

ENVIRONMENTAL COVENANT

(Covenant on groundwater extraction – entire Mohave Site)

THIS ENVIRONMENTAL COVENANT is entered into by and between: LOS ANGELES DEPARTMENT OF WATER AND POWER, a department of the City of Los Angeles, a municipal corporation of the State of California (“LADWP”); NEVADA POWER COMPANY, a Nevada corporation (“NPC”); SOUTHERN CALIFORNIA EDISON COMPANY, a California corporation (“SCE”) (LADWP, NPC, and SCE are hereinafter collectively referred to as “the Owners”); and THE STATE OF NEVADA, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION (“NDEP”).

Recitals:

(A) The undersigned execute this Environmental Covenant for the uses and purposes outlined in the Uniform Environmental Covenants Act, as codified in NRS 445D.010 et. seq. (the “Act”).

(B) The Owners are the record owners, as tenants in common owning undivided interests in the property, of certain real property identified as Assessor’s Parcel Numbers 264-21-501-002; 264-21-703-001; 264-22-000-001; 264-22-000-002; 264-23-000-001; 264-23-000-002; 264-24-101-001; 264-26-000-001; 264-26-000-002; 264-27-101-001; and 264-27-301-001; all located in the community of Laughlin, Clark County, Nevada, more particularly described in the legal description in Exhibit “A” attached hereto and made a part hereof, and shown on Exhibit “B” attached hereto and made a part hereof (hereinafter, the “Mohave Site Property”).

(C) The Mohave Site Property was formerly the site of a power plant known as the Mohave Generating Station, which was owned by the Owners and by Salt River Project Agricultural Improvement and Power District, and which was decommissioned and removed from the Mohave Site Property.

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(D) Groundwater testing and monitoring has determined that the groundwater in certain areas of the Mohave Site Property contains elevated levels of total dissolved solids (TDS).

(E) Geological assessment of the Mohave Site Property has determined that the subsurface soil in certain areas of the Mohave Site Property is relatively porous and water-permeable as a result of prehistoric river channels known as paleochannels, whereas the areas outside of the paleochannels are significantly less permeable.

(F) Further remediation of the TDS contamination in the Mohave Site Property groundwater is not practicable as of the date of this Environmental Covenant, and NDEP and the Owners believe that with certain restrictions upon use of parts or all of the Mohave Site Property, including the restrictions upon use of all of the Mohave Site Property as provided in this Environmental Covenant, migration of the TDS contamination will be minimized, and the contamination will not present any threat to human health or the environment.

(G) The Owners desire to provide notice of the existing conditions and covenants and to bind all parties having any right, title or interest in the Mohave Site Property, or any portion of it, and their heirs, successors and assigns and any persons using the Mohave Site Property.

NOW THEREFORE,

1. Purpose of the Instrument. This instrument is an Environmental Covenant executed pursuant to the Act.

2. Binding Covenant. The Owners hereby grant this Environmental Covenant to the NDEP, and declare that the Mohave Site Property, as described in Exhibit "A" hereto, shall herein after be bound by, held, sold, and conveyed subject to the following requirements set forth in paragraphs 1 through 15 herein, which shall run with the Mohave Site Property in perpetuity and shall be binding on the Owners and all parties having any right, title or interest in the Mohave Site Property, or any part thereof, its heirs, successors and assigns, and any persons using the land, as described herein. As used in this Environmental Covenant, the term "the Owners" means any record owner or owners of the Mohave Site Property and, if any, any other person or entity otherwise legally authorized to make decisions regarding the transfer of the Mohave Site Property or placement of encumbrances on the Mohave Site Property, other than by exercise of eminent domain.

3. Legal Description of the Property. The property subject to this Environmental Covenant is described as follows:

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APNs: 264-21-501-002; 264-21-703-001; 264-22-000-001; 264-22-000-002; 264-23-000-001; 264-23-000-002; 264-24-101-001; 264-26-000-001; 264-26-000-002; 264-27-101-001; and 264-27-301-001;

and more particularly described in the legal description in Exhibit “A” attached hereto, and shown on Exhibit “B” hereto, and more commonly known as the former site of the Mohave Generating Station, which was located at 655 Bruce Woodbury Drive, Laughlin, Nevada 89029 (the “Mohave Site Property”).

4. Description of the Mohave Site Contamination and Geology.

(a) The groundwater in certain areas of the Mohave Site Property is contaminated with elevated levels of TDS, as approximately shown on the Mohave Site map which is Exhibit “C” attached hereto and made a part hereof. This TDS contamination has been left in place with the consent of the NDEP because it is generally stable under current conditions, and is impracticable to further remediate as of the date of this Environmental Covenant, and based on current conditions presents no threat to human health or the environment.

(b) The subsurface soils in certain areas of the Mohave Site Property are relatively porous and water-permeable, because they are the location of river paleochannels, as also approximately shown on Exhibit “C” hereto, whereas the subsurface soils in the other areas of the Mohave Site Property exhibit low water-permeability.

(c) Extraction of groundwater from any part of the Mohave Site Property may alter or increase the flow of groundwater within the Mohave Site Property, and may alter or expand the areas of TDS groundwater contamination, especially because of the relative permeability of the paleochannels in parts of the Mohave Site Property.

5. Activity and Use Limitations: Groundwater Extraction. Except as otherwise provided herein, there shall be no installation or operation of any domestic, irrigation, industrial, or municipal water well on the Mohave Site Property, or any other extraction of groundwater or dewatering of the Mohave Site Property. If it is necessary at any time to dewater any part of the Mohave Site Property, for construction of buildings or roads or any other purpose, the NDEP must be notified in advance and the person undertaking the work shall prepare a work plan describing the work being undertaken and the procedures being employed, if any, to monitor and manage the TDS contamination, which procedures must be approved by the NDEP and comply with the then-existing rules and regulations of the NDEP. Upon completion of the work, if requested by the NDEP, a report shall be filed with the NDEP describing the work and all actions taken to comply with the existing rules and regulations for the monitoring and management of the TDS contamination. The Owners may record a revised environmental covenant, with the approval of the NDEP, documenting and reflecting the condition of the Mohave Site Property after the work has been completed.

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6. Owners' Reservation of Rights. Except as otherwise expressly provided herein, the Owners reserve to themselves, and to their successors and assigns, all rights accruing from their ownership of the Mohave Site Property, including without limitation their legal rights to subdivide the Mohave Site Property for any purposes allowed by law, and the right to sell, transfer, lease, license or otherwise encumber any or all of the Mohave Site Property.

7. Holders. The following persons and/or entities are holders for this Environmental Covenant: NDEP.

8. Name and Location of Administrative Record of Environmental Response Project. State of Nevada, NDEP, 901 S. Stewart St., Suite 4001, Carson City, Nevada, 89701.

9. Notices. Any documentation or communication required under this Environmental Covenant shall be sent or directed to:

State of Nevada
Division of Environmental Protection
Bureau of Corrective Actions
901 S. Stewart St., Suite 4001
Carson City, NV 89701

ATTN: Remediation Branch Supervisor
Reference: Project # Facility ID 8-000565

10. Reporting.

(a) The Owners agree to prepare and submit periodic monitoring reports to the NDEP, as described herein, to demonstrate compliance with the activity and use limitations described in this Environmental Covenant as a means to help ensure long-term protectiveness. Except as otherwise provided herein, the reports shall be submitted to NDEP every five years, and are due to the NDEP by the 28th day of March for the preceding five-year review period. The first review period commences upon the date of recordation of this Environmental Covenant and includes the remainder of that calendar year and the following four calendar years, and each review period thereafter consists of five calendar years, except as otherwise provided herein. Except as otherwise provided herein, the review reports are to include a review of site-specific aerial imagery in conjunction with physical inspection of the Mohave Site Property, as well as other reasonable and appropriate means, to document compliance with the activity and use limitations described in this Environmental Covenant. Changes in land use are to be described with attention towards how the land use changes may affect the activity and use limitations.

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(b) If at any time, through any sale or other transfer of parts of the Mohave Site Property to different Owners, the ownership of the Mohave Site Property becomes divided among different Owners, then any or all such multiple Owners may, in their discretion, jointly submit to the NDEP consolidated review reports covering all of their parts of the Mohave Site Property together. The review reports may be prepared and submitted on behalf of any Owner or Owners by a property owners' association or other third-party representative. Any Owner or Owners may at any time seek NDEP approval for a longer report period or other modification of the reporting requirement. The NDEP shall consider any such request in light of any land use changes or other factors specifically relevant to that request, and may modify the reporting requirements applicable to one or more parts of the Mohave Site Property without affecting the reporting requirements applicable to other parts of the Mohave Site Property.

11. Notices to Lessees. The Owners agree to incorporate, either in full or by reference, the restrictions in this Environmental Covenant in any leases, licenses, or other instruments granting a right to use the Mohave Site Property.

12. Inspections. The NDEP shall have the right of entry to the Mohave Site Property at reasonable times with prior notice for the purpose of determining compliance with the terms of this Environmental Covenant. Nothing in this Covenant shall impair any other authority the NDEP may otherwise have to enter and inspect the Mohave Site Property.

13. No Liability. The NDEP does not acquire any liability under Nevada law by virtue of accepting this Environmental Covenant.

14. Enforcement. The NDEP may enforce the terms of this Environmental Covenant pursuant to the Act. Included in the statutory rights and remedies afforded to the NDEP is the ability to file suit in district court to enjoin actual or threatened violations of this Environmental Covenant.

15. Amendment; Termination. This Environmental Covenant may be amended or terminated only in writing, in such form as to be recordable, and signed by all parties in interest at the time of the amendment or termination. Any such amendment or termination shall be recorded.

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The parties have caused this Covenant to be executed this _____ day of _____, 2016.

**THE STATE OF NEVADA,
DEPARTMENT OF CONSERVATION
AND NATURAL RESOURCES,
DIVISION OF ENVIRONMENTAL
PROTECTION**

By: _____
Name : David Emme
Title : Administrator

STATE OF NEVADA)
) ss:
COUNTY OF _____)

This instrument was acknowledged before _____, a Notary Public, by David Emme, Administrator of THE STATE OF NEVADA, DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES, DIVISION OF ENVIRONMENTAL PROTECTION, this _____ day of _____, 2016.

Notary Public for said County and State
Commission Expires: _____

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**SOUTHERN CALIFORNIA EDISON
COMPANY, a California corporation**

Dated: _____

By: _____

Name : Phil Herrington

Title : Vice President, Power Production

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

This instrument was acknowledged before _____, a Notary Public, by Phil Herrington, Vice President, Power Production of SOUTHERN CALIFORNIA EDISON COMPANY, this _____ day of _____, 2016.

Notary Public for said County and State
Commission Expires: _____

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NEVADA POWER COMPANY, a Nevada corporation d/b/a NV ENERGY

Dated: _____

By: _____

Name : Kevin C. Geraghty

Title : Vice President, Energy Supply

STATE OF NEVADA)
) ss:
COUNTY OF _____)

This instrument was acknowledged before _____, a Notary Public, by Kevin C. Geraghty, Vice President, Energy Supply of NEVADA POWER COMPANY, a Nevada corporation d/b/a NV ENERGY, this _____ day of _____, 2016.

Notary Public for said County and State
Commission Expires: _____

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THE CITY OF LOS ANGELES, a California
municipal corporation acting by and through its Board
of Water and Power Commissioners

Dated: _____

By: _____

Name : Marcie Edwards

Title : General Manager

STATE OF CALIFORNIA)
) ss:
COUNTY OF LOS ANGELES)

This instrument was acknowledged before _____, a Notary
Public, by Marcie Edwards, General Manager of THE CITY OF LOS ANGELES, this _____
day of _____, 2016.

Notary Public for said County and State
Commission Expires: _____