



NEVADA STATE OFFICE OF ENERGY

THIS AGREEMENT is made on April 3, 2012 by the Director of the Nevada State Office of Energy (Director) and NV Energy/ Great Basin Transmission South, LLC (Owner) as a result of the determination by the Director that Owner's project, as described herein, meets the criteria set out in Nevada Revised Statutes (NRS) 701A.300 through NRS 701A.390 such that Owner is entitled to the benefit of partial abatement of its property taxes according to the following terms and conditions.

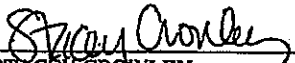
1. **Approved Project.** This Agreement is intended only and solely to allow partial abatement of the property tax upon Owner's ON Line Transmission project (Facility) according to the representations made in Owner's Application Filing No. (AFN) 11-061411TR (Application) dated June 15, 2011, the Findings of Fact, Conclusions of Law, and Order (Order) issued by the Director on March 27, 2012 regarding AFN 11-061411TR resultant from a public hearing held by the Director on March 26, 2012.
2. **Approved Partial Tax Abatements.**

Property Tax Abatement. Property taxes abated pursuant to NRS chapter 361 shall be equal to 55 percent of the taxes on real and personal property payable by Owner on the Facility each year. This abatement shall commence on April 3, 2012 and shall terminate on April 3, 2032
3. **Terms and Conditions of Partial Tax Abatements.** The following terms and conditions govern the partial tax abatement granted pursuant to this Agreement:
  - (a) **Compliance with Law and Application.** Owner shall comply with all applicable Nevada, federal, and local laws related to the construction and operation of the Facility, including but not limited to NRS chapter 701A and Nevada Administrative Code (NAC) chapter 701A (presently uncodified as LCB No. R094-10). Owner shall also substantively honor all commitments and representations made in the documents submitted to the Director that formed the basis upon which the Director granted the abatements with the acknowledgement that some of the items contained therein were estimated and that in no case will the Owner's actual performance fail to meet the statutory or regulatory criteria upon which the Director granted the approval of the Application.
  - (b) **Effectiveness of Abatement and Actual Taxes Assessed.** The actual taxes assessed will be determined through the processes established by applicable tax laws and regulations, and the partial abatements will be applied to the taxes actually assessed. It may be that the actual taxes assessed throughout the abatement terms herein may vary from the estimates contained in the Order in this matter and the documents and evidence on which it was based. This Agreement shall remain in full force and effect regardless of whether any such variances favor or disfavor the Owner.
  - (c) **Annual Reports.** Throughout the abatement terms granted by this Agreement, Owner shall file with the Director of the Nevada State Office of Energy (NSOE) an annual report on a form provided by the Director. The annual report form may change from year to year in the discretion of the Director. The first annual report shall be submitted by the Owner on or before April 3, 2013 and on or before every April 3 thereafter until the abatements expires. The Owner shall produce with the annual report such documents and data as are required by the Director to ensure Owner's compliance with this Agreement.
  - (d) **Cooperation With the Director, the Department of Taxation, and any other agencies authorized by Nevada law.** The Director, employees or agents of the Director, employees or agents of the Department of Taxation, and any other persons or agencies authorized by Nevada law may inspect the site of the ON Line Transmission Line facility at any time when the facility is under construction or operating with or without giving Owner prior notice. Owner shall cooperate with all requests for documents, data, or interviews, which may include providing such information as is requested by the Department of Taxation to assist it in making determinations regarding the correct application of the partial abatements granted herein. Owner shall allow access to the site of the Facility or any of its components, buildings, or other facilities, but any persons participating in such inspections shall comply with all of Owner's safety and security policies applicable to visitors of the Facility. Any lack of cooperation by Owner may be deemed a failure of compliance with this Agreement and may result in the suspension or revocation of the tax abatements in accordance with the terms of Paragraph 5 below.
  - (e) **Incorporation of Documents.** The Findings of Fact, Conclusions of Law, and Order entered by the Director in this matter, the Application, and all other documents upon which the Director rendered the determination to grant the abatements herein are incorporated into this Agreement by this reference. All representations, commitments, and assurances contained therein are part of this Agreement and shall be enforceable by and through this Agreement.

- (f) **Severability.** If any portion of this Agreement is determined by a court of competent jurisdiction to be unenforceable, the remainder of this Agreement shall remain in full force and effect.
- (g) **Applicable Law and Venue.** This Agreement shall be interpreted and enforced according to the laws of the State of Nevada. Venue for any action based upon this Agreement shall be the First Judicial District Court in and for Carson City, Nevada.
4. **Issuance of Certificate.** With and by this Agreement, the Owner is authorized to receive from the Department of Taxation a certificate authorizing the abatements for property taxes granted herein.
5. **Effects of Non-Compliance.** Owner acknowledges that the Director and the Nevada Department of Taxation have the right and authority to investigate and audit Owner's compliance with the terms of this Agreement. Owner further acknowledges that pursuant to applicable laws and regulations if the Director determines that the terms and conditions of this Agreement have been violated, the Director may provide Owner notice of the determination and allow Owner an opportunity to be heard regarding the determination. After providing Owner with notice and an opportunity to be heard, if the Director concludes that the terms and conditions of this Agreement have not been complied with, the Director may enter an order suspending the tax abatements and requiring Owner to remediate the failure of compliance, and if Owner does not do so, the Director may revoke the tax abatements and/or further require that the Owner repay taxes abated, fees, costs, and attorney's fees as are just, appropriate, and necessary under the circumstances.
6. **Assignment of Agreement.** If Owner sells, transfers, or otherwise assigns some or all of its interests in the Facility, the successor-in-interest to Owner may not avail itself of the benefits of the tax abatements herein unless and until it has: (a) Acknowledged in writing that it is knowledgeable of the terms of this Agreement, (b) Acknowledged in writing that it intends to be bound by and will comply with the terms of this Agreement, and (c) Notified the Director in writing of its acknowledgements under this paragraph on a form provided by the Director.

SIGNED AND EFFECTIVE THIS 3 DAY OF APRIL, 2012.

NEVADA OFFICE OF ENERGY

By:   
 STACEY CROWLEY  
 Director


By signing below, I acknowledge that I am an owner, member, partner, officer, or employee of Owner with signatory authority to bind the Owner to this Agreement. I hereby declare that all matters contained in this Agreement are true and complete and that any misrepresentation contained herein may be deemed a cause for termination of this Agreement and the benefits conferred herein.

SIGNED THIS 30 DAY OF APRIL, 2012.

NV ENERGY

By:  Name and Title: MARIO VILLAR, VICE PRESIDENT, TRANSMISSION  
 SIGNATURE PRINT NAME AND TITLE

GREAT BASIN TRANSMISSION SOUTH, LLC

By:  Name and Title: M.D. MILBURN, ASST. V.P.  
 SIGNATURE PRINT NAME AND TITLE