

FACILITIES AGREEMENT

Between

**NEVADA POWER COMPANY d/b/a/
NV ENERGY**

And

**DEPARTMENT OF WATER AND POWER
OF THE CITY OF LOS ANGELES**

FACILITIES AGREEMENT

This Facilities Agreement ("Agreement") is made by and between Nevada Power Company, a Nevada corporation doing business as NV Energy ("Nevada"), and the City of Los Angeles, by and through the Department of Water and Power ("Los Angeles"). Nevada and Los Angeles may be referred to herein individually as a "Party" or collectively as the "Parties."

WHEREAS, the United States of America, Arizona Public Service Company, Los Angeles, Nevada, Salt River Project Agricultural Improvement and Power District, and Tucson Electric Power Company are parties to a Co-Tenancy Agreement, Western Transmission System Operating Agreement, and other related agreements governing the rights and obligations concerning the transmission facilities known as the Navajo Project and certain equipment and facilities that support or otherwise interconnect to the Navajo Project.

WHEREAS, Los Angeles submitted a request to Nevada as the operating agent for the South Crystal 500 kV Switchyard ("South Crystal") of the Navajo Project to interconnect at South Crystal a new Los Angeles-owned 500 kV transmission line ("Crystal-Moapa 500 kV Line");

WHEREAS, pursuant to an Engineering, Procurement, and Construction Agreement by and between Nevada and Moapa Southern Paiute Solar, LLC (f/k/a K Road Moapa Solar) ("First Solar"), executed by those parties on or about May 22, 2014, Nevada constructed and/or installed certain facilities inside and outside South Crystal on behalf of Los Angeles to enable the interconnection of the Crystal-Moapa 500 kV Line at South Crystal;

WHEREAS, the Parties desire to enter into this Agreement to provide for maintenance and costs related to these certain facilities and microwave service, which maintenance, costs, and service are not provided for nor governed by the Navajo Project Co-Tenancy Agreement, the Western Transmission System Operating Agreement, or any other agreement related to the rights and obligations of the parties to the Navajo Project; and

WHEREAS, these certain facilities and microwave service include the following: (i) the facilities described in Section 1 of this Agreement installed and owned by Nevada for the sole purpose of Los Angeles's Crystal-Moapa 500 kV transmission line; (ii) the facilities described in Section 2 of this agreement installed and owned by Los Angeles; and (iii) the microwave service to transport data from South Crystal to Apex Peak to Red Mountain telecommunication facilities as described in Section 3 of this agreement.

NOW THEREFORE, in consideration of the mutual promises and agreements herein, the Parties, intending to be legally bound, agree on the terms and conditions as follows:

1. Nevada Owned Facilities. On behalf of Los Angeles and its Crystal-Moapa 500 kV Line, Nevada has installed and owns, and shall maintain, the following facilities located outside of South Crystal but within Nevada's Bureau of Reclamation ("BLM") grant: two (2) 3-pole low profile transmission structures (Structure #1 and Structure #2); two (2) overhead ground wires from the applicable A-frame in South Crystal to Structure #1; two (2)

underground fiber cables between the applicable A-frame in South Crystal and Structure #2; and the 2-1590 ACSR conductors per phase from the applicable A-frame in South Crystal to the facility known by the Parties as Structure #3 (defined in Section 2 of this Agreement). A one-line diagram attached to this Agreement as Attachment A represents how Structures #1, #2, and #3 connect to South Crystal and to the Crystal-Moapa 500 kV Line.

- 1.1 Maintenance Services. Nevada shall be responsible for all duties related to routine and emergency maintenance of the facilities described in Section 1 of this Agreement. This includes the furnishing of all products and/or services (including, but not limited to, supervision, labor, materials, equipment and other supplies) related to performing said maintenance in accordance with the requirements set forth in Section 6 of this Agreement.
 - 1.2 Costs. Los Angeles is responsible for all actual costs and expenses (including, but not limited to, labor, materials, overhead, and other administrative and general costs) incurred by Nevada in performing said maintenance services for the facilities described in Section 1 of this Agreement. Nevada shall, on an annual basis, prepare and submit to Los Angeles a good-faith estimate of such costs and expenses. Los Angeles will be invoiced for performance of these maintenance services as per Section 4 of this Agreement.
2. Los Angeles Owned Facilities. Los Angeles has installed and owns, and shall maintain on its own behalf, the dead-end 3-pole transmission structure located outside South Crystal and outside Nevada's BLM grant (structure #3) and the SEL-3530 RTAC installed inside South Crystal solely for Los Angeles backup AGC/RTU.
- 2.1 Maintenance Services. Los Angeles shall be responsible for all duties related to routine and emergency maintenance of the facilities described in Section 2 of this Agreement. This includes the furnishing of all products and/or services (including, but not limited to, supervision, labor, materials, equipment and other supplies) related to performing said maintenance in accordance with the requirements set forth in Section 6 of this Agreement.
 - 2.2 Costs. Los Angeles is responsible for all actual costs and expenses (including, but not limited to, labor, materials, overhead, and other administrative and general costs) incurred by Los Angeles in performing said maintenance services for the facilities described in Section 2 of this Agreement.
 - 2.3 Site Access. Los Angeles shall have the right to access Los Angeles Owned Facilities located at South Crystal for the purpose of performing Maintenance Services. Nevada will escort Los Angeles qualified personnel while conducting such Maintenance Services for the facilities described in Section 2 of the Agreement at South Crystal. It is Nevada policy that all

visitors comply with all applicable regulatory and site safety requirements and are subject to all safety requirements as described in the NV Energy Safety Manual Section 10.0-Substations, as such procedure is originally executed or as it may thereafter be supplemented, amended or superseded. Los Angeles will be responsible for all such costs associated with escorting Los Angeles qualified personnel.

3. Microwave Service. Nevada shall provide microwave service to transport data from South Crystal to Apex Peak to Red Mountain telecommunication facilities using one (1) Nevada-owned DS-0 configured for a four (4) analog circuit, which DS-0 constitutes a facility that does not relate to, and is not governed by any agreements related to, the Navajo Project.

- 3.1 Costs. Los Angeles must pay Nevada an annual fee for said microwave \$125.00, and will be invoiced on or about the 15th of January each year. Los Angeles will pay such invoice within thirty (30) calendar days of receipt.

4. Payment. As soon as practicable and by the 15th of the following month, Nevada will determine the actual costs and expenses associated with the performance of maintenance services described in Section 1 of this Agreement for the previous month and invoice Los Angeles for such costs and expenses and for the fee for providing microwave service as set forth in Section 3 of this Agreement. Los Angeles will pay such invoice within thirty (30) calendar days of receipt. In the event of a billing dispute, Los Angeles will continue to make all payments not in dispute to Nevada and will pay to Nevada, or into an independent escrow account mutually agreed to by the Parties, the portion of any invoice in dispute, pending resolution of the dispute.

5. Accounting and Auditing. Nevada will keep complete accounting records in support of all cost billings to Los Angeles in accordance with generally accepted accounting principles. At its own expense, Los Angeles, or its audit representatives, will have the right, during normal business hours and upon prior reasonable notice to Nevada, to examine and audit the records, vouchers, invoices and their source documents that relate to any claim or compensation associated with this Agreement. Such documents will be available for examination and audit for three (3) years after any such cost billing or termination of this Agreement.

6. Standard of Work. The maintenance services as described in Sections 1 and 2 of this Agreement shall be performed in accordance with Good Utility Practice and any applicable safety and reliability standards. As used in this Agreement, Good Utility Practice will mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

7. Term and Termination.

7.1 Term and Termination. This Agreement will be in full force and effect from the date it is accepted for filing and made effective by the Federal Energy Regulatory Commission ("FERC"). This Agreement will remain in effect at all times until Los Angeles's Crystal-Moapa 500 kV Line is permanently removed from service or until and unless the parties terminate this Agreement by written modification.

7.2 Survival. This Agreement will continue in effect after expiration or termination, to the extent necessary, to provide for final billings, billing adjustments, payments, and for the determination and/or enforcement of liability obligations arising from acts or events that occurred while this Agreement was in full force and effect.

8. Indemnification. Each Party will at all times indemnify and hold the other Party harmless from any and all liability, loss, or damage each may suffer as a result of claims, demands, costs, or judgments against it that arise out of activities of the other performed pursuant to the obligations of this Agreement; provided, however, that neither Party shall hold the other harmless from claim, demands, costs, or judgments arising out of the other's negligence, gross negligence, or willful malfeasance by its officers, directors, agents, employees or affiliates. Claims, demands, costs, or judgments subject to this indemnification shall include but not be limited to any relating to death or injury of any person, damage to property, recovery of costs and expenses, court costs, attorney fees, or other obligations by or to third parties.

9. Liability. In no event will a Party be liable under any provision of this Agreement for any losses, damages, costs, or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract or in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to another party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

10. Contractors and Subcontractors. Nothing in this Agreement will prevent Nevada from utilizing the services of any third party contractor or subcontractor as it deems appropriate to perform maintenance services as set forth in Section 1 of this Agreement; provided, however, that Nevada will require its third party contractor and subcontractor to comply with all applicable terms and conditions of this Agreement in providing such services and Nevada will remain primarily liable to Los Angeles for the performance of such third party contractor and subcontractor, subject to the limitations of liability provided in Sections 8 and 9 of this Agreement.

11. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Nevada without giving effect to the doctrine of conflict of laws.
12. Disputes. The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. Any Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving Party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of the authoring Party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that Party and of any other person who will accompany the executive. Within 30 days after delivery of the notice, the executives of both Parties shall meet at a mutually acceptable time and place.

Unless otherwise agreed in writing by the negotiating Parties, the above-described negotiation shall end at the close of the first meeting of executives described above ("First Meeting"). Such closure shall not preclude continuing or later negotiations, if desired. At no time prior to the First Meeting shall either side initiate any proceeding related to this Agreement except to pursue a provisional remedy that is authorized by law or by agreement of the parties. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the process specified above are pending and for 15 calendar days thereafter. The Parties will take such action, if any, required to effectuate such tolling. Notwithstanding the foregoing, each Party will retain its rights to pursue any remedy available at law or equity at any time after the First Meeting.

Any dispute, controversy or claim arising out of, relating to or in connection with this contract, including the breach, termination, or validity thereof, that are not resolved by the preliminary dispute resolution procedures set forth above shall be resolved by arbitration, such arbitration may be mutually agreed by the disputing Parties to be final and binding. The arbitration shall be heard by one arbitrator selected by mutual agreement of the Parties. If the Parties are unable to agree on an arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. Whether a single arbitrator or a three-member arbitration panel is selected, the arbitrator(s) shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The place of arbitration shall be Las Vegas, Nevada.

Except as otherwise modified below the arbitration shall be administered by the Parties in accordance with the Commercial Arbitration Rules of the American Arbitration

Association. The claimant shall commence the arbitration by delivering a notice of arbitration to the respondent setting out the nature of the claim(s) and the relief requested, with a copy to the arbitrator. Within 30 days of the receipt of the notice of arbitration, the respondent shall deliver to the claimant its answer and any counterclaim(s), setting out the nature of such counterclaims(s) and the relief requested, with a copy to the arbitrator.

Discovery shall be limited to information in the possession of the Parties and no more than three (3) depositions of witnesses will be taken outside of an arbitration hearing. The number and nature of briefs submitted, including for summary judgment, findings of fact and conclusions of law will be agreed to by both Parties. If either party objects such briefs or hearings, such will not proceed. The arbitrator shall have the power to grant any remedy or relief that it deems appropriate. If the disputing Parties mutually agree that such arbitration is final and binding, the judgment on the award may be entered in any court having jurisdiction.

13. No Partnership. The covenants, obligations, and liabilities of the Parties are intended to be several and not to be joint or collective, and nothing contained in this Agreement will ever be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation, or liability with regard to either Party. Each Party will be individually responsible for its own covenants, obligations, and liabilities as provided in this Agreement. Neither Party will be under the control of the other Party. Neither Party will be the agent of or have a right to bind the other Party without such other Party's express written consent. All persons employed by Nevada in connection herewith will be employees, contractors or agents of Nevada and not employees of Los Angeles in any respect.
14. No Third Party Beneficiaries. This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and, where permitted, their assigns.
15. Notices. All notices, requests, demands and other communications provided under this Agreement will (unless otherwise indicated herein) be deemed sufficiently provided, given or made if delivered in person, sent by recognized overnight courier (Federal Express or its equivalent), sent by electronic mail, or sent by certified mail, postage prepaid, return receipt requested to the persons specified below. Unless otherwise specified herein, all such notices, requests, demands and other communications will be deemed effective when received whether through the mail, electronic mail, or by overnight courier service.

To Nevada:

NV Energy
Attn: Manager Transmission Business Services

If by mail: PO Box 10100 – M/S S3B40

Reno, NV 89520-0024

If by person: 6100 Neil Road – M/S S3B40
Reno, NV 89511

E-mail: TransmissionPolicy@nvenergy.com

To Los Angeles:

Los Angeles Department of Water & Power
Attn: Manager of Long Term Transmission Management

If by mail: P.O. Box 111 – Room 1246
Los Angeles, CA 90012

If by person: John Ferraro Office Building, Rm. 1246
111 N. Hope Street
Los Angeles, CA 90051

E-mail: Jan.Lukjaniec@ladwp.com

Either Party may by prior written notice to the other Party designate different or additional persons or different addresses for the provision of notices hereunder.

16. Headings. The descriptive headings of the various Sections of this Agreement have been inserted for convenience of reference only and are of no significance in the interpretation or construction of this Agreement.
17. Assignment. The Parties will not assign this Agreement or any part hereof, or any rights or responsibilities hereunder without the prior written consent of the other Party, and any attempted assignment in violation hereof will be void.
18. Severability. Any provision of this Agreement prohibited or rendered unenforceable by law will be ineffective only to the extent of such prohibition or unenforceability and the remaining provisions of this Agreement will be construed in a manner to preserve to the fullest extent possible the remainder of this Agreement.
19. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and there are no oral or written understandings, representations or commitments of any kind, express or implied, which are not expressly set forth herein.
20. Force Majeure. A Party unable to fulfill any obligation hereunder (other than an obligation to pay money when due) by reason of Force Majeure will give notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as reasonably possible after the occurrence of the cause relied upon. Telephone

notices given pursuant to this Section will be confirmed in writing as soon as reasonably possible and will specifically state full particulars of the Force Majeure, the time and date when the Force Majeure occurred, and when the Force Majeure is reasonably expected to cease. The Party affected will exercise due diligence to remove such disability with reasonable dispatch, but will not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

For the purposes of this Agreement, Force Majeure will mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure event does not include acts of negligence or intentional wrongdoing by the Party claiming Force Majeure. Economic hardship is not considered a Force Majeure event.

21. Nonwaiver. The failure of a Party to insist upon or enforce strict performance by the other Party of any of the terms of this Agreement or to exercise any rights herein will not be construed as a waiver or relinquishment to any extent of such Party's right to assert or rely upon such terms or rights on any future occasion.
22. Reservation of Rights. Each Party will have the right to make a unilateral filing with FERC to modify this Agreement with respect to any terms and conditions or rules or regulations under section 205 or any other applicable provision of the Federal Power Act and FERC's rules and regulations thereunder; provided, that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before FERC in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties or of FERC under sections 205 or 206 of the Federal Power Act and FERC's rules and regulations thereunder, except to the extent that the Parties otherwise mutually agree as provided herein.

[SIGNATURES APPEAR ON NEXT PAGE]

23. Signatures. The Parties have executed this Agreement effective as of the date first written above.

NEVADA POWER COMPANY, d/b/a NV Energy

By _____

Name _____

Title _____

Date Signed _____

**CITY OF LOS ANGELES
DEPARTMENT OF WATER AND POWER**

By _____

Name DAVID H. WRIGHT

Title GENERAL MANAGER

Date Signed _____

AND

By _____

Name Barbara E. Moschos

Title Board Secretary

Date Signed _____

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

DEC 16 2016
Syndi Driscoll
BY _____
SYNDI DRISCOLL
DEPUTY CITY ATTORNEY

ATTACHMENT A

ONE LINE DIAGRAM OF THE INTERCONNECTION
AT SOUTH CRYSTAL

