

ENVIRONMENTAL COVENANT

(Covenant on water use/storage (with exception for one existing tank) – part of 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 consisting of all or part of Assessor’s Parcel Numbers 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, which property is more particularly described in the legal description in Exhibit “A” attached hereto and made a part hereof, and is shown on Exhibit “B” attached hereto and made a part hereof (hereinafter, the “Restricted Water Use Property”).

(C) The Restricted Water Use Property, together with certain other adjacent and nearby parcels of land (collectively, the “Mohave Site”), 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.

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(D) Groundwater testing and monitoring has determined that the groundwater in certain areas of the Mohave Site, including substantial parts of the Restricted Water Use Property, contains elevated levels of total dissolved solids (TDS).

(E) Geological assessment of the Mohave Site has determined that the subsurface soil in certain areas of the Mohave Site, including substantial parts of the Restricted Water Use 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 groundwater is not practicable as of the date of this Environmental Covenant, and NDEP and the Owners believe that with restrictions upon use of the Mohave Site, including the restrictions upon use of the Restricted Water Use 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 Restricted Water Use Property, or any portion of it, and their heirs, successors and assigns and any persons using the Restricted Water Use 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 Restricted Water Use 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 Restricted Water Use Property in perpetuity and shall be binding on the Owners and all parties having any right, title or interest in the Restricted Water Use 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 Restricted Water Use Property and, if any, any other person or entity otherwise legally authorized to make decisions regarding the transfer of the Restricted Water Use Property or placement of encumbrances on the Restricted Water Use 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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all of APNs: 264-23-000-001; 264-23-000-002; and 264-24-101-001; and

certain parts of the following APNs, as approximately described here: the southeastern most part of 264-22-000-002; the western and central part of 264-26-000-001; the western part of 264-26-000-002; the easternmost part of 264-27-101-001; and the easternmost part 264-27-301-001;

all of which is more particularly described in the legal description in Exhibit "A" attached hereto, and shown on Exhibit "B" hereto, and more commonly known as a part of the former site of the Mohave Generating Station, which was located at 655 Bruce Woodbury Drive, Laughlin, Nevada 89029 (the "Restricted Water Use Property").

4. Description of the Mohave Site Contamination and Geology.

(a) The groundwater in certain areas of the Mohave Site, including substantial areas of the Restricted Water Use 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, including substantial areas of the Restricted Water Use 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 exhibit low water-permeability.

(c) The introduction of significant amounts of water into any parts of the Restricted Water Use Property, being (i) contaminated with elevated levels of TDS, and/or (ii) underlain by paleochannels, may alter or increase the flow of groundwater within the Mohave Site including the Restricted Water Use Property, and may alter or expand the areas of TDS groundwater contamination.

5. Activity and Use Limitations: Water Usage or Storage.

(a) Except as otherwise provided herein, there shall be no development or activities on the Restricted Water Use Property that may result in more intensive water usage on the land or greater introduction of water into the soil than is customary and typical for commercial-use properties in the Laughlin, Nevada, area. Without limiting the foregoing, there shall be no use of any land on the Restricted Water Use Property for agriculture, golf courses, car wash facilities, recreational ponds, public and private recreational swimming pools, water storage reservoirs, storm water retention or detention facilities, waste water disposal

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facilities, or any artificial standing bodies of water. This Environmental Covenant does not prohibit residential development and residential use of the Restricted Water Use Property, without swimming pools, provided the landscaping or other uses will not result in greater introduction of water into the soil than is customary and typical for commercial-use properties in the Laughlin, Nevada, area. If it is necessary or desirable at any time to use any of the Restricted Water Use Property for water storage or impoundment for industrial or utility purposes, the NDEP must be notified in advance and the person undertaking such development shall prepare a work plan describing the development and the measures being employed to prevent and to monitor for any water leakage or seepage, which measures must be approved by the NDEP and comply with the then-existing rules and regulations of the NDEP. Upon completion of the work, a report shall be filed with the NDEP describing the work and all measures taken to comply with the existing rules and regulations for the monitoring and prevention of water leakage or seepage.

(b) Notwithstanding the foregoing, this Environmental Covenant does not prohibit the continued existence and use, for municipal water storage purposes, of the municipal water storage facility already present on APN 264-24-101-001 within the Restricted Water Use Property as of the date of this Environmental Covenant. Any replacement or material alteration of that municipal water storage facility shall be subject to the foregoing requirements for advance notification to the NDEP, NDEP approval, compliance with applicable requirements and subsequent reporting to the NDEP.

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 Restricted Water Use Property, including without limitation their legal rights to subdivide the Restricted Water Use Property for any purposes allowed by law, and the right to sell, transfer, lease, license or otherwise encumber any or all of the Restricted Water Use Property.

7. Holder. 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

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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 Restricted Water Use 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.

(b) If at any time, through any sale or other transfer of parts of the Restricted Water Use Property to different Owners, the ownership of the Restricted Water Use 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 Restricted Water Use 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 Restricted Water Use Property without affecting the reporting requirements applicable to other parts of the Restricted Water Use 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 Restricted Water Use Property.

12. Inspections. The NDEP shall have the right of entry to the Restricted Water Use 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

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impair any other authority the NDEP may otherwise have to enter and inspect the Restricted Water Use 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: _____