

Schedule QF – Short Term
COGENERATION AND SMALL POWER PRODUCTION - QUALIFYING FACILITIES

APPLICABLE – This schedule is applicable only to short term purchases from qualifying facilities as set forth in NAC 704.8711 through NAC 704.8793.

AVAILABLE – To qualifying facilities located in the Company's service area.

RATES

Utility will pay the sum of the following rates for the energy and capacity provided as determined by meter readings:

(1) ENERGY RATE

ALL MONTHS:

FIRM ENERGY

The rate paid for firm on-peak or firm off-peak energy deliveries shall be calculated for each hour as the lesser of:

The hourly Market Price from the Powerdex Mead/Marketplace hourly index report for the same hour or the hourly Market Price from the Powerdex California-Oregon Border (COB) hourly index report for the same hour.

NON-FIRM ENERGY

The rate paid for non-firm energy deliveries shall be calculated for each hour and is defined as the lesser of:

The highest hourly system incremental generation cost. The incremental generation cost shall be calculated based on the daily incremental fuel cost and the applicable unit's incremental heat rate curve; or the hourly Market Price published in the Powerdex Mead/Marketplace hourly index report for the same hour or the hourly Market Price from the Powerdex California-Oregon Border (COB) hourly index report for the same hour.

(2) CAPACITY RATE - The capacity cost is included in the above firm energy rate.

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Douglas A. Cannon
Senior Vice President

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SPECIAL CONDITIONS

1. Subject to the provisions of 18 C.F.R. § 292.304 (f), the Utility will accept all offered purchases.
2. Qualifying Facilities providing energy to Utility hereunder shall be entitled to receive electric service from Utility on the filed rates schedule(s) contained in Utility's Electric Tariff No. 1-B applicable to the type and location of the Qualifying Facility.
3. Should the index described under ENERGY RATE section become permanently unavailable, the Utility shall refile its tariff as soon as reasonably possible. Until the refiled tariff becomes effective, Qualifying Facilities shall be paid a rate per MWH equal to the average of the applicable hourly prices for the last available month.
4. The Utility shall provide upon demand to any person who receives or desires to receive payment under this schedule, all references and procedures used in calculating rates for this schedule.
5. Firm energy is defined as (1) Energy that has firm resources backing up the energy and is under a firm contract for delivery to the utility, or (2) energy that has been pre-scheduled by Nevada Power Company or (3) energy that is financially firm and backed up with liquidated damages pursuant to the terms of a contract between the Utility and the Qualifying Facility governing liquidated damages. Energy not meeting the criteria of firm energy will be considered and paid at the non-firm rate.

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Schedule QF – Long Term
COGENERATION AND SMALL POWER PRODUCTION - QUALIFYING FACILITIES
(Continued)

In order to qualify for a capacity payment, the following provisions must be met:

1. The Contract Capacity for payment purposes may not exceed the lowest capacity rating in any of the six peak months on Company's system, which are presently the months of May, June, July, August, September and October.
2. The Contract Capacity must be available² for all of the on-peak hours subject to an allowance of 10 percent of those on-peak hours for forced outages.
3. Scheduled outages must be performed in the months of March and April.
4. Contracts shall be required for all purchases hereunder. Such contracts will include the division of costs and responsibilities of both Company and Seller for metering, interconnection, control, protection and Special Facilities Charges. Where applicable, the contract shall state the available contract capacity.

GENERAL PROVISIONS

1. The billing and accounting period used herein shall be one (1) calendar month.
2. Payment for energy and capacity is due on or before thirty (30) days following the end of each billing month.
3. Charges for Supplementary Power will be in accordance with Company's applicable retail rate schedules filed with the Nevada Public Service Commission.

²As used herein "available" means either dispatchable by Company or actually delivered to Company.

SPECIAL CONDITIONS – Refer to Rule 15

SYSTEM EMERGENCIES – Qualifying facilities are obligated to provide power during system emergencies as set forth in General Order No. 32 Section 7.0 System Emergencies.

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