

EXHIBIT

TMWA 1-4

**Interim Storage Agreement,
June 29, 1994**

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Truckee and Washoe Storage Projects, California and Nevada

CONTRACT FOR THE
STORAGE OF NON-PROJECT WATER
AMONG SIERRA PACIFIC POWER COMPANY
WASHOE COUNTY WATER CONSERVATION DISTRICT
PYRAMID LAKE PAIUTE TRIBE
AND
THE UNITED STATES OF AMERICA

THIS CONTRACT, entered into on this 29th day of June, 1994, pursuant to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, collectively hereinafter referred to as the Federal Reclamation laws and particularly Public Law 101-618, among SIERRA PACIFIC POWER COMPANY, a Nevada corporation, hereinafter referred to as the Company, WASHOE COUNTY WATER CONSERVATION DISTRICT, a district organized and existing under the laws of the State of Nevada, hereinafter referred to as the District, PYRAMID LAKE PAIUTE TRIBE, an Indian tribe organized under Section 16 of the Act of June 18, 1934 (25 U.S.C. 476), hereinafter referred to as the Tribe, and THE UNITED STATES OF AMERICA, hereinafter referred to as the United States,

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States constructed, owns, operates, and maintains Stampede Dam and Reservoir, a feature of the Washoe Project; and

WHEREAS, the United States constructed and holds legal title to Boca Dam and Reservoir of the Truckee Storage Project; and

Contract No. 4-07-20-W1177

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WHEREAS, the District operates and maintains Boca Dam and Reservoir and holds a license for all water storage rights in Boca Reservoir under California State Law, including 800 acre-feet of pondage rights which are controlled by the Company; and

WHEREAS, the Company is a public utility which is engaged in the business of generating, purchasing, transmitting, distributing, supplying and selling electricity in Nevada and California and in supplying domestic, municipal and industrial water in and around the Truckee Meadows area in Northern Nevada; and

WHEREAS, the Pyramid Lake Tribe is organized under Section 16 of the Act of June 18, 1934 (25 U.S.C. 476) and governs the Pyramid Lake Indian Reservation which includes Pyramid Lake and a reach of the lower Truckee River; and

WHEREAS, the water rights acquired, owned and/or utilized by the Company include direct diversion rights from the Truckee River and water storage rights in Donner Lake and Independence Lake in California; and

WHEREAS, to augment its water supply during droughts, the Company desires the use of Excess Capacity in Boca Reservoir and Stampede Reservoir; and

WHEREAS, pursuant to the provisions of Public Law 101-618, Section 205(b)(1), the Secretary is authorized to use Washoe Project facilities, Truckee Storage Project facilities, and Lake Tahoe Dam and Reservoir for the storage of non-project water to fulfill the purposes of Public Law 101-618, Title II, and to collect appropriate charges for such uses; and

WHEREAS, section 205(b)(3) of Public Law 101-618 authorizes the Secretary to enter into a contract with the Company and the Tribe to store water owned

by the Company in Stampede Reservoir, except that the amount of such storage shall not exceed 5,000 acre-feet on September 1 of any year; and

WHEREAS, the United States, independently, and the United States and the District, jointly, are willing to allow the Company to store Non-Project water in Stampede and Boca Reservoirs, respectively, pursuant to existing state water right permits and/or licenses, and/or vested water rights when Excess Capacity is available for municipal and industrial uses in accordance with the terms and conditions set forth below; and

WHEREAS, in accordance with the Court Judgment of October 22, 1982 (Civil No. R-76-152 GJS), Washoe Project Water is to be utilized for the benefit of threatened and endangered fishes of Pyramid Lake until such time as they are no longer classified as endangered or threatened or until sufficient water becomes available from other sources to conserve them.

NOW, THEREFORE, in consideration of the covenants herein contained, the parties agree as follows:

DEFINITIONS

1. When used herein, the term:

(a) "Emergency Condition" shall mean a situation when the demands of the Company's water customers cannot be met due to a scheduled facility alteration or repair or due to an unexpected circumstance;

(b) "Excess Capacity" shall mean capacity in Stampede Reservoir or Boca Reservoir not needed to store Washoe Project Water or Truckee Project Water, whichever is appropriate, except as otherwise provided in Sub-article 4(h);

(c) "Federal Water Master" shall mean the water master appointed by the United States District Court for the District of Nevada pursuant to United States v. Orr Water Ditch Co., Civil No. A3;

(d) "Fish Credit Water" shall mean water in storage in Boca Reservoir or Stampede Reservoir which pursuant to the terms of Sub-article 4(j) and Article 5 is to be used for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake.

(e) "Floriston Rates" shall mean a rate of flow of the Truckee River at the head of the diversion penstock at Floriston, California (but measured at the USGS Stream Gaging Station near Farad, California) consisting of an average flow of 500 cubic feet of water per second each day during the period commencing March 1 and ending September 30 of any year and an average flow of 400 cubic feet of water per second each day during the period commencing October 1 and ending the last day of the next following February of any year, except that when, during the period commencing November 1 and ending the next following March 31 of each year, Lake Tahoe is below 6226.0 feet above sea level Lake Tahoe Datum and not below 6225.25 feet above sea level Lake Tahoe Datum it shall mean an average flow at said gage of 350 cubic feet per second or when Lake Tahoe is below 6225.25 feet below sea level Lake Tahoe Datum it shall mean an average flow at said gage of 300 cubic feet per second.

(f) "Municipal and Industrial Uses" or "M&I Uses" shall mean the use of water within Sierra's Service Area for municipal, industrial, sanitary, fire protection, lawn and residential garden irrigation, industrial and/or all other similar uses, exclusive of use for the irrigation of farm areas;

(g) "Non-Project Water" shall mean water of the Truckee River or its tributaries acquired by or available to the Company but excluding any water adjudicated pursuant to Claim Nos. 3 and 4 of the Orr Ditch Decree;

(h) "Orr Ditch Decree" shall mean the decree of the United States District Court for the District of Nevada in United States of America v. Orr Water Ditch Company, et al., in Equity, Docket No. A3, including, but not limited to, the Truckee River Agreement;

(i) "Preliminary Settlement Agreement as Modified by the Ratification Agreement" shall mean the document entitled "Ratification Agreement by the United States of America," including Exhibit "1" attached thereto, submitted to the Chairman, Subcommittee on Water and Power, Committee on Energy and Natural Resources, United States Senate, by the Assistant Secretary for Water and Science, United States Department of the Interior, on August 2, 1990, as may be amended under the terms thereof;

(j) "Secretary" or "Contracting Officer" shall mean the Secretary of the Interior or his duly authorized representative;

(k) "Short-Term Agreement" shall mean the agreement (Contract No. 4-07-20-W1129) which became effective on September 11, 1993 which allows the Company to store up to a maximum of 3,050 acre feet of non-project water when space is available in Boca Reservoir for one year or until such time as this Contract enters into effect, whichever comes first;

(l) "Sierra's Service Area" shall mean the retail and wholesale certificated boundaries as may be established from time to time by the Public Service Commission of Nevada as the territory in which the Company is entitled to sell or to distribute water;

(m) "Spill" shall mean water spilled over the spillway of the reservoir, or the reservoir inflows released to comply with flood control criteria, excluding that portion of the spilled water or the released water utilized to satisfy Orr Ditch Decree rights, including filling Boca Reservoir. "Spill" shall also mean withdrawals from reservoir storage for the express purpose of complying with flood control criteria, unless the withdrawal from storage provides Truckee Project Water to satisfy Orr Ditch rights.

(n) "Truckee Project" shall mean the Truckee River Storage Project, consisting of Boca Dam and Reservoir, located in California,

(o) "Truckee Project Water" shall mean water licensed for storage by the District in Boca Reservoir;

(p) "Truckee River Agreement" shall mean the Agreement dated July 1, 1935, which was approved, adopted and incorporated in the Orr Ditch Decree;

(q) "Truckee River Reservoirs" shall mean the storage provided by the dams at the outlets of Lake Tahoe, Boca Reservoir, Prosser Creek Reservoir and Stampede Reservoir;

(r) "Truckee River Operating Agreement" or "TROA" shall mean the agreement currently being negotiated pursuant to section 205(a) of Public Law 101-618;

(s) "Washoe Project" shall mean that portion of the Washoe Project, authorized by the Act of August 1, 1956, 70 Stat. 773, consisting of Stampede Dam and Reservoir, located in California; and

(t) "Washoe Project Water" shall mean water permitted for storage by the United States in Stampede Reservoir.

TERM OF CONTRACT

2. Subject to the provisions of Article 3, this Contract shall become effective on the date first hereinabove written and shall remain in effect for a period of one year, and, if during that one year period, the Public Service Commission of Nevada enters an order approving this Contract, it shall remain in effect for a period of twenty-four (24) years after December 31, 1994. This Contract, however, shall be superseded immediately upon the entry into effect of the Truckee River Operating Agreement and the Preliminary Settlement Agreement as Modified by the Ratification Agreement including the storage agreement referenced in Section 29(h) of the Preliminary Settlement Agreement.

NOTICE CONCERNING RENEWAL

3. Not later than January 1, 2010, the United States shall give the other parties written notice of whether it intends to renew this Contract and if so, the terms and conditions of any proposed renewal.

STORAGE AND EXCHANGE OF NON-PROJECT WATER

4. The United States, independently, and the United States and the District, jointly, authorize the Company to store Non-Project Water in Stampede and Boca Reservoirs, respectively, pursuant to existing state water right permits and/or licenses, and/or vested water rights when Excess Capacity is available, for the purpose of storing Non-Project Water and exchanging Truckee Project Water or Washoe Project Water for Non-Project Water as follows:

(a) Non-Project Water may be released from Independence Lake and stored in either Stampede Reservoir or Boca Reservoir.

(b) Non-Project Water from Independence or Donner Lakes may be released to support Floriston Rates in lieu of a release for that purpose from Boca Reservoir in exchange for an equivalent amount of Truckee Project Water.

(c) Non-Project Water from Independence or Donner Lakes may be released in lieu of a release of Washoe Project Water for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake in exchange for an equivalent amount of Washoe Project Water.

(d) The Company shall not release Non-Project Water from Independence Lake for the purposes of this Contract if it will reduce the storage of Independence Lake below 7,500 acre-feet above the outlet facilities between May 15 and July 15 of any year unless it is intended to be used within Sierra's Service Area within 90 days of release from Independence Lake. But, whenever the storage level of Independence Lake is between 4,500 and 7,500 acre feet above the outlet facilities from May 15 to September 1, the Company, in consultation with the California Department of Fish and Game, and upon obtaining necessary permits, shall maintain a channel suitable for fish passage through the delta formed by Independence Creek entering Independence Lake.

(e) In addition to the exchange or storage of water described in Sub-articles 4(a), 4(b), and 4(c), the Company may store other Non-Project Water in Stampede Reservoir and Boca Reservoir pursuant to this Contract to replace all or any part of the water stored pursuant to those Sub-articles which has been released from storage pursuant to Sub-article 4(1).

(f) The Company may transfer Non-Project Water between Reservoirs as follows:

(i) Non-Project Water stored in Stampede Reservoir pursuant to this Contract may be released and transferred to Boca Reservoir.

(ii) Non-Project Water stored in Boca Reservoir pursuant to this Contract may be transferred to Stampede Reservoir by storing in Stampede Reservoir water which is required to be passed through both Stampede Reservoir and Boca Reservoir and by releasing an equivalent amount of water stored in Boca Reservoir pursuant to this Contract.

(iii) Non-Project Water stored in Boca Reservoir pursuant to this Contract may be transferred to Stampede Reservoir by storing in Stampede Reservoir water which is required to be passed through Stampede Reservoir for the purpose of increasing storage of Truckee Project Water by crediting to Truckee Project Water an equivalent amount of Non-Project Water stored in Boca Reservoir pursuant to this Contract.

(g) The total quantity of Non-Project Water available to the Company in Stampede Reservoir and Boca Reservoir shall be subject to seepage and evaporation loss as determined by the Federal Water Master. Water stored by the Company pursuant to this Contract shall share the monthly net losses from the reservoir in which it is stored proportionately with other water stored in that reservoir.

(h) Fish Credit Water stored in Stampede or Boca Reservoirs may be displaced by the Company to the extent necessary for the Company to accumulate water in those Reservoirs in accordance with the provisions of this Contract. For purposes of this Sub-article, 14,000 acre-feet of Fish Credit Water, once accumulated, shall be retained in Stampede and/or Boca Reservoir and used for the benefit of the cui-ui or Lahontan cutthroat trout of Pyramid Lake only if it is the last remaining water in storage in Stampede or Boca Reservoirs.

Said 14,000 acre-feet of Fish Credit Water shall be subject to spill and/or displacement in the same manner as other Fish Credit Water. The United States shall not release Washoe Project Water from Stampede Reservoir into Boca Reservoir in a manner which will cause the Company's water in Boca Reservoir to spill in the same calendar year as the releases occurred. Spill from Stampede Reservoir or Boca Reservoir shall be deemed to take place in the following sequence:

(i) Non-Project Water stored by the Company pursuant to this Contract in excess of 5,000 acre-feet.

(ii) Fish Credit Water.

(iii) All remaining Non-Project Water stored pursuant to this Contract.

(iv) Washoe Project Water or Truckee Project Water as the case may be.

(i) Storage, release and exchange of Non-Project Water pursuant to this Contract shall not interfere with the dam safety and flood control or normal release requirements of Stampede Reservoir or Boca Reservoir, with the proper storage and release of Washoe Project Water and Truckee Project Water in those reservoirs pursuant to the California water rights license and permit, respectively, or with the proper storage and release of water in Boca Reservoir pursuant to the Truckee River Agreement and the Orr Ditch Decree.

(j) The total combined Excess Capacity available to the Company at any time in both Boca Reservoir and Stampede Reservoir pursuant to this Contract shall not exceed 14,000 acre-feet. On September 1 of any year, the Company may not have more than a combined total of 5,000 acre feet of water stored pursuant to this Contract in Boca Reservoir and Stampede Reservoir.

Any water stored by the Company pursuant to this Contract in excess of 5,000 acre-feet on September 1 of any year, shall be considered Fish Credit Water. In addition, on September 1 of that same year, at the election of the Company, all or any part of the water in storage pursuant to this Contract within 5,000 acre-feet may be considered Fish Credit Water. Except to the extent provided otherwise in any successor agreement, any Non-Project Water or Fish Credit Water remaining in storage in Stampede Reservoir or Boca Reservoir as of the date of termination of this Contract shall thereafter be considered Washoe Project Water. Fish Credit Water shall be used for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake.

(k) Subject to the provisions of Sub-articles 4(g), 4(h), 4(i), and 4(j), water stored by the Company pursuant to this Contract may be retained in storage and carried over from year to year until it is needed by the Company to supply the demands of its customers as provided in Article 4(l).

(l) The Company may use all of its water stored pursuant to this Contract to supply the demands of its customers any time Floriston Rates are not being met and water available under the Company's Orr Ditch Decree water rights is not sufficient to meet those demands, or under Emergency Conditions. The Company may use its discretion in determining the sequence in which it utilizes its stored water sources, including those established pursuant to this Contract.

(m) Water stored under the Short-Term Agreement shall be considered water stored under the terms of this Contract.

(n) At the earliest opportunity, in accordance with Article 6, the United States shall transfer to Stampede Reservoir Fish Credit Water in Boca Reservoir as a result of the provisions of Article 4(j) and Article 5 or shall

release such water for the benefit of cui-ui or Lahontan cutthroat trout of Pyramid Lake.

HYDRO-ELECTRIC WAIVER

5. The Company agrees to a waiver of its rights to require releases or pass throughs of water from the Truckee River Reservoirs solely for the generation of hydro-electric power pursuant to the Truckee River General Electric Co. Decree issued in 1915 by the District Court of the United States, in and for the Northern District of California and Claim Nos. 5,6,7,8 and 9 of the Orr Ditch Decree for the 15 years immediately following the execution of this Contract. Any water stored in accordance with this Article shall be considered Fish Credit Water. Nothing in this Article shall interfere with the Company's ability to implement Article 4(e). This provision supersedes Article No. 8 of Contract No. 3-07-20-W1068, ("Contract For Exchange Of Non-Project Water For Project Water Between The United States And Westpac Utilities").

SCHEDULES

6. (a) Not less than 15 days prior to the beginning of each calendar quarter, the Company shall submit to the Area Manager, Lahontan Basin Area Office, U. S. Bureau of Reclamation and the Federal Water Master, a schedule for the ensuing calendar quarter projecting storage, exchange, and release of Non-Project Water pursuant to this Contract. In order to provide maximum flexibility, the Company may after consultation with the Federal Water Master and the Area Manager modify the said quarterly schedule as necessary.

(b) In the event that available inflow, storage, release, or outlet capacity is not sufficient to accomplish the exchange of all water held by the Company and the United States, the exchanges shall be accomplished by agreement among the Company, the United States, and the Federal Water Master, or in the absence of an agreement, by allocating available exchange water equally.

ACCOUNTING

7. The Federal Water Master, in cooperation with the Company, the United States, the Tribe and the District, shall prepare a monthly accounting of all water stored, exchanged and released pursuant to this Contract. The accounting shall be provided by the Federal Water Master to the parties to this Contract. The accuracy of such accounting shall be investigated upon the request of any party to this Contract and any errors shall be corrected promptly.

PAYMENT

8. (a) As required by the Short-Term Agreement on the effective date of this Contract the charges for storage thereunder shall be calculated based upon the rate of \$4.17 per acre-foot multiplied by the maximum quantity in acre-feet of Non-Project Water stored by the Company during each month for which a charge was made under the Short-Term Agreement. The additional payment due the United States as a result of that calculation shall be paid by the Company within 30 days after this Contract enters into effect.

(b) For the period from the effective date of this Contract through December 31, 1994, the Company shall pay the United States an amount each

month which shall be the product of \$4.17 multiplied by the maximum quantity in acre-feet of Non-Project Water stored pursuant to this Contract during each month as determined in accordance with Article 7. After the amount for each month has been calculated as provided herein the United States will bill the Company for the amount due. The amount due shall be paid within 15 days after the receipt of the bill by the Company.

(c) Subject to adjustment as provided in Article 8(d), commencing January 1, 1995 and for each calendar year thereafter during the term of the Contract, on January 30 of each year the Company shall pay the United States a fixed annual payment of \$200,000.00 and on September 30 of each year an amount equal to the product of \$50.00 multiplied by the number of acre-feet of water in excess of 4,000 acre-feet which the Company has elected on September 1 of that year not to transfer to the United States as Fish Credit Water.

(d) Commencing January 1, 2000 and at the beginning of each five year period thereafter the annual payment due the United States shall be adjusted in accordance with the provisions of this Article 8(d). For purposes of calculating the adjustment to the annual payment as required by this Article 8(d) it is presumed that the annual payment of \$200,000.00 is the amount required to amortize a principal amount of \$2,539,327.00 at an interest rate of 5.875% per annum over a period of twenty-four years. The interest rate of 5.875% shall be adjusted based upon information available on December 1 of the year immediately preceding the date the adjustment is to take place. The rate will be the applicable interest rate derived from the provisions of Section 5(c)(2) of the Small Reclamation Projects Act of 1956, as amended by Public Law 99-546, assuming that the remaining term of this Contract is the applicable reimbursement period of the project for purposes of this section.

The new annual payment shall be the amount required to amortize a principal amount equal to the principal balance which remains on \$2,539,327.00 after crediting the principal portion of all previous annual payments at the adjusted interest rate over the remaining term of this Contract. For purposes of illustration only, the following example of an adjustment is provided:

At the end of the first five year period the new principal amount will be \$2,253,600.00. Assuming the new interest rate is 8.0% on December 1, 1999, the payment required to amortize \$2,253,600.00 over the remaining 19 years is \$234,662.00.

In addition to this adjustment, the \$50.00 per acre-foot multiplier to be used in the additional payment provisions of Article 8(c) shall be adjusted each five years by dividing the adjusted annual payment by 4,000 acre-feet. For purposes of illustration only, the adjustment which would result from the example above is \$234,662.00 divided by 4,000 or a new multiplier of \$58.67 per acre-foot.

(e) The Company shall pay to the District an amount equal to ten percent (10%) of the amount paid to the United States pursuant to Sub-articles 8(a), 8(b), and 8(c), for Operation and Maintenance and other District costs associated with Boca Reservoir. Such payment shall be made in accordance with terms as specified by the District.

(f) The Contracting Officer shall advise the Company of the method by which the Company shall submit payments to the United States. The method could be by check, lock-box arrangement, or wire transfer directly to the Treasury Financial Communications System (TFCS).

(g) Payments received pursuant to Sub-articles 8(a), 8(b), and 8(c) shall be credited annually first to pay the operation and maintenance costs of

Stampede Reservoir, then covered into the Lahontan Valley and Pyramid Lake Fish and Wildlife Fund created pursuant to Public Law 101-618, Section 206(f).

WATER CONSERVATION PLAN

9. The Company shall present for approval by the Public Service Commission of Nevada (PSCN) within one year of the effective date of this Contract a plan consistent with Nevada law to commence collecting a charge to finance the installation of metered facilities for non-metered residential customers, and as soon as practicable will utilize funds collected from such charges to implement the installation of meters on 1,000 residences of customers who have consented to such installation.

The Company shall implement the following water conservation actions as detailed in subdivision (a) through (d) beginning January 1, 1995, and will adjust its funding for those actions detailed in subdivision (a) through (d) each 5 years, so that an equal number of units or equivalent water savings will be provided in future years as agreed to at the outset of this agreement and continuing throughout the term of this Contract:

(a) Conduct public education programs through media, direct mail and other methods to promote water conservation at an average cost of at least \$50,000 per year.

(b) Distribute free water saving devices such as toilet-fill-restrictors, toilet displacement devices, faucet restrictors, leak detection tablets, low-flow showerheads and similar items at an average cost of at least \$10,000 annually.

(c) Systematically survey the Company's distribution system to detect and repair leaks at an average cost of at least \$50,000 annually.

(d) Continue support for the "Drought Management Plan" applicable to Sierra's Service Area by funding at least 4 field personnel during the summer irrigation season of any year in which the Company utilizes water from storage provided for by this Contract.

(e) Prepare and submit to the other parties of this Contract an annual report detailing its water conservation efforts.

UNITED STATES NOT RESPONSIBLE FOR DELIVERY OF
NON-PROJECT WATER

10. The United States shall not be responsible for the control, care, or distribution of the Non-Project Water after release from Stampede Reservoir and Boca Reservoir.

UNITED STATES NOT LIABLE

11. The Company hereby releases and agrees to defend and indemnify the United States, the District, and the Tribe, their officers, agents and employees from every claim for damage to persons or property, direct or indirect, including court costs, settlement costs, document preparation costs, and attorneys' fees, resulting from the storage and release of Non-Project Water under this Contract or from any determinations made by the Contracting Officer hereunder, unless such claim is the result of an intentionally wrongful or negligent act of the party seeking indemnification or that of its officers, agents or employees.

Within a reasonable time after any claim covered by this indemnity shall have been made against any of the parties to be indemnified, the party against whom the same shall have been made shall give written notice to the Company of the making of such claim.

Nothing contained in this article shall be construed as preventing the Company from contesting liability with respect to any claim or claims that the storage and release of Non-Project Water under this Contract resulted in damage to persons or property.

The Company shall be responsible for obtaining those governmental approvals, if any, required to allow it to store, exchange and release Non-Project Water as provided in this Contract. The Company agrees to seek intervention in and upon request to assume the defense of any actions or proceedings brought against the United States, the Tribe, or the District which challenge the storage, exchange and release of Non-Project Water as provided in this Contract.

CHARGES FOR DELINQUENT PAYMENTS

12. (a) The Company shall be subject to interest, administrative and penalty charges on delinquent installments or payments. When a payment is not received by the due date, the Company shall pay an interest charge for each day the payment is delinquent beyond the due date. When a payment becomes 60 days delinquent, the Company shall pay an administrative charge to cover additional costs of billing and processing the delinquent payment. When a payment is delinquent 90 days or more, the Company shall pay an additional penalty charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further, the Company shall pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest charge rate shall be the greater of the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied, first to the penalty, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

RULES, REGULATIONS, AND DETERMINATIONS

13. (a) The parties agree that the delivery of water or the use of Federal facilities pursuant to this contract is subject to Reclamation law, as amended and supplemented, and the rules and regulations promulgated by the Secretary of the Interior under Reclamation law.

(b) The Contracting Officer shall have the right to make determinations necessary to administer this contract that are consistent with the expressed and implied provisions of this contract, the laws of the United States and the States of California and Nevada, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the Company.

WATER AND AIR POLLUTION CONTROL

14. The Company, in carrying out this contract, shall comply with all applicable water and air pollution laws and regulations of the United States, the State of California, the State of Nevada, and shall obtain all required permits or licenses from the appropriate Federal, State, or local authorities.

QUALITY OF WATER

15. The operation and maintenance of the Project facilities shall be performed in such manner as is practicable to maintain the quality of raw water stored and/or conveyed through such facilities at the highest level reasonably attainable as determined by the Contracting Officer. The United States does not warrant the quality of water and is under no obligation to construct or furnish water treatment facilities to maintain or better the quality of water.

EQUAL OPPORTUNITY

16. During the performance of this contract, the Company agrees as follows:

(1) The Company will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Company will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Company agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

- (2) The Company will, in all solicitations or advertisements for employees placed by or on behalf of the Company, state that all qualified applicants will receive consideration for employment without discrimination because of race, color, religion, sex, or national origin.
- (3) The Company will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the said labor union or workers' representative of the Company's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Company will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Company will furnish all information and reports required by said amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the Contracting Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Company's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Company may be declared ineligible for further Government contracts in accordance with procedures authorized in said amended Executive Order, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Company will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Company will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Company becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Company may request the United States to enter into such litigation to protect the interests of the United States.

BOOKS, RECORDS AND REPORTS

17. The Company shall establish and maintain accounts and other books and records pertaining to administration of the terms and conditions of this contract, including: the Company's financial transactions, water supply data, project operation, maintenance and replacement logs, and project land and right-of-way use agreements; the water users' land-use (crop census), landownership, land-leasing and water-use data; and other matters that the Contracting Officer may require. Reports thereon shall be furnished to the Contracting Officer in such form and on such date or dates as the Contracting Officer may require. Subject to applicable Federal laws and regulations, each party to this contract shall have the right during office hours to examine and make copies of the other party's books and records relating to matters covered by this contract.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

18. The expenditure or advance of any money or the performance of any obligation of the United States under this contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the Company from any obligations under this contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

19. The provisions of this contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest therein shall be valid until approved in writing by the Contracting Officer.

OFFICIALS NOT TO BENEFIT

20. No Member of or Delegate to Congress, Resident Commissioner or official of the Company shall benefit from this contract other than as a water user or landowner in the same manner as other water users or landowners.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

21. (a) The Company shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be

excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this contract, the Company agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(c) The Company makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other Federal financial assistance extended after the date hereof to the Company by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The Company recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this article, and that the United States reserves the right to seek judicial enforcement thereof.

NOTICES

22. Any notice, demand, or request authorized or required by this contract shall be deemed to have been given, on behalf of any party to this agreement, when mailed, postage prepaid, or delivered to all other parties' designated representatives under this contract. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this article for other notices. The designated representatives are:

Regional Director
Mid-Pacific Region
Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825-1898

President
Washoe County Water Conservation District
275 Hill Street
Room 230
Reno, NV 89501

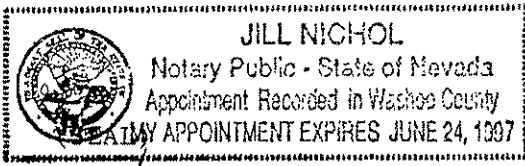
President
Sierra Pacific Power Company
Sierra Plaza - 6100 Neil Road
P.O. Box 30028
Reno, Nevada 89520-3028

Tribal Chairman
Pyramid Lake Tribal Council Office
P.O. Box 256
Nixon, NV 89424

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

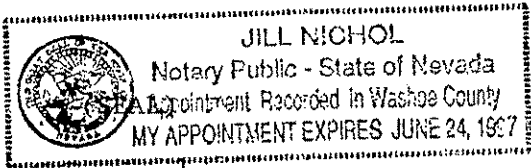
By Franklin E. Dimick
ACTING FOR REGIONAL DIRECTOR,
Mid-Pacific Region



Jill Nichol
Attest:
Notary Public
Title

SIERRA PACIFIC POWER COMPANY

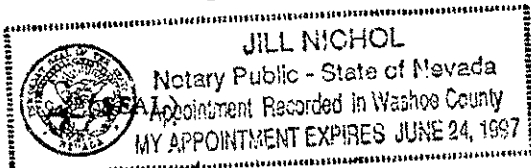
By [Signature]
PRESIDENT AND CHIEF EXECUTIVE OFFICER



Jill Nichol
Attest:
Notary Public
Title

WASHOE COUNTY WATER CONSERVATION DISTRICT

By [Signature]
PRESIDENT



Jill Nichol
Attest:
Notary Public
Title

PYRAMID LAKE PAIUTE TRIBE

By [Signature]
TRIBAL CHAIRMAN