

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Sierra Pacific Power Company for)
approval of the first amendment to the Action Plan)
of the 2008 - 2027 Integrated Resource Plan and) Docket No. 08-02002
approval of the Ormat Settlement Agreement.)
_____)

Application of Nevada Power Company for)
approval of the sixth amendment to the Action Plan)
of the 2007 - 2026 Integrated Resource Plan and) Docket No. 08-02003
approval of the Ormat Settlement Agreement.)
_____)

At a general session of the Public Utilities
Commission of Nevada, held at its offices
on March 26, 2008.

PRESENT: Chairman Jo Ann P. Kelly
Commissioner Rebecca D. Wagner
Commissioner Sam A. Thompson
Commission Secretary Crystal Jackson

ORDER

The Public Utilities Commission of Nevada (“Commission”) makes the following findings of fact and conclusions of law:

I. Procedural History

1. On February 1, 2008, Sierra Pacific Power Company (“SPPC”) filed with the Commission an Application for approval of its First Amendment to the Action Plan of its 2008—2027 Integrated Resource Plan and approval of the Ormat Settlement Agreement. This Application has been designated by the Commission as Docket No. 08-02002.

2. In addition, SPPC requested consolidation for hearing with Nevada Power Company’s (“NPC”) application in Docket No. 08-02003.

3. On February 1, 2008, NPC filed with the Commission an Application for approval of its Sixth Amendment to the Action Plan of its 2007—2026 Integrated Resource Plan and

approval of the Ormat Settlement Agreement. This Application has been designated by the Commission as Docket No. 08-02003.

4. In addition, NPC requested consolidation for hearing with SPPC's application in Docket No. 08-02002.

5. Pursuant to Nevada Administrative Code ("NAC") 703.527 through 703.5282, NPC and SPPC (collectively the "Applicants") each requested that certain materials in its respective Application receive confidential treatment.

6. These Applications are filed pursuant to the Nevada Revised Statutes ("NRS") and NAC Chapters 703 and 704, including but not limited to NAC 704.8885, 704.9489, 704.9503, 704.9516, and 703.952.

7. On February 11, 2008, the Commission issued Notices of Application, Notices of Request for Consolidation, and Notices of Prehearing Conference in Docket Nos. 08-02002 and 08-02003.

8. On February 12, 2008, the Attorney General's Bureau of Consumer Protection ("BCP") filed with the Commission Notices of Intent to Intervene pursuant to Nevada Revised Statutes Chapter 228 in Docket Nos. 08-02002 and 08-02003.

9. The Regulatory Operations Staff ("Staff") of the Commission participates as a matter of right.

10. On February 15, 2008, Ormat Nevada, Inc. ("Ormat") filed Petitions for Leave to Intervene ("PLTI") in Docket Nos. 08-02002 and 08-02003.

11. On March 10, 2008, a duly noticed prehearing conference was convened in Docket Nos. 08-02002 and 08-02003. Appearances were made by SPPC, NPC, BCP, Staff, and Ormat (hereafter "the Parties"). The prehearing was continued to March 14, 2008.

12. On March 12, 2008, the Parties filed a Stipulation attached hereto as Attachment 1, intended to resolve all issues in Docket Nos. 08-02002 and 08-02003.

13. On March 14, 2008, the duly noticed prehearing conference was reconvened and concluded.

14. On or about March 24, 2008, the Presiding Officer issued an Order granting Ormat's PLTI in Docket Nos. 08-02002 and 08-02003 and granting consolidation of Docket Nos. 08-02002 and 08-02003 for hearing purposes.

II. Summary of Stipulation

15. The Parties agreed and recommended pursuant to NAC 704.9518, that the Commission approve the First Amendment to SPPC's Action Plan of the 2008-2027 Integrated Resource Plan, as amended by the Stipulation.

16. The Parties agreed and recommended, pursuant to NAC 704.9518, that the Commission approve the Sixth Amendment to NPC's Action Plan for its 2007-2026 Integrated Resource Plan, as amended by the Stipulation.

17. The Parties agreed and recommended that the Commission determine that the terms and conditions of the Settlement Agreement are just and reasonable as analyzed pursuant to NAC 704.8885 and NAC 704.8887, and are prudent in accordance with NAC 704.9494(2).

18. The Parties agreed and recommended that the Commission should determine that the terms and conditions of the Settlement Agreement are in compliance with the Renewable Energy Act, the Portfolio Standard for Renewable Energy, the System of Portfolio Energy Credits, the Resource Planning Statutes, and the Resource Planning Regulations, as applicable.

19. The Parties agreed and recommended that the Commission should determine that the Settlement Agreement is in the public interest.

20. The Parties agreed and recommended that the Commission's approval of this

Stipulation should constitute full and complete satisfaction of the regulatory approvals required from the Commission as they pertain to the Settlement Agreement.

21. The Stipulation also states that NPC has agreed to fully compensate SPPC monetarily should the benefits associated with Amendment No. 1 to the PPA between SPPC and ORNI 7, as identified in the confidential analysis submitted by NPC and SPPC, fail to materialize and/or offset the current monetary claim SPPC has against NPC under the terms of the Related PPAs for ORNI 3 and ORNI 9.

22. The Parties agreed and recommended that the Commission should determine for purposes of this Stipulation only that certain information contained in SPPC's First Amendment and NPC's Sixth Amendment should be treated as confidential pursuant to NAC 703.527 to NAC 703.5282 and NRS 703.190(2).

23. The Stipulation also states that each Ormat related identity which is a signatory to a contract amendment contained in the Settlement Agreement and either NPC or SPPC agree to be bound to the terms of covenants set forth in the respective contracts at issue herein.

24. The Stipulation is expressly conditioned upon Commission approval and states that if the Commission does not approve this Stipulation, it should be deemed withdrawn without prejudice and it should not be admissible as evidence or in any way described or discussed in any proceeding hereafter.

III. Commission Findings

25. No Party to this proceeding has taken issue with any of the conclusions or terms of the Stipulation. All Parties, including NPC, SPPC, Staff, BCP, and Ormat participated in the negotiations and signed the Stipulation.

26. The Commission finds that the Stipulation, attached hereto and incorporated herein as Attachment 1, is a consensus resolution of the issues addressed in the Parties'

negotiations, and as such, is a reasonable recommendation and resolution of all the issues in this proceeding. Therefore, the Stipulation is in the public interest.

27. Based on the foregoing, the Commission accepts the recommendations in the Stipulation submitted by the Parties and shall grant the application as amended by the Stipulation.

THEREFORE, based on the foregoing findings of fact and conclusions of law, it is ORDERED that:

1. The Stipulation filed by Sierra Pacific Power Company, Nevada Power Company, the Regulatory Operations Staff of the Commission, the Attorney General's Bureau of Consumer Protection, and Ormat Nevada, Inc., in Docket Nos. 08-02002 and 08-02003, attached hereto and incorporated herein as Attachment 1, is ACCEPTED.

2. Except as specifically set forth herein, the Commission's acceptance of this Stipulation does not constitute approval of, or precedent regarding, any legal or factual issue in this proceeding.

3. The Application of Sierra Pacific Power Company for approval of its First Amendment to the Action Plan of its 2008—2027 Integrated Resource Plan and approval of the Ormat Settlement Agreement is GRANTED as amended by the foregoing Stipulation.

4. The Application of Nevada Power Company for approval of its Sixth Amendment to the Action Plan of its 2007—2026 Integrated Resource Plan and approval of the Ormat Settlement Agreement is GRANTED as amended by the foregoing Stipulation.

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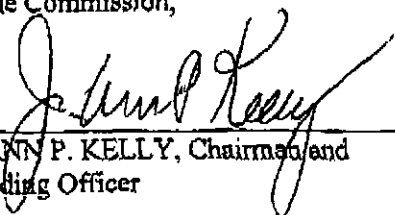
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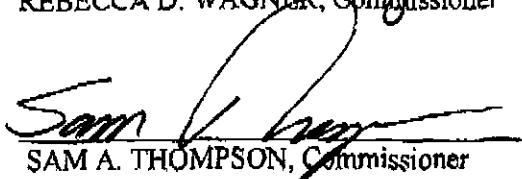
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5 The Commission retains jurisdiction for the purpose of correcting any errors that may have occurred in the drafting or issuance of this Order.

By the Commission,


JO ANN P. KELLY, Chairman and
Presiding Officer


REBECCA D. WAGNER, Commissioner


SAM A. THOMPSON, Commissioner

Attest: 
CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

4-2-08
(SEAL)

Attachment 1

Hale Lane Peck Dennison and Howard
777 East William Street, Suite 200
Carson City, Nevada 89701

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Sierra Pacific Power Company for)
Approval of the First Amendment to the Action)
Plan of the 2008-2027 Integrated Resource Plan)
and Approval of the Ormat Settlement Agreement)

Docket No. 08-02002

Application of Nevada Power Company for)
Approval of the Sixth Amendment to the Action)
Plan of the 2007-2026 Integrated Resource Plan)
and Approval of the Ormat Settlement Agreement)

Docket No. 08-02003

STIPULATION

In accordance with NAC 703.750 of the Rules of Practice of the Public Utilities Commission of Nevada ("Commission"), this stipulation is made by and between Sierra Pacific Power Company ("Sierra"), Nevada Power Company ("Nevada Power")(collectively the "Companies"), the Commission's Regulatory Operations Staff ("Staff"), the Attorney General's Bureau of Consumer Protection ("BCP") and Ormat Nevada, Inc. ("Ormat"), collectively referred to herein as "the Parties."

WHEREAS, on February 1, 2008, Sierra filed its Application for Approval of the First Amendment to the Action Plan of the 2008-2027 Integrated Resource Plan and Approval of the Ormat Settlement Agreement ("Sierra's First Amendment"). This matter has been designated Docket No. 08-02002;

WHEREAS, on February 1, 2008, Nevada Power filed its Application for Approval of the Sixth Amendment to the Action Plan of the 2007-2026 Integrated Resource Plan and Approval of the Ormat Settlement Agreement ("Nevada Power's Sixth Amendment"). This matter has been designated Docket No. 08-02003;

WHEREAS, contained in Sierra's First Amendment and Nevada Power's Sixth Amendment, are requests for approval of a comprehensive Settlement Agreement entered between the Companies and Ormat (the "Settlement Agreement"). This request was previously filed in Sierra's integrated resource plan (Docket No. 07-06049) and Nevada Power's Fourth Amendment to the Action Plan (Docket No. 07-07013), but was subsequently withdrawn without prejudice so the parties could revise

1 and correct the related impact analysis;

2 WHEREAS, the Settlement Agreement consists of five (5) amendments to existing PPAs
3 between Sierra and Ormat related entities, four (4) amendments to existing PPAs between Nevada
4 Power and Ormat related entities, and approval of a Portfolio Energy Credits Agreement between
5 Steamboat Geothermal LLC and Nevada Power;

6 WHEREAS, the amendments with Sierra are: (1) Amended and Restated Amendment No. 2 to
7 the Agreement for the Purchase and Sale of Electricity between Steamboat Geothermal LLC and
8 Sierra, dated January 23, 2008; (2) Amended and Restated Amendment No. 1 to the Long-Term
9 Agreement for the Purchase and Sale of Electricity between Sierra and Steamboat Geothermal, LLC,
10 dated January 23, 2008; (3) Amendment No. 3 to the Long-Term Agreement for the Purchase and Sale
11 of Electricity between Sierra and Brady Power Partners, dated May 21, 2007; (4) Amendment No. 1 to
12 the Power Purchase Agreement between Sierra and ORNI 7 LLC, dated May 21, 2007; and (5)
13 Amendment No. 1 to the Long-Term Firm Power Purchase Agreement between Sierra and ORNI 14
14 LLC, dated May 21, 2007;

15 WHEREAS, the amendments with Nevada Power are: (1) Amendment No. 4 to the Power
16 Purchase Agreement for firm power between Nevada Power and ORNI 3 LLC, dated May 21, 2007;
17 (2) Amendment No. 4 to the Power Purchase Agreement for firm power between Nevada Power and
18 Steamboat Hills, LLC (as successor in interest to ORNI 9 LLC), dated May 21, 2007; (3) Amendment
19 No. 1 to the Power Purchase Agreement for long-term firm power between Nevada Power and ORNI
20 15 LLC, dated May 21, 2007; and (4) Amendment No. 1 to the Power Purchase Agreement for long-
21 term firm power between Nevada Power and ORNI 16 LLC, dated May 21, 2007;

22 WHEREAS, Nevada Power is also requesting Commission approval of the Portfolio Energy
23 Credits Agreement between Steamboat Geothermal LLC and Nevada Power, dated May 21, 2007;

24 WHEREAS, Sierra's First Amendment and Nevada Power's Sixth Amendment also consists of
25 four (4) amendments to Related PPAs between Sierra and Nevada Power;

26 WHEREAS, the amended related PPAs between Sierra and Nevada Power are: (1)
27 Amendment No. 1 to the Amended and Restated Related Power Purchase Agreement, re: ORNI 3
28

1 LLC, dated June 13, 2007; (2) Amendment No. 1 to the Amended and Restated Related Power
2 Purchase Agreement, re: Steamboat Hills, LLC (as successor in interest to ORNI 9 LLC), dated June
3 13, 2007; (3) Amendment No. 1 to the Related Power Purchase Agreement, re: ORNI 15 LLC, dated
4 June 13, 2007; and (4) Amendment No. 1 to the Related Power Purchase Agreement, re: ORNI 16
5 LLC, dated June 13, 2007;

6 WHEREAS, the Companies have revised the related impact analysis to more accurately reflect
7 the Settlement Agreement's impact on the Companies' ratepayers;

8 WHEREAS, the revised impact analysis accurately reflects the Settlement Agreement's
9 economic benefits to the Companies' ratepayers over the remainder of the terms of the agreements that
10 are amended by the Settlement Agreement;

11 WHEREAS, the Settlement Agreement amends the applicable agreements to standardize and
12 make consistent provisions for billing and payment between the buyer and seller;

13 WHEREAS, the Settlement Agreement also amends several agreements to adjust product
14 prices that benefit the respective buyer;

15 WHEREAS, the Companies have requested confidential treatment of certain information in
16 these matters pursuant to NAC 703.527 to NAC 703.5282 (Confidentiality of Information) and NRS
17 703.190(2) (Records of Commission open to public inspection; exception), which consists of the
18 pricing information of the energy associated with the amended PPAs with the Ormat related entities
19 that was filed redacted in both Amendments;

20 WHEREAS, on February 12, 2008, BCP filed its Notice of Intent to Intervene in Docket Nos.
21 08-02002 and 08-02003;

22 WHEREAS, Ormat timely filed its Petition for Leave to Intervene in Docket Nos. 08-02002
23 and 08-02003;

24 WHEREAS, Staff and BCP are deemed to be parties to the Commission's proceedings as a
25 matter of right;

26 WHEREAS, the resource planning regulations require that the Commission, in making a
27 determination that the terms and conditions of a renewable energy contract are just and reasonable,
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1 consider the criteria of NAC 704.8885 and NAC 704.8887, as applicable;

2 WHEREAS, the Companies analyzed the applicable provisions of NAC 704.8885 and NAC
3 704.8887, as contained in Sierra's First Amendment and Nevada Power's Sixth Amendment,
4 respectively;

5 WHEREAS, any monetary claims Sierra has for lack of performance of the Ormat related
6 entities (ORNI 3 and ORNI 9) are against Nevada Power (per the related PPAs) and not against the
7 Ormat related entities themselves;

8 WHEREAS, each Ormat related entity which is signatory to a contract amendment contained in
9 the Settlement Agreement and either Nevada Power or Sierra are legally committed and reaffirm the
10 covenants set forth in the respective contracts at issue herein;

11 WHEREAS, each Ormat related entity, which is a party to an agreement contained in the
12 Settlement Agreement, was in existence and in good corporate standing in Delaware at all relevant
13 times associated with the execution of said contracts;

14 WHEREAS, Ormat has filed documents on behalf of each of its affiliates, which are a party to
15 an agreement contained in the Settlement Agreement, with the Nevada Secretary of State to make
16 current its Nevada foreign corporation registration status; and

17 WHEREAS, the Parties have completed their investigations, engaged in settlement discussions
18 and have arrived at an agreement, which, if adopted by the Commission, would resolve all issues
19 addressed in Docket Nos. 08-02002 and 08-02003.

20 NOW THEREFORE, based upon the mutual exchange of consideration set forth below, the
21 Parties agree as follows:

22 1. The Parties agree and recommend pursuant to NAC 704.9518, that the Commission
23 approve the First Amendment to Sierra's Action Plan of the 2008-2027 Integrated Resource Plan, as
24 amended by this Stipulation.

25 2. The Parties agree and recommend pursuant to NAC 704.9518, that the Commission
26 approve the Sixth Amendment to Nevada Power's Action Plan for its 2007-2026 Integrated Resource
27 Plan, as amended by this Stipulation.

1 3. The Parties agree and recommend that the Commission determine that the terms and
2 conditions of the Settlement Agreement are just and reasonable as analyzed pursuant to NAC 704.8885
3 and NAC 704.8887, and are prudent in accordance with NAC 704.9494(2).

4 4. The Parties agree and recommend that the Commission should determine that the terms
5 and conditions of the Settlement Agreement are in compliance with the Renewable Energy Act (*see*
6 NRS 704.7801 to NRS 704.7828); the Portfolio Standard for Renewable Energy (*see* NAC 704.8831
7 to NAC 704.8893); the System of Portfolio Energy Credits (*see* NAC 704.8901 to NAC 704.8939); the
8 Resource Planning Statutes (*see* NRS 704.736 to NRS 704.751) and the Resource Planning
9 Regulations (*see* NAC 704.9005 to NAC 704.9525), as applicable.

10 5. The Parties agree and recommend that the Commission should determine that the
11 Settlement Agreement is in the public interest.

12 6. The Parties agree and recommend that the Commission's approval of this Stipulation
13 shall constitute full and complete satisfaction of the regulatory approvals required from the
14 Commission as they pertain to the Settlement Agreement.

15 7. Nevada Power agrees to fully compensate Sierra monetarily should the benefits
16 associated with Amendment No. 1 to the PPA between Sierra and ORNI 7, as identified in the
17 confidential analysis submitted by Nevada Power and Sierra, fail to materialize and/or offset the
18 current monetary claim Sierra has against Nevada Power under the terms of the Related PPAs for
19 ORNI 3 and ORNI 9.

20 8. The Parties agree and recommend that the Commission should determine for purposes
21 of this Stipulation only that certain information contained in Sierra's First Amendment and Nevada
22 Power's Sixth Amendment shall be treated as confidential pursuant to NAC 703.527 to NAC 703.5282
23 (Confidentiality of Information) and NRS 703.190(2) (Records of Commission open to public
24 inspection; exception). This information consists of the pricing information of the energy associated
25 with the amended PPAs with the Ormat entities that was filed redacted in both Amendments.

26 9. Each Ormat related identity which is a signatory to a contract amendment contained in
27 the Settlement Agreement and either Nevada Power or Sierra agree to be bound to the terms of
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Maie Lane Peak Deacon and Howard
777 East William Street, Suite 200
Carson City, Nevada 89701

1 covenants set forth in the respective contracts at issue herein.

2 10. This Stipulation is made upon the express understanding that it constitutes a negotiated
3 settlement. The provisions of this Stipulation are not severable. In the event this Stipulation is not
4 approved by the Commission, it shall be deemed withdrawn without prejudice to any claims or
5 contentions that may have been made in this proceedings by any Party and it shall not be admissible as
6 evidence or in any way described or discussed in any proceedings hereafter.

7 11. This Stipulation may be executed in counterparts, each of which counterpart shall be
8 deemed to be an original instrument, but all of which together shall constitute one instrument, and
9 facsimile copies of signatures shall be as effective as original signatures.

10 NEVADA POWER COMPANY

11
12 Dated 3/12/08

13 By: 
14 Douglas Brooks
15 Assistant General Counsel

16 SIERRA PACIFIC POWER COMPANY

17 Dated 3/12/08

18 By: 
19 Douglas Brooks
20 Assistant General Counsel

21 COMMISSION REGULATORY STAFF

22 Dated _____

23 By: _____
24 Louise Uttinger
25 Assistant Staff Counsel
26
27
28

Hale Lane Peek Dennison and Howard
777 East William Street, Suite 200
Carson City, Nevada 89701

1 covenants set forth in the respective contracts at issue herein.

2 10. This Stipulation is made upon the express understanding that it constitutes a negotiated
3 settlement. The provisions of this Stipulation are not severable. In the event this Stipulation is not
4 approved by the Commission, it shall be deemed withdrawn without prejudice to any claims or
5 contentions that may have been made in this proceedings by any Party and it shall not be admissible as
6 evidence or in any way described or discussed in any proceedings hereafter.

7 11. This Stipulation may be executed in counterparts, each of which counterpart shall be
8 deemed to be an original instrument, but all of which together shall constitute one instrument, and
9 facsimile copies of signatures shall be as effective as original signatures.

10 NEVADA POWER COMPANY

11
12 Dated _____

13 By: _____
14 Douglas Brooks
15 Assistant General Counsel

16 SIERRA PACIFIC POWER COMPANY

17 Dated _____

18 By: _____
19 Douglas Brooks
20 Assistant General Counsel

21 COMMISSION REGULATORY STAFF

22 Dated 3/12/08

23 By: Louise Uttinger
24 Louise Uttinger
25 Assistant Staff Counsel

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NEVADA ATTORNEY GENERAL
BUREAU OF CONSUMER PROTECTION

Dated 3-12-08

By: Michael Saunders
Michael Saunders
Deputy Attorney General

ORMAT NEVADA, INC.

Dated 3-12-08

By: Fred Schmidt
Fred Schmidt
Attorney for Ormat Nevada, Inc

11-1-2006 7:00 AM
777 West Williams Street, Suite 200
Carson City, Nevada 89401

NEVADA ATTORNEY GENERAL
BUREAU OF CONSUMER PROTECTION

Dated _____

By: _____
Michael Saunders
Deputy Attorney General

ORMAT NEVADA, INC.

Dated 3-12-08

By: Fred Schmidt
Fred Schmidt
Attorney for Ormat Nevada, Inc

Hale Lane Peck Dennison and Howard
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PROOF OF SERVICE

I hereby certify that I have this day served the foregoing Stipulation in Docket 08-02002 and Dkt. 08-02003 upon all parties of record in this proceeding by delivering a copy thereof via email and by mailing same, properly addressed with postage pre-paid, to:

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Deputy Attorney General
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Sierra Pacific Power Company
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Las Vegas, NV 89151
Email: dbrooks@nevp.com

DATED this 12th day of March, 2008.


An employee of HALE LANE PEEK
DENNISON AND HOWARD

HALE LANE PEEK DENNISON AND HOWARD
777 East William Street, Suite 200
Carson City, Nevada 89701