such Shelf Registration and make such representatives of the Company as shall be reasonably requested by the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, available for discussion of such document;

(m) obtain a CUSIP number for all Exchange Securities, Private Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Securities, Private Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depositary;

(n) (i) use all commercially reasonable efforts to cause the Indenture to be qualified under the TIA in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate

with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use all commercially reasonable efforts to cause the Trustee to execute, all documents which may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(o) in the case of a Shelf Registration and at the request of the Holders of a majority in principal amount of the Registrable Securities the Holders of which are participating in such Shelf Registration, enter into agreements (including underwriting agreements) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to such Holders and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and

updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the holders of a majority in principal amount of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and updates thereof from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, if any, and use reasonable efforts to have such letter addressed to the selling Holders of Registrable Securities (to the extent consistent with Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accounts), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of

soliciting purchases of Registrable Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 4 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section or, at the request of any underwriters, in the form customarily provided to such underwriters in similar types of transactions; and

(vi) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the Holders of the Registrable Securities being sold and the managing underwriters, if any.

The above shall be done at (i) the effectiveness of such Registration Statement (and each post-effective amendment thereto) and (ii) each

closing under any underwriting or similar agreement as and to the extent required thereunder;

(p) in the case of a Shelf Registration or if a Prospectus is required to be delivered by any Participating Broker-Dealer in the case of an Exchange Offer, make available for inspection by representatives of the Holders of the Registrable Securities, any underwriters participating in any disposition pursuant to a Shelf Registration Statement, any Participating Broker-Dealer and any counsel or accountant retained by any of the foregoing, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement, and make such representatives of the Company available for discussion of such documents as shall be reasonably requested by the Initial Purchasers;

(q) (i) in the case of an Exchange Offer Registration Statement and upon the written request of the Representatives, a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Representatives and/or counsel to the Initial Purchasers and make such changes in any such document prior to the filing thereof as the Representatives or such counsel may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which the Representatives or counsel to the Initial Purchasers shall not have previously been advised and furnished a copy of or to which the Representatives or such counsel shall reasonably object, and make the representatives of the Company available for

discussion of such documents as shall be reasonably requested by the Representatives; and

(ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Securities, to counsel for such Holders and to the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, and, upon the written request of the Representatives, to the Representatives and/or counsel to the Initial Purchasers, make such changes in any such document prior to the filing thereof as the Initial Purchasers, counsel to the Holders of Registrable Securities or the underwriter or underwriters shall reasonably request and not file any such document in a form to which the Representatives, the

Majority Holders, counsel for the Holders of Registrable Securities or any underwriter shall not have previously been advised and furnished a copy of or to which the Representatives, the Majority Holders, counsel to the Holders of Registrable Securities or any underwriter shall reasonably object, and make the representatives of the Company available for discussion of such document as shall be reasonably requested by the Representatives, the Majority Holders, counsel for the Holders of Registrable Securities or any underwriter;

(r) in the case of a Shelf Registration, use all commercially reasonable efforts to cause all Registrable Securities to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(s) in the case of a Shelf Registration, use all commercially reasonable efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(t) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earning statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(u) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD).

Each Holder will be deemed to have agreed that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts,

each of the kind described in Section 3(e)(v) or 3(e)(vi) (in the event that such notice pursuant to 3(e)(vi) relates to the jurisdiction in which such Holder plans to dispose of Registrable Securities) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

In the event that the Company fails to effect the Exchange Offer or file any Shelf Registration Statement and maintain the effectiveness of any Shelf Registration Statement as provided herein (other than by reason of a prohibition, condition or other requirement not in effect at the date hereof imposed by any statute or governmental regulation), the Company shall not file any Registration Statement with respect to any securities (within the meaning of Section 2(1) of the 1933 Act) of the Company other than Registrable Securities.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Majority Holders of such Registrable Securities included in such offering and shall be reasonably acceptable to the Company. No Holder of Registrable Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

In the case of a Shelf Registration Statement, the Company may require each Holder of Registrable Securities to furnish to the Company, and update, such information regarding such Holder and the proposed distribution by such Holder as the Company may from time to time reasonably request. Such information may include such Holder's name and address and any relationships between such Holder and the Company, any of the Initial Purchasers or any underwriter proposing to participate in such proposed distribution. In order to obtain such information, the Company shall, at least fifteen business days prior to the filing of such Shelf Registration Statement, commence commercially reasonable efforts, in cooperation with the Depositary and the Initial Purchasers, (a) to inform the Holders of Registrable Securities that a Shelf Registration Statement is being filed and (b) to specify the information regarding such Holders which the Company requires in connection with the preparation thereof.

Anything in this Agreement to the contrary notwithstanding, any Holder of Registrable Securities which shall not have timely furnished to the Company the information so requested with respect to any Shelf Registration Statement:

(a) shall not be entitled to have the Registrable Securities held by it covered by such Shelf Registration Statement or to receive copies of such Shelf Registration Statement or the Prospectus relating thereto;

(b) shall not be entitled to any liquidated damages

contemplated in clause (d) or (e) of the first sentence in the first paragraph, or in the second paragraph, of Section 2.5 hereof;

(c) shall not be entitled to receive any notices from the Company as provided in this Section 3 or elsewhere in this Agreement; and

(d) shall not otherwise be deemed a Holder of Registrable Securities for purposes of this Agreement with respect to such Shelf Registration Statement.

All Holders of Registrable Securities, by their payment for and acceptance of such Securities, shall be deemed to have consented and agreed to the terms and provisions of this Agreement including, without limitation, the terms and provisions of this Section 3.

4. Indemnification; Contribution.

(a) The Company agrees to indemnify and hold harmless the Initial Purchasers, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or

any such alleged untrue statement or omission; provided that (subject to Section 4(d) below) any such settlement is effected with

the written consent of the Company; and

(iii) against any and all expense whatsoever (including the fees and disbursements of counsel chosen by any indemnified party), as incurred, which is reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Holder or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto); and provided, further, that this indemnity agreement shall not inure to the benefit of any Underwriter or any person who controls such Underwriter on account of any such loss, liability, claim, damage or expense arising out of any such defect or alleged defect in any preliminary prospectus if a copy of the Prospectus (exclusive of the documents incorporated by reference therein) shall not have been given or sent by such Underwriter with or prior to the written confirmation of the sale involved to the extent that (i) the Prospectus would have cured such defect or alleged defect and (ii) sufficient quantities of the Prospectus were timely made available to such Underwriter.

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Initial Purchasers, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, the Initial Purchasers, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 4(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Shelf Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information with respect to such Holder furnished to the Company by such Holder expressly for use in the Shelf Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it

in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 4 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 4(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 4 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and the Holders and the Initial Purchasers on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company on the one hand and the Holders and the Initial Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a

material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Holders or the Initial Purchasers and the parties' relative intent,

knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Holders and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 4. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 4, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 4, each Person, if any, who controls an Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company, and each Person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Initial Purchasers' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A to the Purchase Agreement and not joint.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. So long as the Company is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company covenants that it will file the reports required to be filed by it under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act and the rules and

regulations adopted by the SEC thereunder. If the Company ceases to be so required to file such reports, the Company covenants that it will upon the request of any Holder of Registrable Securities (a) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and it will take such further action as any Holder of Registrable Securities may reasonably request, and (c) take such further action

that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

5.2 No Inconsistent Agreements. The Company has not entered into and the Company will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers; and (b) if to the Company, initially at the Company's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; two business

days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent

Holders; provided, however, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7 Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Sections 2.1 through 2.4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 2.1 through 2.4 hereof.

5.8 Restriction on Resales. Until the expiration of two years after the Closing Date, the Company will not, and will cause its "affiliates" (as such term is defined in Rule 144(a)(1) under the 1933 Act) not to, resell any Securities which are "restricted securities" (as such term is defined under Rule 144(a)(3) under the 1933 Act) that have been reacquired by any of them and shall immediately upon any purchase of any such Securities submit such Securities to the Trustee for cancellation.

5.9 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

5.10 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

5.12 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SIERRA PACIFIC POWER COMPANY

By:_____
Name:
Title:

Confirmed and accepted as of
the date first above written:

CITIGROUP GLOBAL MARKETS INC.

UBS SECURITIES LLC

By: CITIGROUP GLOBAL MARKETS INC.

By: _____

Name:
Title:

For themselves and as Representatives of the Initial Purchasers

Signature Page to Registration Rights Agreement

Exhibit A

CONTENTS OF OPINION OF COUNSEL

1. The Exchange Offer Registration Statement and the Prospectus (other than the financial statements, notes or schedules thereto and other financial data and supplemental schedules included or incorporated by reference therein or omitted therefrom and the Form T-1, as to which such counsel need express no opinion), comply as to form in all material respects with the requirements of the 1933 Act and the applicable rules and regulations promulgated under the 1933 Act.

2. Nothing has come to our attention that would lead us to believe that the Exchange Offer Registration Statement (except for financial statements and schedules and other financial data included therein as to which we make no statement), when it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus, as amended or supplemented (except for financial statements and schedules and other financial data included therein, as to which such counsel need make no statement), at the date of such opinion includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

EXhibit 10.1

EXECUTION COPY

AMENDMENT AND CONSENT

THIS AMENDMENT AND CONSENT (this "Agreement") is made and entered into as of this 19th day of April, 2006, with an effective date as set forth in Section 4 hereof, by and among NEVADA POWER COMPANY, a Nevada corporation (the "Borrower"), the lenders party to the Credit Agreement referred to below (the "Lenders") and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent (the "Administrative Agent") for the Lenders.

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, restated, supplemented or otherwise modified, the "Credit Agreement") by and among the Borrower, the Lenders and the Administrative Agent.

The Borrower has requested that: (a) each of the Lenders agree to amend the Credit Agreement as more particularly described below and (b) each of the Lenders consent to and agree to provide a portion of an increase in the Commitments pursuant to Section 2.5 of the Credit Agreement in an aggregate principal amount of $100,000,000. Subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders party hereto agree to the requested amendments, consents and agreements referred to in this paragraph.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized, undefined terms used in this Agreement shall have the meanings assigned thereto in the Credit Agreement.

SECTION 2. Amendments to Credit Agreement. The definition of each of the following terms which are set forth in Section 1.1 of the Credit Agreement is hereby restated in its entirety as follows:

"Consolidated Cash Flow" means, with respect to any Person for any period, the sum, without duplication, of the following:

(a) Consolidated Net Income of such Person for such period plus:

(b) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(c) Consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions,

discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations and without regard to any reduction of allowance for borrowed funds used during construction), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(d) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period of such Person and its Subsidiaries) for such period to the extent that such depreciation, amortization and other noncash expenses were deducted in computing such Consolidated Net Income; plus

(e) all extraordinary, unusual or non-recurring items of loss or expense (including, without limitation, in connection with an Asset Sale), to the extent that any such loss or expense was deducted in computing such Consolidated Net Income; minus

(f) all extraordinary, unusual or non-recurring items of gain or revenue (including, without limitation, in connection with an Asset Sale), to the extent that any such gain or revenue was included in computing such Consolidated Net Income; minus

(g) non-cash items increasing such Consolidated Net Income for such period, excluding allowance for funds used during construction and the accrual of revenue in the ordinary course of business; plus

(h) deferral of energy costs-net (as reflected on the most recent consolidated statement of income of the Borrower); minus

(i) interest accrued on deferred energy (as reflected on the most recent consolidated statement of income of the Borrower);

in each case, on a Consolidated basis and determined in accordance with GAAP; provided that non-cash expenses (other than any non-cash expenses referred to above) recorded as a result of deferred energy accounting will not be added to Consolidated Net Income.

"Consolidated Interest Coverage Ratio" means, for any period, the ratio of (i) Consolidated Cash Flow of the Borrower and its Subsidiaries for such period to (ii) Consolidated Interest Expense for such period.

"Consolidated Interest Expense" means, for any period, the sum, without duplication, of:

(a) the Consolidated interest expense of the Borrower and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(b) the Consolidated interest of the Borrower and its Subsidiaries that was capitalized during such period (it being understood that Consolidated Interest Expense shall be calculated without regard to any reduction attributable to any allowance for borrowed funds used during construction); plus

(c) any interest expense on Indebtedness of another Person that is Guaranteed by the Borrower or one of its Subsidiaries or secured by a Lien on assets of the Borrower or one of its Subsidiaries, whether or not such Guarantee or Lien is called upon.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(a) the Consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(b) the Consolidated interest of such Person and its Subsidiaries that was capitalized during such period (it being understood that the Consolidated interest expense shall be calculated without regard to any reduction attributable to any allowance for borrowed funds used during construction); plus

(c) any interest expense on Indebtedness of another Person that is

Guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(d) the product of (i) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Borrower (other than Disqualified Stock) or to the Borrower or a Subsidiary of the Borrower, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a Consolidated basis and in accordance with GAAP; plus

(e) all distributions by a Trust Preferred Vehicle to Persons other than the Borrower of amounts received as interest by such trust on the Subordinated Debt of the Borrower held by such trust.

SECTION 3. Consent and Agreement of Lenders.

(a) Subject to Section 2.5 of the Credit Agreement and this Agreement, the Borrower hereby requests an increase in the aggregate principal amount of Commitments under the Credit

Agreement from $500,000,000 to $600,000,000 (the "Commitment Increase"). In connection with such increase, the Lenders party hereto (i) consent to the Commitment Increase notwithstanding the requirement to provide thirty (30) days prior written notice of such increase pursuant to Section 2.5 of the Credit Agreement and (ii) together with each New Lender (as defined below), commit to provide such Lender's or New Lender's respective Percentage of such Commitment Increase as set forth in the Register (after giving effect to the modifications or adjustments to the Register contemplated by this Agreement).

(b) The Percentage, Commitments and outstanding balances of Extensions of Credit of each Lender (including each New Lender) under the Credit Agreement shall be set forth on the Register. From and after the Consent Effective Date (as defined below), the Administrative Agent shall make all payments in respect of the Extensions of Credit (including payments of principal, interest, fees and other amounts) to the Lenders, including the New Lenders, pursuant to their respective Percentages set forth in the Register. Furthermore, the Administrative Agent shall make such modifications and adjustments to the Register such that the outstanding Extensions of Credit of each Lender reflect such Lender's Percentage after giving effect to the Commitment Increase. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register as a Lender for all purposes of the Credit Agreement. The entries in the Register applicable to any Lender shall be available for inspection by the Borrower or such Lender at any reasonable time

and from time to time upon reasonable prior notice to the Administrative Agent.

(c) A portion of the Commitment Increase may be provided by third party financial institutions not currently Lenders under the Credit Agreement but which nevertheless satisfy the criteria to be an Eligible Assignee thereunder (such third party institutions, the "New Lenders"). By its execution hereof, each New Lender represents, and each existing Lender confirms, to the Administrative Agent that (i) it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Extensions of Credit under the Credit Agreement and the other Loan Documents to which Lenders are a party and (ii) 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.

(d) Each New Lender further (i) confirms that it is an Eligible Assignee; (ii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents to which it is a party as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iii) agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender.

(e) Upon the request of any Lender, the Borrower shall execute and deliver to such Lender a new Promissory Note, substantially in the form of the existing Promissory Note, reflecting such Lender's Commitment after giving effect to the Commitment Increase.

SECTION 4. Effectiveness.

(a) The amendments set forth in Section 2 of this Agreement shall be deemed to be effective as of December 30, 2005 upon the Administrative Agent's receipt of this Agreement executed and delivered by a duly authorized officer of the Administrative Agent, the Borrower and the Required Lenders under the Credit Agreement.

(b) The consents and agreements set forth in Section 3 of this Agreement shall be deemed to be effective on the date hereof (the "Consent Effective Date") upon the satisfaction of each of the following conditions:

(i) Transaction Documents. The Administrative Agent shall have

received (A) this Agreement, executed and delivered by each of the Persons identified in clause (a) above and a duly authorized officer of each Lender committing to provide a portion of the Commitment Increase (including each New Lender), (B) a General and Refunding Mortgage Bond in a principal amount equal to the aggregate principal amount of the increase in the Commitments under the Credit Agreement (the "Additional General and Refunding Mortgage Bond"), duly issued and delivered by a duly authorized officer of the Borrower and duly authenticated by the trustee under the General and Refunding Mortgage Indenture, (C) Promissory Notes (if requested by any Lender pursuant to Section 3(e) of this Agreement), duly executed by the Borrower and (D) any other Loan Documents requested by the Administrative Agent, each of which shall have been duly authorized, executed and delivered to the Administrative Agent.

(ii) Closing Certificates. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory thereto:

(A) Officer's Compliance Certificate from the Borrower. Certificates of a Responsible Officer of the Borrower dated as of the date hereof in form and substance substantially similar to the certificate delivered under Section 8.1(b)(i) of the Credit Agreement demonstrating pro forma compliance with each of the covenants contained in Section 8.3 of the Credit Agreement after giving effect to Extensions of Credit (if any) made on the date hereof;

(B) Certificate of Secretary of the Borrower. A certificate of a Responsible Officer of the Borrower (1) certifying as to the incumbency and genuineness of the signature of each officer of the Borrower executing the documents required pursuant to this Section 4 to which the Borrower is a party; (2) containing a representation that the articles of incorporation, bylaws and Officer's Certificate of the Borrower delivered on the Closing Date of the Credit Agreement remain unchanged as of the Consent Effective Date (or attaching any amendments thereto), (3) attaching resolutions duly adopted by the governing body of the

Borrower authorizing the execution, delivery and performance of this Agreement, the Additional General and Refunding Mortgage Bond and any Promissory Note executed and delivered pursuant to Section 3 above and approving the transactions contemplated hereby; (4) attaching a certificate as of a recent date of the good standing of the Borrower from its jurisdiction of incorporation or organization and (5) attaching copies of the order of the PUCN authorizing the execution and delivery by the Borrower of this Agreement and the agreements and transactions contemplated hereby, which orders have

not been rescinded and remain in full force and effect on the date hereof.

(iii) General and Refunding Mortgage Bond Documents. The Administrative Agent shall have received copies of the following documents (all as defined in the General and Refunding Mortgage Indenture): (A) an "Expert's Certificate" setting forth the terms of the Property Additions (as defined in the General and Refunding Mortgage Indenture); (B) a "Company Order" requesting authentication of the Additional General and Refunding Mortgage Bond by the trustee under the General and Refunding Mortgage Indenture; (C) an officer's certificate as to no default under the General and Refunding Mortgage Indenture; (D) evidence of authentication of the Additional General and Refunding Mortgage Bond by the trustee and (E) all legal opinions provided in connection with the issuance of the Additional General and Refunding Mortgage Bond (with reliance letters in favor of the Administrative Agent and the Lenders).

(iv) Governmental and Third Party Approvals. The Borrower shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the transactions contemplated by this Agreement, the Credit Agreement and the other transactions contemplated hereby, the issuance and delivery to the Administrative Agent of the Additional General and Refunding Mortgage Bond and the continuing operations of the Borrower (including, without limitation, any required approvals of the PUCN and any other applicable regulatory body, including without limitation, any relevant Federal regulatory bodies) and its Subsidiaries shall have been obtained and be in full force and effect; and the Administrative Agent shall have received evidence satisfactory to it that the foregoing have been accomplished and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on the Borrower or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(v) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions addressed to the Administrative Agent and the Lenders:

(A) the legal opinion of Choate, Hall & Stewart, special counsel to the Borrower, in form and substance satisfactory to the Administrative Agent (including, without limitation, matters governed by New York law); and

(B) the legal opinion of Woodburn and Wedge, Nevada counsel to

the Borrower, in form and substance satisfactory to the Administrative Agent.

Each such legal opinion shall cover such matters incident to the Borrower and the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(vi) Fees and Expenses.

(A) The Administrative Agent shall have been reimbursed for all reasonable fees and out-of-pocket charges and other expenses incurred in connection with this Agreement, the Credit Agreement and the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and expenses of counsel to the Administrative Agent; and

(B) The Borrower shall have paid or reimbursed the Administrative Agent, for the account of the Administrative Agent, the Lenders and their Affiliates, all fees required to be paid pursuant to the engagement letter dated March 31, 2006, among the Borrower, the Administrative Agent and/or certain of its affiliates.

(vii) Notice(s) of Borrowing. The Administrative Agent shall have received a duly completed and executed Notice of Borrowing from the Borrower with respect to Loans (if any) to be made on the Consent Effective Date under the Credit Agreement; and

(viii) Other Documents. The Administrative Agent shall have received copies of each other document, instrument or item reasonably requested by it.

SECTION 5. 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 or (b) to be a waiver of, or consent to, a modification or amendment to any term or provision of any Loan Document specifically consented to, waived, amended or modified by this Agreement on any other occasion, or (c) to prejudice any other 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 (as amended hereby) or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended or modified from time to time. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", and "hereof) and in any Loan Document to such Credit Agreement shall be deemed to be references to such Credit Agreement as modified hereby.

SECTION 6. Representations and Warranties/No Default.

(a) By its execution hereof, the Borrower hereby 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 or 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 in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

(d) The Borrower represents and warrants that each term and condition of Section 2.5 of the Credit Agreement has been satisfied in the manner set forth in such Section 2.5.

SECTION 7. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without reference to the conflicts of law principles thereof.

SECTION 8. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together constitute one and the same agreement.

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 facsimile, telecopy or other reproduction hereof.

SECTION 10. Agreement Regarding Closing Deliverables. By execution hereof, the Administrative Agent and the Lenders acknowledge and agree that, to the extent that, in connection with Section 4 of this Agreement, the Administrative Agent and the Lenders receive any of the items specified in Section 2.3(c) of the Credit Agreement and such items comply with Section 2.3(c) of the Credit Agreement, then the requirement to deliver such item in Section 2.3(c) of the Credit Agreement shall be satisfied as to each such item.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

BORROWER:

NEVADA POWER COMPANY

BY: /s/ [ILLEGIBLE]

Name: [ILLEGIBLE]
Title: [ILLEGIBLE]

[Signature Pages Continue]

AGENTS AND LENDERS:

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Administrative Agent and as a Lender

BY: /s/ Henry R. Biedrzycki

NAME: HENRY R. BIEDRZYCKI
TITLE: DIRECTOR

[Signature Pages Continue]

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as a Lender

By: /s/ Scottye Lindsey

Title: Director

By: /s/ Marcus M. Tarkington

Title: Director

[Amendment-Nevada Power Company]

UNION BANK OF CALIFORNIA, N.A., as a Lender

By: /s/ Dennis G. Blank

Title: Vice President

[Amendment-Nevada Power Company]

CITIBANK, N.A., as a Lender

By: /s/ Nietzsche Rodricks

Title: NIETZSCHE RODRICKS
VICE PRESIDENT, GLOBAL POWER
388 GREENWICH STREET/21ST FLOOR
(212) 816-8619

[Amendment - Nevada Power Company]

LASALLE BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ [ILLEGIBLE]

Title: Assistant Vice President

[Amendment-Nevada Power Company]

BARCLAYS BANK PLC, as a Lender

By: /s/ Sydney G. Dennis

Title: Director

BANK OF AMERICA, N. A., as a Lender

By: /s/ [ILLEGIBLE]

Title: Senior Vice President

THE BANK OF NEW YORK, as a Lender

By: /s/ Jesus Williams

Title: Vice President

CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ Sarah Wu

Title: DIRECTOR

/s/ Nupur Kumar

NUPUR KUMAR
ASSOCIATE

LEHMAN COMMERCIAL PAPER INC., as a Lender

By: /s/ Maria M. Lund

Title: Authorized signatory

MERRILL LYNCH BANK USA, as a Lender

By: /s/ [ILLEGIBLE]

Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Thane A. Rattew

Title: MANAGING DIRECTOR

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Richard L. Tavrow

Title: Director Banking Products
Services, US

By: /s/ Irja R. Otsa

Title: Associate Director
Banking Products
Services, US

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Virginia S. Christenson

Title: Vice President/Sr. Relationship Manager

COMMERZBANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as a Lender

BY: /s/ Andrew Kjoller

Andrew Kjoller
Vice President

BY: /s/ Janet Lee

Janet Lee
Assistant Treasurer

[Amendment-Nevada Power Company]

SOCIETE GENERALE, as a Lender

By: /s/ Nigel Elvey

Name: Nigel Elvey
Title: Vice President

[Amendment-Nevada Power Company]

HARRIS NESBITT FINANCING, INC., as a Lender

By: /s/ Cahal B. Carmody

Title: Vice President

[Amendment-Nevada Power Company]

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ [ILLEGIBLE]

Title: Vice President

[Amendment-Nevada Power Company]

GOLDMAN SACHS CREDIT PARTNERS L.P., as a New Lender

By: /s/ William W. Archer

Name: William W. Archer

Title: Managing Director

[Amendment-Nevada Power Company]

EXHIBIT 10.2

EXECUTION COPY

AMENDMENT AND CONSENT

THIS AMENDMENT AND CONSENT (this "Agreement") is made and entered into as of this 19th day of April, 2006, with an effective date as set forth in Section 4 hereof, by and among SIERRA PACIFIC POWER COMPANY, a Nevada corporation (the "Borrower"), the lenders party to the Credit Agreement referred to below (the "Lenders"), and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, as administrative agent (the "Administrative Agent") for the Lenders.

Statement of Purpose

The Lenders agreed to extend certain credit facilities to the Borrower pursuant to the Amended and Restated Credit Agreement dated as of November 4, 2005 (as amended, restated, supplemented or otherwise modified, the "Credit Agreement") by and among the Borrower, the Lenders and the Administrative Agent.

The Borrower has requested that: (a) each of the Lenders agree to amend the Credit Agreement as more particularly described below and (b) each of the Lenders consent to and agree to provide a portion of an increase in the Commitments pursuant to Section 2.5 of the Credit Agreement in an aggregate principal amount of $100,000,000. Subject to the terms and conditions of this Agreement, the Administrative Agent and the Lenders party hereto agree to the requested amendments, consents and agreements referred to in this paragraph.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized, undefined terms used in this Agreement shall have the meanings assigned thereto in the Credit Agreement.

SECTION 2. Amendments to Credit Agreement. The definition of each of the following terms which are set forth in Section 1.1 of the Credit Agreement is hereby restated in its entirety as follows:

"Consolidated Cash Flow" means, with respect to any Person for any period, the sum, without duplication, of the following:

(a) Consolidated Net Income of such Person for such period plus:

(b) provision for taxes based on income or profits of such Person and its Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(c) Consolidated interest expense of such Person and its Subsidiaries for

such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions,

discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations and without regard to any reduction of allowance for borrowed funds used during construction), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(d) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period of such Person and its Subsidiaries) for such period to the extent that such depreciation, amortization and other noncash expenses were deducted in computing such Consolidated Net Income; plus

(e) all extraordinary, unusual or non-recurring items of loss or expense (including, without limitation, in connection with an Asset Sale), to the extent that any such loss or expense was deducted in computing such Consolidated Net Income; minus

(f) all extraordinary, unusual or non-recurring items of gain or revenue (including, without limitation, in connection with an Asset Sale), to the extent that any such gain or revenue was included in computing such Consolidated Net Income; minus

(g) non-cash items increasing such Consolidated Net Income for such period, excluding allowance for funds used during construction and the accrual of revenue in the ordinary course of business; plus

(h) deferral of energy costs-net (as reflected on the most recent consolidated statement of income of the Borrower); minus

(i) interest accrued on deferred energy (as reflected on the most recent consolidated statement of income of the Borrower);

in each case, on a Consolidated basis and determined in accordance with GAAP; provided that non-cash expenses (other than any non-cash expenses referred to above) recorded as a result of deferred energy accounting will not be added to Consolidated Net Income.

"Consolidated Interest Coverage Ratio" means, for any period, the ratio of (i) Consolidated Cash Flow of the Borrower and its Subsidiaries for such period

to (ii) Consolidated Interest Expense for such period.

"Consolidated Interest Expense" means, for any period, the sum, without duplication, of:

(a) the Consolidated interest expense of the Borrower and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(b) the Consolidated interest of the Borrower and its Subsidiaries that was capitalized during such period (it being understood that Consolidated Interest Expense shall be calculated without regard to any reduction attributable to any allowance for borrowed funds used during construction); plus

(c) any interest expense on Indebtedness of another Person that is Guaranteed by the Borrower or one of its Subsidiaries or secured by a Lien on assets of the Borrower or one of its Subsidiaries, whether or not such Guarantee or Lien is called upon.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(a) the Consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(b) the Consolidated interest of such Person and its Subsidiaries that was capitalized during such period (it being understood that the Consolidated interest expense shall be calculated without regard to any reduction attributable to any allowance for borrowed funds used during construction); plus

(c) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(d) the product of (i) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Borrower (other than Disqualified Stock) or to the Borrower or a Subsidiary of the Borrower, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a Consolidated basis and in accordance with GAAP; plus

(e) all distributions by a Trust Preferred Vehicle to Persons other than the Borrower of amounts received as interest by such trust on the Subordinated Debt of the Borrower held by such trust.

SECTION 3. Consent and Agreement of Lenders.

(a) Subject to Section 2.5 of the Credit Agreement and this Agreement, the Borrower hereby requests an increase in the aggregate principal amount of Commitments under the Credit Agreement from $250,000,000 to $350,000,000 (the "Commitment Increase"). In connection with such increase, the Lenders party hereto (i) consent to the Commitment Increase notwithstanding the requirement to provide thirty (30) days prior written notice of such increase pursuant to Section 2.5

of the Credit Agreement and (ii) together with each New Lender (as defined below), commit to provide such Lender's or New Lender's respective Percentage of such Commitment Increase as set forth in the Register (after giving effect to the modifications or adjustments to the Register contemplated by this Agreement).

(b) The Percentage, Commitments and outstanding balances of Extensions of Credit of each Lender (including each New Lender) under the Credit Agreement shall be set forth on the Register. From and after the Consent Effective Date (as defined below), the Administrative Agent shall make all payments in respect of the Extensions of Credit (including payments of principal, interest, fees and other amounts) to the Lenders, including the New Lenders, pursuant to their respective Percentages set forth in the Register. Furthermore, the Administrative Agent shall make such modifications and adjustments to the Register such that the outstanding Extensions of Credit of each Lender reflect such Lender's Percentage after giving effect to the Commitment Increase. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register as a Lender for all purposes of the Credit Agreement. The entries in the Register applicable to any Lender shall be available for inspection by the Borrower or such Lender at any reasonable time and from time to time upon reasonable prior notice to the Administrative Agent.

(c) A portion of the Commitment Increase may be provided by third party financial institutions not currently Lenders under the Credit Agreement but

which nevertheless satisfy the criteria to be an Eligible Assignee thereunder (such third party institutions, the "New Lenders"). By its execution hereof, each New Lender represents, and each existing Lender confirms, to the Administrative Agent that (i) it has, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Borrower and made its own decision to make its Extensions of Credit under the Credit Agreement and the other Loan Documents to which Lenders are a party and (ii) 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.

(d) Each New Lender further (i) confirms that it is an Eligible Assignee; (ii) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement and the other Loan Documents to which it is a party as are delegated to the Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (iii) agrees that it will perform in accordance with their terms all the obligations which by the terms of the Credit Agreement and the other Loan Documents are required to be performed by it as a Lender.

(e) Upon the request of any Lender, the Borrower shall execute and deliver to such Lender a new Promissory Note, substantially in the form of the existing Promissory Note, reflecting such Lender's Commitment after giving effect to the Commitment Increase.

SECTION 4. Effectiveness.

(a) The amendments set forth in Section 2 of this Agreement shall be deemed to be effective as of December 30, 2005 upon the Administrative Agent's receipt of this Agreement executed and delivered by a duly authorized officer of the Administrative Agent, the Borrower and the Required Lenders under the Credit Agreement.

(b) The consents and agreements set forth in Section 3 of this Agreement shall be deemed to be effective on the date hereof (the "Consent Effective Date") upon the satisfaction of each of the following conditions:

(i) Transaction Documents. The Administrative Agent shall have received (A) this Agreement, executed and delivered by each of the Persons identified in clause (a) above and a duly authorized officer of each Lender committing to provide a portion of the Commitment Increase (including each New Lender), (B) a General and Refunding Mortgage Bond in a principal amount equal to the aggregate principal amount of the increase

in the Commitments under the Credit Agreement (the "Additional General and Refunding Mortgage Bond"), duly issued and delivered by a duly authorized officer of the Borrower and duly authenticated by the trustee under the General and Refunding Mortgage Indenture, (C) Promissory Notes (if requested by any Lender pursuant to Section 3(e) of this Agreement), duly executed by the Borrower and (D) any other Loan Documents requested by the Administrative Agent, each of which shall have been duly authorized, executed and delivered to the Administrative Agent.

(ii) Closing Certificates. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory thereto:

(A) Officer's Compliance Certificate from the Borrower. Certificates of a Responsible Officer of the Borrower dated as of the date hereof in form and substance substantially similar to the certificate delivered under Section 8.1(b)(i) of the Credit Agreement demonstrating pro forma compliance with each of the covenants contained in Section 8.3 of the Credit Agreement after giving effect to Extensions of Credit (if any) made on the date hereof;

(B) Certificate of Secretary of the Borrower. A certificate of a Responsible Officer of the Borrower (1) certifying as to the incumbency and genuineness of the signature of each officer of the Borrower executing the documents required pursuant to this Section 4 to which the Borrower is a party; (2) containing a representation that the articles of incorporation, bylaws and Officer's Certificate of the Borrower delivered on the Closing Date of the Credit Agreement remain unchanged as of the Consent Effective Date (or attaching any amendments thereto), (3) attaching resolutions duly adopted by the governing body of the Borrower authorizing the execution, delivery and performance of this Agreement, the Additional General and Refunding Mortgage Bond and any Promissory Note executed and delivered pursuant to Section 3 above and approving the transactions contemplated hereby; (4) attaching a certificate as of a recent date of the good standing of the Borrower from its jurisdiction of incorporation or organization and

(5) attaching copies of the order of the PUCN authorizing the execution and delivery by the Borrower of this Agreement and the agreements and transactions contemplated hereby and the exemptive order of the CPUC, which orders have not been rescinded and remain in full force and effect on the date hereof.

(iii) General and Refunding Mortgage Bond Documents. The Administrative Agent shall have received copies of the following documents (all as defined in the General and Refunding Mortgage Indenture): (A) an

"Expert's Certificate" setting forth the terms of the Property Additions (as defined in the General and Refunding Mortgage Indenture); (B) a "Company Order" requesting authentication of the Additional General and Refunding Mortgage Bond by the trustee under the General and Refunding Mortgage Indenture; (C) an officer's certificate as to no default under the General and Refunding Mortgage Indenture; (D) evidence of authentication of the Additional General and Refunding Mortgage Bond by the trustee and (E) all legal opinions provided in connection with the issuance of the Additional General and Refunding Mortgage Bond (with reliance letters in favor of the Administrative Agent and the Lenders).

(iv) Governmental and Third Party Approvals. The Borrower shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the transactions contemplated by this Agreement, the Credit Agreement and the other transactions contemplated hereby, the issuance and delivery to the Administrative Agent of the Additional General and Refunding Mortgage Bond and the continuing operations of the Borrower (including, without limitation, any required approvals of the PUCN, the CPUC and any other applicable regulatory body, including without limitation, any relevant Federal regulatory bodies) and its Subsidiaries shall have been obtained and be in full force and effect; and the Administrative Agent shall have received evidence satisfactory to it that the foregoing have been accomplished and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on the Borrower or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(v) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions addressed to the Administrative Agent and the Lenders:

(A) the legal opinion of Choate, Hall & Stewart, special counsel to the Borrower, in form and substance satisfactory to the Administrative Agent (including, without limitation, matters governed by New York law); and

(B) the legal opinion of Woodburn and Wedge, Nevada counsel to the Borrower, in form and substance satisfactory to the Administrative Agent.

Each such legal opinion shall cover such matters incident to the Borrower and the transactions contemplated by this Agreement as the Administrative Agent may reasonably require.

(vi) Fees and Expenses.

(A) The Administrative Agent shall have been reimbursed for all reasonable fees and out-of-pocket charges and other expenses incurred in connection with this Agreement, the Credit Agreement and the transactions contemplated hereby and thereby, including, without limitation, the reasonable fees and expenses of counsel to the Administrative Agent; and

(B) The Borrower shall have paid or reimbursed the Administrative Agent, for the account of the Administrative Agent, the Lenders and their Affiliates, all fees required to be paid pursuant to the engagement letter dated March 31, 2006, among the Borrower, the Administrative Agent and/or certain of its affiliates.

(vii) Notice(s) of Borrowing. The Administrative Agent shall have received a duly completed and executed Notice of Borrowing from the Borrower with respect to Loans (if any) to be made on the Consent Effective Date under the Credit Agreement; and

(viii) Other Documents. The Administrative Agent shall have received copies of each other document, instrument or item reasonably requested by it.

SECTION 5. 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 or (b) to be a waiver of, or consent to, a modification or amendment to any term or provision of any Loan Document specifically consented to, waived, amended or modified by this Agreement on any other occasion, or (c) to prejudice any other 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 (as amended hereby) or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended or modified from time to time. References in the Credit Agreement to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", and "hereof") and in any Loan Document to such Credit Agreement shall be deemed to be references to such Credit Agreement as modified hereby.

SECTION 6. Representations and Warranties/No Default.

(a) By its execution hereof, the Borrower hereby 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 or 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 in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state or federal debtor relief laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

(d) The Borrower represents and warrants that each term and condition of Section 2.5 of the Credit Agreement has been satisfied in the manner set forth in such Section 2.5.

SECTION 7. Governing Law. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of New York, without reference to the conflicts of law principles thereof.

SECTION 8. Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and shall be binding upon all parties, their successors and assigns, and all of which taken together constitute one and the same agreement.

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 facsimile, telecopy or other reproduction hereof.

SECTION 10. Agreement Regarding Closing Deliverables. By execution hereof, the Administrative Agent and the Lenders acknowledge and agree that, to the extent that, in connection with Section 4 of this Agreement, the Administrative Agent and the Lenders receive any of the items specified in Section 2.3(c) of

the Credit Agreement and such items comply with Section 2.3(c) of the Credit Agreement, then the requirement to deliver such item in Section 2.3(c) of the Credit Agreement shall be satisfied as to each such item.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date and year first above written.

BORROWER:

SIERRA PACIFIC POWER COMPANY

By: /s/ Michael W. Yackira

Name: Michael W. Yackira
Title: Corporate Executive Vice President and CFO

[Signature Pages Continue]

AGENTS AND LENDERS:

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Administrative Agent and as a Lender

By: /s/ Henry R. Biedrzycki

Name: HENRY R. BIEDRZYCKI
Title: DIRECTOR

[Signature Pages Continue]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as a Lender

By: /s/ Marcus M. Tarkington

Title: Director

By: /s/ Evelyn Thierry

Title: Vice President

[Amendment - Sierra Pacific Power Company]

UNION BANK OF CALIFORNIA, N.A., as a Lender

By: /s/ Dennis G. Blank

Title: Vice President

[Amendment - Sierra Pacific Power Company]

CITIBANK, N.A., as a Lender

By: /s/ Nietzsche Rodricks

Title: Vice President,
Global Power
388 Greenwich Street/
21st Floor
(212) 816-8619

[Amendment - Sierra Pacific Power Company]

LASALLE BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ [ILLEGIBLE]

Title: AVP

[Amendment - Sierra Pacific Power Company]

BARCLAYS BANK PLC, as a Lender

By: /s/ Sydney G. Dennis

Title: Director

[Amendment - Sierra Pacific Power Company]

BANK OF AMERICA N.A., as a Lender

By: /s/ [ILLEGIBLE]

Title: Senior Vice President

[Amendment - Sierra Pacific Power Company]

THE BANK OF NEW YORK, as a Lender

By: /s/ Jesus Williams

Title: Vice President

[Amendment - Sierra Pacific Power Company]

CREDIT SUISSE, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/ Sarah Wu

Title: DIRECTOR

/s/ Nupur Kumar

ASSOCIATE

[Amendment - Sierra Pacific Power Company]

LEHMAN COMMERCIAL PAPER INC., as a Lender

By: /s/ Maria M. Lund

Title: Authorized signatory

[Amendment - Sierra Pacific Power Company]

MERRILL LYNCH BANK USA, as a Lender

By: /s/ [ILLEGIBLE]

Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ Thane A. Rattew

Title: MANAGING DIRECTOR

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Richard L. Tavrow

Title: Director
Banking Products
Services, US

By: /s/ Irja R. Otsa

Title: Associate Director
Banking Products
Services, US

WELLS FARGO BANK, N.A., as a Lender

By: /s/ Virginia S. Christenson

Title: Vice President/Sr. Relationship Manager

COMMERZBANK AG, NEW YORK AND
GRAND CAYMAN BRANCHES, as a Lender

By: /s/ Andrew Kjoller

Andrew Kjoller
Vice President

By: /s/ Janet Lee

Janet Lee
Assistant Treasurer

SOCIETE GENERALE, as a Lender

By: /s/ Nigel Elvey

Name: Nigel Elvey
Title: Vice President

HARRIS NESBITT FINANCING, INC., as a Lender

By: /s/ Cahal B. Carmody

Title: Vice President

U.S. BANK NATIONAL ASSOCIATION, as a Lender

By: /s/ [ILLEGIBLE]

Title: Vice President

GOLDMAN SACHS CREDIT PARTNERS L.P., as a New Lender

By: /s/ William W. Archer

Name: William W. Archer
Title: Managing Director

Exhibit 31.1

QUARTERLY CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

I, Walter M. Higgins III, certify that:

1. I have reviewed the combined quarterly reports on Form 10-Q of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company;

2. Based on my knowledge, the combined quarterly reports do 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 the combined quarterly reports;

3. Based on my knowledge, the financial statements, and other financial information included in the combined quarterly reports, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in the combined quarterly reports;

4. The chief financial officer 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)) for the registrants and solely with respect to Sierra Pacific Resources, internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), and we 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 registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the combined quarterly reports are being prepared;

   (b) Solely with respect to Sierra Pacific Resources, 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 registrants' disclosure controls and procedures and presented in the combined quarterly reports our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the combined quarterly reports based on such evaluation; and

   (d) Disclosed in the combined quarterly reports any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and

5. The chief financial officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrants' 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 registrants' internal control over financial reporting.

May 5, 2006

/s/ Walter M. Higgins, III
Walter M. Higgins III
Chief Executive Officer

Exhibit 31.2

QUARTERLY CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER REQUIRED BY SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002

I, Michael W. Yackira, certify that:

1. I have reviewed the combined quarterly reports on Form 10-Q of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company;

2. Based on my knowledge, the combined quarterly reports do 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 the combined quarterly reports;

3. Based on my knowledge, the financial statements, and other financial information included in the combined quarterly reports, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in the combined quarterly reports;

4. The chief executive officer 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)) for the registrants and, solely with respect to Sierra Pacific Resources, internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), and we 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 registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the combined quarterly reports are being prepared;

   (b) Solely with respect to Sierra Pacific Resources, 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 registrants' disclosure controls and procedures and presented in the combined quarterly reports our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the combined quarterly reports based on such evaluation; and

   (d) Disclosed in the combined quarterly reports any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and

5. The chief executive officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrants' 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 registrants' internal control over financial reporting.

May 5, 2006

/s/ Michael W. Yackira
Michael W. Yackira
Chief Financial Officer

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

In connection with the combined quarterly report of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company (the "Companies") on Form 10-Q for the fiscal quarter ended March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Walter M. Higgins, III, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the combined quarterly 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 the combined quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ Walter M. Higgins, III
Walter M. Higgins, III
Chief Executive Officer
May 5, 2006

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 Company 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 Companies specifically incorporate it by reference.

A signed original of this written statement required by Section 906 has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.

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

In connection with the combined quarterly report of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company (the "Companies") on Form 10-Q for the fiscal quarter ended March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. Yackira, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the combined quarterly 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 the combined quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ Michael W. Yackira
Michael W. Yackira
Chief Financial Officer
May 5, 2006

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 Company 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 Companies specifically incorporate it by reference.

A signed original of this written statement required by Section 906 has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.