

**Schedule No. IP
INCREMENTAL PRICE TARIFF**

APPLICABLE

This tariff applies to eligible customers who have: 1) been approved to receive energy, capacity, or ancillary services from a provider of new electric resources other than the electric utility pursuant to a PUCN-approved application, as provided by Chapter 704B of the Nevada Revised Statutes, 2) fulfilled or are in the process of fulfilling the requirements of a compliance order pursuant to the PUCN-approved application including the payment of impact fees, if applicable, and payment of their load-ratio share of the deferred balance, and either 3a) provided notice of their intent to depart under NRS Chapter 704B by a date certain but are unable to commence service with a new provider by that date certain or 3b) commenced service with their new provider and subsequently seek to resume receipt of energy, capacity, or ancillary services from the utility without returning to bundled service. Customers who are eligible under 3a) or 3b) above will continue to take unbundled transmission service under their Federal Energy Regulatory Commission (FERC) approved transmission service agreement(s). The customer premises determine applicability under this rate schedule. Such premises are specifically identified by the contract executed under Schedule DOS, Distribution-Only Service Rider, unless distribution service for the eligible customer is established by an existing contract or contracts.

This tariff also applies to eligible customers who have demonstrated eligibility for this tariff through the operation of a Commission-approved service agreement and either 1) the Customer's source of generation does not come on line or 2) such service agreement has terminated.

TERRITORY

This schedule is applicable to the entire Nevada service territory, as specified.

RATES

Charges under this schedule shall consist of one or more of the following components as applicable:

1. Universal Energy Charge (UEC), at \$0.00039 for all kWh, per kWh
2. Franchise Fees, Taxes and Mill Assessment at the rates otherwise established for customers under bundled electric service.
3. One-time service reestablishment fee of \$500.00 per meter each time the electric utility reestablishes service for each customer not to exceed \$10,000.00.
4. Monthly billing fee of \$15.00 per meter not to exceed \$1,500.00 per customer per month for additional scheduling, computational and billing costs.

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Issued By:
 Michael J. Carano
 Director

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(Continued)

RATES (Continued)

Distribution Service charge as set forth under the otherwise applicable Distribution-Only Service (DOS) rate schedule, unless Distribution Service for the customer is established by an existing contract or contracts.

Transmission and Ancillary Service charge equal to the sum of charges for the customer under all applicable schedules of the Sierra Pacific Resources Operating Companies Open Access Transmission Tariff (OATT), as filed with the FERC (See Special Condition 4).

Renewable Portfolio Charge equal to the additional cost required to meet the Renewable Portfolio Standard if any, attributable to the customer's return or the cost of any penalties incurred if the Renewable Portfolio Standard cannot be met.

Long Term Contract market adjustment charge equal to the customer's load ratio share of any out of market component of long-term contracts. (This charge is already included in the exit fee calculation for the first three years after a customer departs.)

Charges for Energy and Capacity Service, the incremental electricity cost (IEC), shall be determined as set forth below.

IEC – Hourly Incremental Price Method:

The IEC shall be calculated hourly and shall be as follows:

1. During hours when the highest hourly system incremental generation cost is less than or equal to the hourly market price calculated from the index described below, the hourly price will be calculated from the daily Dow Jones Firm Electricity Price Index. The on-peak and off-peak daily index at California-Oregon Border (COB) will be used, shaped by the Mid-C hourly index report plus a basis difference of \$8.56/MWH and 6.46% for losses shall be used. The basis is equal to the point-to-point transmission rates for PacifiCorp and the Bonneville Power Administration under their respective OATT and shall be updated as necessary; or

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RATES (Continued)

IEC – Hourly Incremental Price Method: (Continued)

2. During hours when the highest hourly system incremental generation cost is greater than the hourly market price as calculated in paragraph 1 above, the IEC shall be based on a combination of the incremental generation cost and the hourly market price. The IEC shall be calculated as the transmission system import capacity allocated to the customer times the hourly market price as calculated in paragraph 1 above plus the hourly load minus the transmission system import capacity times the incremental generation cost all divided by the hourly load.

The incremental generation cost (IGC) shall be calculated based on the daily incremental fuel cost and the applicable unit's heat rate curve including unit start-up costs, no-load heat rate component as applicable and:

Transition Period: the applicable unit's variable O&M cost per kWh and a generation capacity cost multiplied by 25%. The generation capacity cost shall be equal to the reconciled generation cost per kWh per class resulting from a general rate case.

Post Transition Period: applicable unit's average O&M cost per kWh and a generation capacity cost. The generation capacity cost shall be equal to the reconciled generation cost per kWh per class resulting from a general rate case.

The transition period is defined as the first seven months following the customer's return. The post-transition period shall not exceed 18 months without specific approval from the PUCN.

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RATES (Continued)

IEC – Hourly Incremental Price Method: (Continued)

The IEC can be expressed as:

If $HL > ATC$:
$$IEC = \frac{(MP * ATC) + ((HL - ATC) * IGC)}{HL}$$

If $HL < ATC$:
$$IEC = MP$$

- Where: IEC = Incremental Energy Charge
 MP = Hourly Market Price from Dow Jones Index
 ATC= Available Transmission System Import Capacity allocated to the customer
 HL = Hourly Load
 IGC = Incremental Generation Cost

SPECIAL CONDITIONS

1. The eligible customer must notify the utility of its intent to take service from the utility at least thirty (30) days prior to the date that the customer seeks to take service under this schedule. The utility will make reasonable efforts to provide service to an eligible customer upon less than thirty (30) days notice if events beyond the control of the customer prevent the continued receipt of energy, capacity, or ancillary services from the customer's previous provider.
2. The utility will make reasonable efforts to comply with Rule No. 8, Continuity of Service, for service under this schedule. Service under this schedule will be curtailed after service under any interruptible rate schedule but before curtailment under Rule No. 8. C, Apportionment of Supply During Time of Shortage.
3. The eligible customer must provide written notification to the utility of its intent to resume receipt of energy, capacity, or ancillary services from an entity other than the utility or for service under any other applicable rate schedule at least thirty (30) days prior to the date that the customer seeks to resume such service.

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SPECIAL CONDITIONS (Continued)

4. Customer's who are eligible under 3a) and 3b) of the applicability section will continue to take unbundled transmission service under their FERC approved transmission service agreement(s). The Transmission Provider will charge the eligible customer's Scheduling Coordinator in accordance with the terms and conditions of the transmission service agreement(s) and the FERC applicable rates.

5. An Eligible Customer and the Utility may enter into an agreement in order to accommodate alternative methods of providing service hereunder. Such methods must without limitation (a) provide for payment by the Eligible Customer of the Utility's incremental cost in providing the service, (b) not burden the Utility with increased costs, (c) not cause remaining customers of the Utility to pay increased costs, and (d) not impair the reliability of the Utility's system or the Utility's ability to provide electric service to its remaining customers. Such transactions shall be undertaken pursuant to a special contract executed by the Eligible Customer and the Utility that is filed with and approved by the Commission. The Eligible Customer shall be responsible for the payment of all increased costs, whether incurred by the Utility or other Customers, in the performance of the agreement, or required by the terms or provisions of the Commission's order rejecting the agreement.

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