

SCHEDULE NO. LCSP87

**LONG-TERM RATES
COGENERATION AND SMALL POWER PRODUCTION**

APPLICABILITY

Pursuant to the Commission's Opinion and Order in Docket No. 87-126, this schedule is applicable only to purchases from Qualifying Facilities as defined in Utility's Nevada Electric Tariff No. 1, Rule No. 15 under a Long-term Purchase Agreement with Utility and where no other schedules are specifically applicable. This schedule is closed to new Customers.

RATES

For Qualifying Facilities whose contracts specify use of Schedule No. LCSP87, Utility will pay the sum of the following rates for the energy provided as determined by meter readings:

(1) ENERGY RATE

		<u>Contract Term</u>				
		<u>10 YEAR</u>	<u>15 YEAR</u>	<u>20 YEAR</u>	<u>30 YEAR</u>	
a.	Time-differentiated:					
	Winter					
	All On-Peak kWh, per kWh	\$0.09254	\$0.09395	\$0.09557	\$0.09872	(R)
	All Mid-Peak kWh, per kWh	0.08971	0.09113	0.09275	0.09570	(R)
	All Off-Peak kWh, per kWh	0.08112	0.08240	0.08377	0.08651	(R)
	Summer					
	All On-Peak kWh, per kWh	0.09060	0.09199	0.09354	0.09665	(R)
	All Off-Peak kWh, per kWh	0.08262	0.08380	0.08525	0.08815	(R)
b.	Non-time differentiated: (See Special Condition 7)					
	All kWh, per kWh	0.08691	0.08826	0.08975	0.09275	(R)

(Continued)

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(2) CAPACITY RATE

	<u>Contract Term</u>				
	<u>10 YEAR</u>	<u>15 YEAR</u>	<u>20 YEAR</u>	<u>30 YEAR</u>	
a. Time-differentiated:					
Winter					
All On-Peak kWh, per kWh	\$0.03505	\$0.03500	\$0.03495	\$0.03491	(l)
All Mid-Peak kWh, per kWh	0.00594	0.00594	0.00588	0.00588	(l)
All Off-Peak kWh, per kWh	0.00025	0.00025	0.00025	0.00025	(l)
Summer					
All On-Peak kWh, per kWh	0.06019	0.06015	0.06006	0.05987	(l)
All Off-Peak kWh, per kWh	0.00515	0.00515	0.00515	0.00515	(l)
b. Non-time differentiated: (See Special Condition 7)					
All kWh, per kWh	0.01751	0.01750	0.01748	0.01746	(l)

(3) CUMULATIVE CAPACITY LIMIT

(See Special Condition 9)

(4) Rates set forth in (1) and (2) above are subject to adjustment (See Special Condition 12)

SPECIAL CONDITIONS

1. The payment period for Utility purchases hereunder shall be the time interval between two consecutive meter readings that are taken for billing purposes.

2. The Utility and the Qualifying Facility shall have executed a Long-Term Purchase Agreement for the purchase and sale of capacity and energy which specifies the use of this Schedule No. LCSP87.

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(Continued)**

SPECIAL CONDITIONS (Continued)

3. A Qualifying Facility is defined as a cogenerator or small power producer who meets the criteria set forth in Title 18, Code of Federal Regulations, Subpart B, Section 292.201 through 292.207 inclusive.

4. As used herein, the term "Commercial Operation Date" shall be as defined in the specific Purchase Agreement applicable to the individual Qualifying Facility.

5. As used herein, the term "Contract Rating" shall be as defined in the specific Purchase Agreement.

6. Unless otherwise provided for in the purchase agreement, payment for output produced between the effective date of the Long-term Purchase Agreement and the Commercial Operation Date shall be made pursuant to the Utility's current Schedule No. CSPP contained in Electric Tariff No. 2.

7. A Qualifying Facility that has a Contract Rating of 100 kW or less shall have the option to choose either flat or time-differentiated rates. A Qualifying Facility that has a Contract Rating in excess of 100 kW will receive payments based on the time-differentiated rates only.

8. Daily time periods will be based on Pacific time and are defined as follows:

Winter Period	On-Peak	5:01 P.M. to 10:00 P.M. daily
	Mid-Peak	7:00 A.M. to 5:00 P.M. daily
	Off-Peak	All other hours
Summer Period	On-Peak	10:01 A.M. to 10:00 P.M. daily
	Off-Peak	All other hours

The winter period will consist of eight months from October through May. The summer period will consist of four months from June through September.

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SCHEDULE NO. LCSP87

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(Continued)**

SPECIAL CONDITIONS (Continued)

9. Payment for deliveries of power hereunder is limited to those Qualifying Facilities falling within the Cumulative Capacity Limit of 85 MW as set forth in the Opinion to Docket No. 87-126 and as further determined in the purchase agreement.

10. Those QF's which are in production but are not deemed to be producing under the 85 MW cap shall be eligible for either Sierra's then effective short-term avoided cost rate or an alternative rate negotiated between Sierra and a QF, and which has been approved by the PSCN.

11. The energy payment in any time period shall be equal to the product of the energy rate for such time period times the kilowatt hours produced and metered during such period. The maximum number of kilowatt hours for which energy rates will be paid in any time period shall not exceed the product of the number of hours in each of the time periods and the Contract Rating unless otherwise provided for pursuant to the Purchase Agreement. Any excess kilowatt hours will be paid for at the Schedule No. CSPP energy rate.

12. In compliance with the Public Service Commission of Nevada's Opinion and Order in Docket NO. 87-126, the rates contained herein shall be adjusted on September 1 of each year based on the change in the applicable index during the prior calendar year., The first such change shall occur on June 1, 1989. The adjustment shall be calculated as follows:

Where,

$$R_n = (I_{n-1}/I_{n-2}) R_{n-1}$$

R = the indexed rate
 I = the absolute level of the appropriate year end index
 n = the calendar year in which the adjustment takes place

The energy rates will be adjusted using the Producer Price Index for the Coal Subcategory of the Fuels and Related Products. The capacity rates will be adjusted using the Handy-Whitman price index, total steam production plant category. Such rates shall become effective on September 1 of each year.

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LONG-TERM RATES
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(Continued)

SPECIAL CONDITIONS (Continued)

13. The capacity related costs used to calculate the rates herein have been stated on a kWh basis using an upward adjustment which reflects an overall capacity factor of 80%.
14. Qualifying Facilities providing energy to Utility hereunder shall be entitled to receive electric service from Utility on the filed rates schedule(s), as contained in Utility's Nevada Electric Tariff No. 1, applicable to the type and location of the Qualifying Facility and the service being provided by the Utility.
15. All purchases made under this schedule are subject to the provisions of Rule No. 15 as contained in Utility's Nevada Electric Tariff No. 1.

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SIERRA PACIFIC POWER COMPANY

6100 Neil Road, Reno, Nevada

Tariff No. Electric No. 2

Canceling Original

1st Revised

P.S.C.N. Sheet No. 17

P.S.C.N. Sheet No. 17

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SIERRA PACIFIC POWER COMPANY

6100 Neil Road, Reno, Nevada

Tariff No. Electric No. 2

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