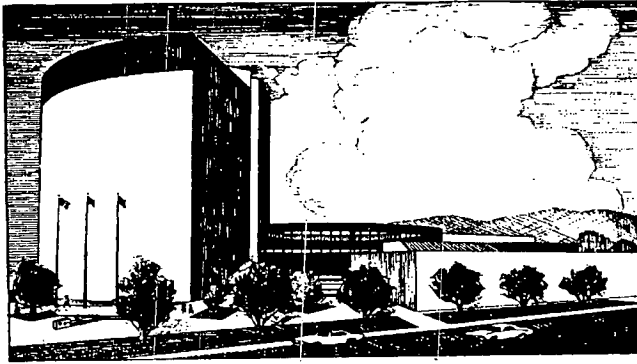




MINUTES

City of Las Vegas

CITY COUNCIL

COUNCIL CHAMBERS • 400 STEWART AVENUE • 229-6011 (VOICE) • 386-9108 (TDD)

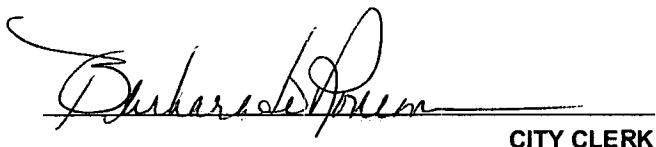
CITY COUNCIL Meeting of

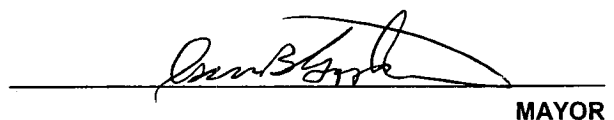
NOVEMBER 3, 2004

INVOCATION PLEDGE OF ALLEGIANCE

CITY COUNCIL	PRESENT	ABSENT	EXCUSED
MAYOR OSCAR B. GOODMAN	☒	☐	☐
COUNCILMAN GARY REESE MAYOR PRO-TEM	☒	☐	☐
COUNCILMAN LARRY BROWN	☒	☐	☐
COUNCILMAN LAWRENCE WEEKLY	☒	☐	☐
COUNCILMAN MICHAEL MACK	☒	☐	☐
COUNCILWOMAN JANET MONCRIEF (Excused from AM session)	☒	☐	☐
COUNCILMAN STEVE WOLFSON	☒	☐	☐
DOUG SELBY, CITY MANAGER	☒	☐	☐
BRAD JERBIC, CITY ATTORNEY	☒	☐	☐
BRYAN SCOTT, DEPUTY CITY ATTORNEY (PM session)	☒	☐	☐
TOM GREEN, DEPUTY CITY ATTORNEY	☒	☐	☐
BARBARA JO RONEMUS, CITY CLERK	☒	☐	☐

APPROVED BY REFERENCE: January 19, 2005
ATTEST:


CITY CLERK


MAYOR

CITY COUNCIL AGENDA

COUNCIL CHAMBERS • 400 STEWART AVENUE • PHONE 229-6011.

CITY OF LAS VEGAS INTERNET ADDRESS: <http://www.lasvegasnevada.gov>

OSCAR B. GOODMAN, MAYOR (At-Large) • COUNCILMAN GARY REESE, MAYOR PRO TEM (Ward 3)

COUNCIL MEMBERS: LARRY BROWN (Ward 4), LAWRENCE WEEKLY (Ward 5),

MICHAEL MACK (Ward 6), JANET MONCRIEF (Ward 1), STEVE WOLFSON (Ward 2)

Facilities are provided throughout City Hall for the convenience of persons with disabilities. For meetings held in the Council Chambers, sound equipment is available for persons with hearing impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

NOVEMBER 3, 2004

Morning Session begins at 9:00 a.m.

Afternoon Session begins at 1:00 p.m.

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2, AND ARE CLOSED CAPTIONED FOR OUR HEARING IMPAIRED VIEWERS. THE COUNCIL MEETING, AS WELL AS ALL OTHER KCLV PROGRAMMING, CAN BE VIEWED ON THE INTERNET AT www.kclv.tv. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 AND THE WEB THE WEDNESDAY OF THE MEETING AT 8:00 PM, AND ALSO ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 1:00 PM.

DUPLICATE AUDIO TAPES MAY BE AVAILABLE AT A COST OF \$3.00 PER TAPE AND DUPLICATE VIDEO TAPES MAY BE AVAILABLE AT A COST OF \$5.00 PER TAPE THROUGH THE CITY CLERK'S OFFICE.

NOTE: CELLULAR PHONES ARE TO BE TURNED OFF DURING THE COUNCIL MEETING.

CEREMONIAL MATTERS

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
- INVOCATION - DR. ANNE JONES-ANDERSON, SENIOR PASTOR, LIFE CHRISTIAN CENTER
- PLEDGE OF ALLEGIANCE
- RECOGNITION OF THE CITIZEN OF THE MONTH
- RECOGNITION OF EAGLE SCOUT WILLIAM TOMPKINS
- RECOGNITION OF NATIVE AMERICAN HERITAGE MONTH
- RECOGNITION OF CITY EMPLOYEE JOHN CHAMBERS FOR THE MERITORIOUS SERVICE AWARD
- RECOGNITION OF OUTSTANDING COMMUNITY LEADERSHIP

BUSINESS ITEMS - MORNING

1. Any items from the morning session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time
2. Approval of the Final Minutes by reference of the regular City Council Meeting of August 18, 2004

CONSENT AGENDA

MATTERS LISTED ON THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE AND HAVE BEEN RECOMMENDED FOR APPROVAL BY THE SUBMITTING DEPARTMENTS. ALL ITEMS ON THE CONSENT AGENDA MAY BE APPROVED IN A SINGLE MOTION. HOWEVER, IF A COUNCIL MEMBER SO REQUESTS, ANY CONSENT ITEM MAY BE MOVED TO THE DISCUSSION PORTION OF THE AGENDA AND OTHER ACTION, INCLUDING POSTPONEMENT OR DENIAL OF THE ITEM, MAY TAKE PLACE.

FINANCE & BUSINESS SERVICES - CONSENT

3. Approval of Service and Material Checks/Payroll Checks/Wire Transfers/Other Checks and Investments
4. Approval of a Special Event License for F. L. O. C. K. (For the Love of Cats & Kittens), Location: Charleston Heights Art Center, 800 South Brush Street, Date: November 17, 2004, Type: Special Event Beer/Wine/Cooler, Event: Wine & Cheese Art Auction, Responsible Person in Charge: Brian Adams - Ward 1 (Moncrief)
5. Approval of a Special Event License for Dino's Lounge, Location: The Funk House, 1228 South Casino Center Boulevard, Dates: December 3, 2004 and January 7, 2005, Type: Special Event Beer/Wine/Cooler, Event: First Friday, Responsible Person in Charge: Kristin Bartolo - Ward 1 (Moncrief)
6. Approval of a new Beer/Wine/Cooler Off-sale License, Nakata Trading, Inc., dba Nakata Market of Japan, 2350 South Rainbow Boulevard, Suite 6, Kumiko A. Nakata, Pres, Secy, Treas, 100% - Ward 1 (Moncrief)
7. Approval of Change of Business Name for a Beer/Wine/Cooler On-sale License, American Capital Investments, dba From: Southern Comfort Cafe & Catering, To: Soul 2 Soul Bistro, 2101 North Rainbow Boulevard, Suite 102, Jeffrey E. Campbell, Dir, Pres, Secy, Treas, 100% - Ward 6 (Mack)
8. Approval of Change of Ownership and Business Name for a Tavern License subject to Health Dept. regulations, From: Artisan Cafe, LLC, dba Aruba Hotel Lounge (Non-operational), Audrey N. DaSilva, Mgr, Mmbr, 100%, Douglas B. DaSilva, Principal, To: Thunderbird Bar & Lounge, LLC, dba Thunderbird Lounge, 1215 Las Vegas Boulevard South, Venkat R. Vangala, Mgr, Mmbr and Nirupama R. Vangala, Mmbr, 100% jointly as husband and wife - Ward 3 (Reese)
9. Approval of a new Burglar Alarm Service, Ultimate Electronics, Inc., dba Ultimate Electronics, 741 South Rainbow Boulevard, William J. Pearse, Dir, Chairman, 12.3%, David J. Workman, Dir, Pres, CEO, Alan E. Kessock, Dir, CFO, Gerard P. Demple, Sr VP - Ward 1 (Moncrief)
10. Approval of Franchise Managers for a Beer/Wine/Cooler Off-sale License, 7-Eleven of Nevada, Inc., dba 7-Eleven Food Store 22416F, 901 North Rancho Drive, Jatinder K. Singh, Franchise Manager, Veena Singh, Franchise Manager - Ward 5 (Weekly)
11. Approval of revision to purchase order 219386 for Installation, Maintenance and Support of Access Control System Hardware and Software - Detention and Enforcement - Award to: DIEBOLD, INC. (\$361,150 - Various Funds)
12. Approval of revision to award of Bid No. 010095 for Various Electrical Supplies - Various Departments - Award to: GRAYBAR ELECTRIC, STANDARD WHOLESALE SUPPLY, LAS VEGAS WINLECTRIC, JCH WHOLESALE ELECTRIC and APPLIED INDUSTRIAL CONTROLS (\$200,000 - Various Funds)
13. Approval of award of Contract No. 050120 for Work Environment and Work Processes Consulting Services - Department of Public Works - Award recommended to: THE APQC CONSULTING GROUP (\$131,000 - Sanitation Enterprise Fund)
14. Approval of revision to award of Bid No. 010039 for Various Plumbing Supplies - Various Departments - Award to: STANDARD WHOLESALE SUPPLY and KELLYS PIPE & SUPPLY (\$125,000 - Various Funds)
15. Approval of issuance of a purchase order for Water Champ Submersible Chemical Induction Units - Department of Public Works - Award recommended to: CHEMICAL INJECTION TECHNOLOGY (\$35,000 - Sanitation Enterprise Fund)

FINANCE & BUSINESS SERVICES - CONSENT

16. Approval of the issuance of a Purchase Order for the transport of a historic railroad cottage located at 604 South 4th Street. Award recommended to: BLAND-FORD, INC. - Department of Public Works (\$29,800 Various Funds) - Ward 1 (Moncrief)
17. Approval of award of Bid No. 050091-GL, Annual Requirements Contract for Security Guard Services - Department of Detention and Enforcement - Award recommended to: ANDY FRAIN SERVICES, INC. (Estimated annual amount of \$375,000 - Various Funds)
18. Approval of disqualification of contractor from the Qualified Contractor List for the period through February 3, 2006 pursuant to City of Las Vegas Contractor Qualification Policy and Procedure for On-Site Public Works Projects - Department of Finance and Business Services - Disqualification of: Darby Neagle Enterprises

FIRE & RESCUE - CONSENT

19. Approval of a Memorandum of Understanding between the City of Las Vegas and the Salvation Army for the transfer of U.S. Department of Homeland Security grant funds in the amount of \$1,700 for the Salvation Army's mass feeding support services - All Wards
20. Approval of a Mutual Aid Agreement with Nellis Air Force Base for fire protection and hazardous material incident response - All Wards
21. Approval of an Interlocal Agreement between the City of Las Vegas and Clark County for the receipt of the Federal Fiscal Year (FFY) 04 Urban Area Security Initiative Program funding in the amount of \$1,158,732 - All Wards

HUMAN RESOURCES - CONSENT

22. Approval to renew the contract with Lumenos as provider for Consumer Driven Health Care as an option to the City Health Insurance Plan (CHIP) and Health Plan of Nevada (HPN) (\$580,000 - Self-insurance internal service fund)
23. Approval to renew the contract with Vision Service Plan (VSP) (\$35,000 - Self-insurance internal services fund)
24. Approval to renew the contract with Harmony Health Care (\$8,500 - Self-insurance internal services fund)
25. Approval to renew the contract with Catalyst Rx for prescription drug management services (\$6,000 - Self-insurance internal services fund)
26. Approval to contract with Health Plan of Nevada (HPN) for Health Maintenance Organization (HMO) services (\$954,000 - Self-insurance internal services fund)
27. Approval to renew contract with Marsh USA Inc. for insurance consulting services
28. Approval to contract with Beech Street Preferred Provider Organization (PPO) network (\$20,000 - Self-insurance internal service fund)
29. Approval to renew the contract with Diversified Dental Services, Inc. (\$19,250 - Self-insurance internal services fund)
30. Approval to renew the contract with BenefitElect for Flex Plan Administration services

LEISURE SERVICES - CONSENT

31. Approval of grant award in the amount of \$1,000 (Mini-Grant Number 2004-43) from the Nevada Humanities Committee to the City of Las Vegas Cultural Affairs Division to support poetry readings - Ward 1 (Moncrief)

LEISURE SERVICES - CONSENT

32. Approval of a proposed "Tournament Fee" for private sports tournaments using City athletic fields (estimated \$200,000 revenue increase - General Fund) - All Wards

NEIGHBORHOOD SERVICES - CONSENT

33. Approval of a Deferred Loan Agreement expending \$36,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1132 South 15th Street, Mario Macias, owner - Ward 3 (Reese)
34. Approval of a Deferred Loan Agreement expending \$35,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1320 Gold Avenue, Gloria Schuler White, owner - Ward 5 (Weekly)

PUBLIC WORKS - CONSENT

35. Approval to file a Right-of-Way Grant with the Bureau of Land Management for roadway, sanitary sewer, drainage and streetscape amenity purposes on portions of land lying within Section 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located on the south side of the Dorrell Lane alignment east of the Shaumber Road alignment and approximately 660 feet west of the Hualapai Way alignment; and the east side of the Shaumber Road alignment between the alignments of Dorrell Lane and Deer Springs Road, APNs 126-24-301-013 and -701-014 - Ward 6 (Mack)
36. Approval to file a Temporary Use Permit with the Bureau of Land Management for drainage on portions of land lying within Sections 13 and 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located between Hualapai Way and Puli Road on the east and west and by Grand Teton Drive and the Clark County Beltway on the north and south, APNs 126-13-501-002, -401-014, -701-006, 126-24-301-013 and -701-014 - Ward 6 (Mack)
37. Approval to appraise and purchase or condemn a right-of-way parcel for advanced acquisition along the west side of the Martin L. King Boulevard corridor, north of Alta Drive, APN 139-33-202-005 (\$1,750,000 - Regional Transportation Commission [RTC]) - Ward 5 (Weekly)
38. Approval of a Dedication document to Clark County, a political subdivision of the State of Nevada, for portions of the Southwest Quarter of Section 10, Township 21 South, Range 62 East, Mount Diablo Meridian, for driveway and pedestrian access easement purposes located at the Water Pollution Control Facility on the south side of Vegas Valley Drive, east of Stephanie Street, APN 161-10-401-004 - County (near Ward 3 - Reese)
39. Approval of a Professional Services Agreement with Ninyo & Moore for Materials Testing and Inspection Services on the CAM 10 (Ann Road) Detention Basin project (\$240,000 - Clark County Regional Flood Control District [CCRFCD]) - Wards 4 and 6 (Brown and Mack)
40. Approval of an Encroachment Request from Orion Engineering and Surveying, Incorporated, on behalf of Plaster Development Company, Incorporated, owner (southwest corner of Horse Drive and Thom Boulevard) - Ward 6 (Mack)
41. Approval of an Encroachment Request from PBS & J on behalf of U.S. Home Corporation, owner (southwest corner of Buffalo Drive and Craig Road) - Ward 4 (Brown)
42. Approval of an Encroachment Request from Wright Engineering on behalf of Nevada Power Company, owner (northeast corner of Fort Apache Road and Elkhorn Road) - Ward 6 (Mack)
43. Approval of a Sewer Connection and Interlocal Contract with Clark County Water Reclamation District - Wright Engineers on behalf of Carina Corporation, owner (southwest corner of Torrey Pines Drive and Rome Avenue, APN 125-23-403-003 and 125-23-403-014) - County (near Ward 6 - Mack)

RESOLUTIONS - CONSENT

44. R-159-2004 - Approval of a Resolution directing the City Treasurer to prepare the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
45. R-160-2004 - Approval of a Resolution approving the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
46. R-161-2004 - Approval of a Resolution directing the City Treasurer to prepare the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
47. R-162-2004 - Approval of a Resolution approving the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
48. R-163-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement Districts 404, 707, 808, and 809 and providing other matters properly relating thereto - Wards 2 and 4 (Wolfson and Brown)
49. R-164-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement District 505 and multi districts and providing other matters properly relating thereto - All Wards

REAL ESTATE COMMITTEE - CONSENT

50. Approval to negotiate purchase and/or initiate condemnation of, APNs 139-34-512-002 and -003 located at 321 and 329 North Las Vegas Boulevard, APNs 139-34-512-016 and -017 located at 405 and 409 North 6th Street, APN 139-34-512-021 located at 325 North 6th Street, APN 139-34-512-022 located at 323 North 6th Street and, APN 139-34-512-023 located at 319 North 6th Street for right-of-way and/or City Hall Expansion purposes - Ward 5 (Weekly)

DISCUSSION / ACTION ITEMS

ADMINISTRATIVE SERVICES - DISCUSSION

51. Report and possible action on the status of federal lands issues at the 108th Congress

FINANCE & BUSINESS SERVICES - DISCUSSION

52. Discussion and possible action regarding a renewal of the City's Franchise Agreement with Nevada Power Company (NPC) - All Wards
53. ABEYANCE ITEM - Discussion and possible action regarding an Appeal of Denial for a Child Care Facility License, Sheila Logan, dba Love All Kidz Daycare, 6309 Guadalupe Avenue, Sheila Logan 100% - Ward 6 (Mack)
54. Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business, Young Il Kong, dba Grand Master Kong Taekwon-Do, 1780 North Buffalo Drive, Suite 105, Young I. Kong, 100% - Ward 4 (Brown)
55. Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License, Sabah Shoshani, dba Bells Market, 720 West Owens Avenue, Sabah H. Shoshani, 100% - Ward 5 (Weekly)

FINANCE & BUSINESS SERVICES - DISCUSSION

56. ABEYANCE ITEM - Discussion and possible action regarding a new Auctioneer License, J. P. King Auction Company, Inc., dba J. P. King Auction Company, Inc., 108 Fountain Avenue, Gadsden, Alabama, Jerry C. King, Dir, Pres, Auctioneer, 25%, James S. King, Dir, Executive VP, Auctioneer, 25%, Christie K. Ray, Dir, Secy, Auctioneer, 25% - Alabama

RECOMMENDING COMMITTEE REPORT - DISCUSSION

BILLS ELIGIBLE FOR ADOPTION AT THIS MEETING

57. Bill No. 2004-68 - Annexation No. ANX-4777 - Property location: At and near the southeast corner of Iron Mountain Road and Maverick Street; Petitioned by: Quarterhorse Falls Estates, LLC; Acreage: 15.79 acres; Zoned: R-E (County zoning), R-E (City equivalent). Sponsored by: Councilman Michael Mack
58. Bill No. 2004-70 - Annexation No. ANX-4957 - Property location: On the north side of Ann Road, east and west of Mustang Road (aka Mustang Street); Petitioned by: Matrix Development Corporation, et al.; Acreage: 10.69 acres; Zoned: R-E (County zoning), U (R) and U (RE) (City equivalents). Sponsored by: Councilman Michael Mack

BILLS ELIGIBLE FOR ADOPTION AT A LATER MEETING

THERE IS NO PUBLIC COMMENT ON THESE ITEMS AND NO ACTION WILL BE TAKEN BY THE COUNCIL AT THIS MEETING, EXCEPT THOSE ITEMS WHICH MAY BE STRICKEN OR TABLED. PUBLIC TESTIMONY TAKES PLACE AT THE RECOMMENDING COMMITTEE MEETING HELD FOR THAT PURPOSE.

59. Bill No. 2004-69 - Establishes new solid waste and recycling regulations. Proposed by: Mark R. Vincent, Director of Finance and Business Services

NEW BILLS - DISCUSSION

THERE IS NO PUBLIC COMMENT ON THESE ITEMS. NEW BILLS ARE READ INTO THE RECORD AND REFERRED TO RECOMMENDING COMMITTEE FOR A SEPARATE HEARING TO RECEIVE PUBLIC TESTIMONY BEFORE ACTION BY THE COUNCIL AT A LATER MEETING. EXCEPTION: EMERGENCY BILLS OR THOSE ITEMS TO BE STRICKEN OR TABLED.

60. Bill No. 2004-71 - Expands the boundaries of the Live/Work Overlay District to include the Las Vegas Medical District, and allows medical office uses within the Overlay District. Proposed by: Robert S. Genzer, Director of Planning and Development
61. Bill No. 2004-72 - Revises the standards for converting public streets into private streets in existing subdivisions. Sponsored by: Councilwoman Janet Moncrief

1:00 P.M. - AFTERNOON SESSION

BUSINESS ITEMS - AFTERNOON

62. Any items from the afternoon session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time

HEARINGS - DISCUSSION

63. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 1625 Curtis Drive. PROPERTY OWNERS: DANIEL & DOROTHY CRUZ - Ward 3 (Reese)
64. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 717 W. Washington Avenue. PROPERTY OWNERS: CLARENCE & JUANITA RAY FAMILY - Ward 5 (Weekly)
65. Public hearing to consider the report of expenses to recover costs for abatement of nuisance/litter located at 2824 Sing Song Way. PROPERTY OWNER: STANDARD FEDERAL BANK C/O ABN AMRO MORTGAGE/ATLANTIC MORTGAGE - Ward 5 (Weekly)
66. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 704 W. Wilson Avenue. PROPERTY OWNERS: KARL BUTLER - Ward 5 (Weekly)
67. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building/demolition at 212 W. St. Louis Avenue. PROPERTY OWNERS: BARBARA HANSEN - Ward 1 (Moncrief)
68. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 210 W. Monroe Avenue. PROPERTY OWNERS: ARNOLD MARTIR - Ward 5 (Weekly)

PLANNING & DEVELOPMENT

The items listed below, where appropriate, have been reviewed by the various City departments relative to requirements for storm drainage and flood control, connection to sanitary sewer, traffic circulation, and building and fire regulations. Their comments and/or recommendations and requirements have been incorporated into the action.

PLANNING & DEVELOPMENT - DISCUSSION

69. ROC-5401 - PUBLIC HEARING - APPLICANT/OWNER: RICHMOND AMERICAN HOMES NEVADA - Request for a Review of Condition Number 2 of an approved Site Development Plan Review (SDR-2772) TO CLARIFY WHICH LOTS ARE LIMITED TO SINGLE STORY DWELLINGS for an approved 34 lot single family development on 5.50 acres adjacent to the north side of Alexander Road, approximately 335 feet west of Vegas Vista Trail (APN 137-01-801-007), PD (Planned Development) Zone, Ward 4 (Brown). Staff recommends APPROVAL
70. MOD-5125 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Major Modification to the Grand Teton Village Master Plan TO CHANGE THE LAND USE DESIGNATION FROM: P (PUBLIC FACILITIES) TO: L (LOW DENSITY RESIDENTIAL); TO AMEND TABLE 1 (SECTION 2.2) TO REFLECT CHANGES TO THE LAND USE CATEGORIES AND NUMBER OF RESIDENTIAL UNITS; TO AMEND FIGURES 2 AND 3 AND TO AMEND SECTIONS 2.3.5, 5.3.2 AND 6.1 REGARDING COMMON OPEN SPACE on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
71. WVR-5127 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Waiver of Title 18.12.160 TO ALLOW APPROXIMATELY 91 FEET BETWEEN STREET INTERSECTIONS WHERE 125 FEET IS THE MINIMUM DISTANCE REQUIRED FOR INTERSECTIONS OF STREETS PROVIDING SERVICE INTERNALLY WITHIN A SUBDIVISION in conjunction with a proposed 51-lot single-family residential development on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

72. SDR-5126 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Site Development Plan Review FOR A PROPOSED 51-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
73. VAC-4071 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: WRG DESIGN, INC. - OWNER: PALM MORTUARY, INC. - Petition to Vacate Deer Springs Way between Jones Boulevard and Maverick Street; and Maverick Street between Deer Springs Way and Rome Boulevard, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (5-0 vote) recommends APPROVAL
74. VAC-4998 - PUBLIC HEARING - APPLICANT: KB HOME - OWNER: BRIAN AND JULIE LEE, ET AL - Petition to Vacate U. S. Government Patent Reservations and Bureau of Land Management Easements generally located south of Alexander Road, east of Cliff Shadows Parkway, Ward 4 (Brown). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
- VAC-5011 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate a portion of Del Juan Street between Jo Marcy Drive and Gilcrease Avenue, and U.S. Government Patent Reservations generally located south of Jo Marcy Drive, west of Del Juan Street, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
76. VAC-5012 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate Jo Marcy Drive and Gilcrease Avenue west of Hualapai Way, and U.S. Government Patent Reservations generally located adjacent to the southwest corner of Jo Marcy Drive and Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
77. VAC-5013 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate U.S. Government Patent Reservations generally located north of Dorrell Lane, west of Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
78. VAC-5019 - PUBLIC HEARING - OWNER/APPLICANT: DR HORTON, INC. - Petition to Vacate Chieftain Street north of Gilcrease Avenue, and Jo Marcy Drive east of Tee Pee Lane, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
79. VAC-5024 - PUBLIC HEARING - APPLICANT: KB HOME NEVADA, INC. - OWNER: CLIFF'S EDGE, LLC, ET AL - Petition to Vacate U.S. Government Patent Reservations generally located east of Puli Road, between Grand Teton Drive and Jo Marcy Drive, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
80. VAC-5025 - PUBLIC HEARING - APPLICANT/OWNER: CLIFFS EDGE, LLC - Petition to Vacate U.S. Government Patent Reservations adjacent to the north side of Elkhorn Road between Puli Road and Shaumber Road, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
81. VAC-5043 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDING CORP. - Petition to Vacate a U.S. Government Patent Reservation generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL
82. VAC-5044 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDINGS CORP. - Petition to Vacate unused public rights-of-way generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

83. VAR-5086 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION, INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Variance TO ALLOW A ZERO-FOOT FRONT YARD AND ZERO-FOOT SIDE YARD SETBACK WHERE 10 FEET IS THE MINIMUM REQUIRED on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
84. SDR-5085 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Site Development Plan Review and Waivers of the Perimeter and Parking Lot Landscape Requirements FOR A PROPOSED 28,600 SQUARE FOOT OFFICE/WAREHOUSE on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
85. SUP-4807 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 51 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL
86. SUP-4809 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL
87. SUP-4830 - PUBLIC HEARING - APPLICANT/OWNER: TWIN LAKES BAPTIST CHURCH - Appeal filed by the applicant from the Denial by the Planning Commission on a request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT BY 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN adjacent to the northwest corner of Westcliff Drive and Rainbow Boulevard (APN 138-27-802-004), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation] under Resolution of Intent to C-1 (Limited Commercial), Ward 2 (Wolfson). The Planning Commission (6-1 vote) and staff recommend DENIAL
88. SUP-5028 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Special Use Permit FOR A PROPOSED 73-STORY MIXED-USE DEVELOPMENT at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
89. VAC-5029 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Petition to Vacate Cincinnati Avenue east of Las Vegas Boulevard, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
90. SDR-5027 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Site Development Review and Waivers of Downtown Centennial Plan Standards for streetscaping, building setbacks, and reflective glazing FOR A 73-STORY, 863-FOOT TALL, 1,300,000 SQUARE-FOOT MIXED USE DEVELOPMENT CONSISTING OF 951 CONDOMINIUM UNITS AND 41,000 SQUARE FEET OF COMMERCIAL USES on 2.17 acres at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL
91. SUP-5065 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: GEORGE FILIOS TRUST R-501 - Request for a Special Use Permit FOR A PROPOSED SERVICE STATION WITH GAS PUMPS adjacent to the southwest corner of Decatur Boulevard and Rome Boulevard (APN 125-24-802-010), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
92. VAC-5069 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Petition to Vacate Turkey Lane between Thom Boulevard and Decatur Boulevard, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

93. SDR-5050 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Request for a Site Development Plan Review and Waivers of Building Placement and Foundation Landscaping Standards FOR A PROPOSED 365,700 SQUARE-FOOT SHOPPING CENTER on 35.00 acres adjacent to the northwest corner of Decatur Boulevard and the Las Vegas Beltway (APN 125-24-802-001, 002, 003, 004, 007, 010 and 011), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
94. SUP-5067 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: GWHC OF NEVADA, LLC - Request for a Special Use Permit and Waivers of Separation Distance Standards, to allow a 780-foot distance from a parcel with a similar use where 1,000 feet is the minimum required, to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards, to allow 1,482 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 8450 West Sahara Avenue, Suite 114 (APN 163-04-406-004), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-1 vote) recommends APPROVAL
95. SUP-5072 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: CHARLESTON HEIGHTS DEVELOPMENT COMPANY - Request for a Special Use Permit and Waivers of the Separation Distance Standards to allow a zero-foot distance from a parcel with a similar use where 1,000 feet is the minimum required; to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards to allow 800 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 6708 West Cheyenne Avenue (APN 138-10-816-007), C-1 (Limited Commercial) Zone, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (4-2-1 vote) recommends APPROVAL
96. SUP-5105 - PUBLIC HEARING - APPLICANT: HEADLIFTERS MINISTRIES - OWNER: DELUXE INVESTMENTS, INC. - Appeal filed by the Applicant from the Denial by the Planning Commission of a request for a Special Use Permit and a Waiver of the 6,500 square-foot minimum lot requirement FOR A PROPOSED TRANSITIONAL LIVING GROUP HOME on 0.14 acres at 2805 Howard Drive (APN 162-01-710-014) R-1 (Single-Family Residential) Zone, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend DENIAL
97. SUP-5228 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Special Use Permit FOR AN EXISTING ANIMAL HOSPITAL, CLINIC, OR SHELTER WITH OUTSIDE PENS AND A PROPOSED ADDITION TO THE HOSPITAL at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
98. SDR-5094 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Site Development Plan Review and a Waiver of perimeter landscaping standards FOR A PROPOSED 2,890 SQUARE-FOOT ADDITION TO AN EXISTING ANIMAL HOSPITAL WITH OUTSIDE PENS on 2.18 acres at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
99. ZON-5087 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC - Request for a Rezoning FROM: R-E (RESIDENCE ESTATES) AND U (UNDEVELOPED) [PCD (PLANNED COMMUNITY DEVELOPMENT) GENERAL PLAN DESIGNATION] TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL
100. SDR-5089 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC - Request for a Site Development Review FOR A PROPOSED 51-LOT SINGLE-FAMILY DEVELOPMENT on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), R-E (Residence Estates) and U (Undeveloped) Zones [PCD (Planned Community Development)] [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

101. GPA-5264 - PUBLIC HEARING - APPLICANT: CITY OF LAS VEGAS - Request to Amend the Land Use Classifications of the Las Vegas 2020 Master Plan to include mixed-use development in the SC (Service Commercial), GC (General Commercial) and LI/R (Light Industry/Research) categories, All Wards. The Planning Commission (5-1-1 vote) and staff recommend DENIAL
102. GPA-5060 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: SC (SERVICE COMMERCIAL) TO: M (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
103. ZON-5062 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Rezoning FROM: C-2 (GENERAL COMMERCIAL) TO: R-3 (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
104. SDR-5063 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Site Development Plan Review FOR A PROPOSED 52-UNIT APARTMENT COMPLEX on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), C-2 (General Commercial) Zone [PROPOSED: R-3 (Medium Density Residential), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
105. GPA-5082 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: L (LOW DENSITY RESIDENTIAL) TO: SC (SERVICE COMMERCIAL) on 1.58 acres and TO: MLA (MEDIUM-LOW ATTACHED DENSITY RESIDENTIAL) on 4.4 acres south of Bonanza Road and east of Pecos Road (APN 140-31-121-003), Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
106. VAC-5101 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Petition to Vacate a portion of a 10-foot wide public drainage easement and ingress/egress easements generally located south of Bonanza Road, east of Pecos Road, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
107. GPA-5097 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: LI/R (LIGHT INDUSTRIAL/RESEARCH) TO: SC (SERVICE COMMERCIAL) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
108. ZON-5103 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Rezoning FROM: M (Industrial) TO: C-1 (Limited Commercial) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
109. SUP-5107 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Special Use Permit FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
110. SDR-5104 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTER - Request for a Site Development Plan Review and a Waiver to allow 75 percent lot coverage area where 50 percent is the maximum allowed FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT CONTAINING 700 RESIDENTIAL UNITS AND 20,000 SQUARE FEET OF RETAIL USES adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

111. GPA-5120 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request to amend a portion of the Southwest Sector Plan of the General Plan FROM: GC (GENERAL COMMERCIAL) TO: ML (MEDIUM-LOW DENSITY RESIDENTIAL) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
112. ZON-5121 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Rezoning FROM: U (UNDEVELOPED) [GC (GENERAL COMMERCIAL) GENERAL PLAN DESIGNATION] UNDER RESOLUTION OF INTENT TO C-2 (GENERAL COMMERCIAL) TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
113. VAR-5124 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Variance TO ALLOW 0.44 ACRES OF OPEN SPACE WHERE 0.66 ACRES IS THE MINIMUM REQUIRED FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), GC (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
114. SDR-5122 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Site Development Plan Review FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), U (Undeveloped) Zone [GC (General Commercial) General Plan Designation] under Resolution of Intent to C-2 (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission recommends APPROVAL

SET DATE

115. SET DATE ON ANY APPEALS FILED OR REQUIRED PUBLIC HEARINGS FROM THE CITY PLANNING COMMISSION MEETINGS, CENTENNIAL HILLS ARCHITECTURAL REVIEW COMMITTEE AND DANGEROUS BUILDING OR NUISANCE/LITTER ABATEMENTS

CITIZENS PARTICIPATION

PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE CITY COUNCIL. NO SUBJECT MAY BE ACTED UPON BY THE CITY COUNCIL UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge

Court Clerk's Office Bulletin Board, City Hall Plaza

Las Vegas Library, 833 Las Vegas Boulevard North

Clark County Government Center, 500 S. Grand Central Parkway

Grant Sawyer Building, 555 E. Washington Avenue

STATE OF NEVADA)) ss
COUNTY OF CLARK)

Paula Clark

28TH day of October, 2004

 Notary Public-State Of Nevada
COUNTY OF CLARK
JO A. WILLIAMS
My Appointment Expires
January 12, 2006
No. 98-0389-1

AFFIDAVIT OF MAILING

(Mailing required under the provisions of NRS Chapter 241)

STATE OF NEVADA))
) ss
COUNTY OF CLARK)

Paula Clark, an employee of the City of Las Vegas, Nevada being first duly sworn, deposes and says that on the **27th** day of **October, 2004**, a copy of NOTICE, the attached of which is a true and correct copy of the Notice – re: **City of Las Vegas, City Council Meeting** to be held on the **3rd day of November, 2004**, was deposited in the United States Mail, Postage prepaid, First Class Mail, to each person and/or organization whose name appears on the list maintained in the Office of the City Clerk.

Paula Clarke

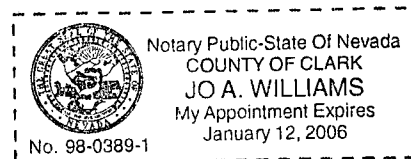
SIGNATURE

City Clerk
DEPARTMENT

Subscribed and sworn to before me this

28th day of October, 2004

NOTARY PUBLIC in and for said County and State



CITY COUNCIL AGENDA
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2, AND ARE CLOSED CAPTIONED FOR OUR HEARING IMPAIRED VIEWERS. THE COUNCIL MEETING, AS WELL AS ALL OTHER KCLV PROGRAMMING, CAN BE VIEWED ON THE INTERNET AT www.kclv.tv. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 AND THE WEB THE WEDNESDAY OF THE MEETING AT 8:00 PM, AND ALSO ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 1:00 PM.

- CALL TO ORDER

MINUTES:

PRESENT: MAYOR GOODMAN and COUNCILMEMBERS REESE, BROWN, WEEKLY, MACK, MONCRIEF (excused from the morning session), and WOLFSON

Also Present: CITY MANAGER DOUG SELBY, DEPUTY CITY MANAGER STEVE HOUCHENS, DEPUTY CITY MANAGER BETSY FRETWELL, CITY ATTORNEY BRAD JERBIC, DEPUTY CITY ATTORNEY TOM GREEN, DEPUTY CITY ATTORNEY BRYAN SCOTT (P.M. Session), and CITY CLERK BARBARA JO RONEMUS

- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW

MINUTES:

ANNOUNCEMENT MADE - Meeting noticed and posted at the following locations:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge

Court Clerk's Office Bulletin Board, City Hall Plaza

Las Vegas Library, 833 Las Vegas Boulevard North

Clark County Government Center, 500 S. Grand Central Parkway

Grant Sawyer Building, 555 E. Washington Avenue

(9:05)

1-1

- INVOCATION - DR. ANNE JONES-ANDERSON, SENIOR PASTOR, LIFE CHRISTIAN CENTER

MINUTES:

DR. PASTOR ANNE JONES-ANDERSON, Senior Pastor, Life Christian Center, gave the invocation.

(9:06- 9:07)

1-22

- PLEDGE OF ALLEGIANCE

MINUTES:

MAYOR GOODMAN led the audience in the Pledge.

(9:07 - 9:08)

1-60

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: COMMUNICATIONS

DIRECTOR: DAVID RIGGLEMAN

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

CEREMONIAL

RECOGNITION OF THE CITIZEN OF THE MONTH

MOTION:

None required. A presentation was made.

MINUTES:

Before making this presentation, COUNCILMAN BROWN commented that this country always comes together, despite individual political beliefs.

He then recognized LYNN JACKSON as November's Citizen of the Month for her activism in Garehime Heights Elementary School. She has made a big difference in the school and her community. Garehime Elementary School's motto is "The Power of One," and MS. JACKSON has certainly made a difference as an individual at Garehime Elementary School, in her neighborhood, and in her community.

MS. JACKSON'S husband came forward as she accepted the Citizen of the Month plaque. FRANCIE SUMMERS, Principal of Garehime Elementary School, was in the audience. MS. JACKSON mentioned that she became involved at Garehime Elementary School to make attending school a great experience for her daughter and the other students. She is very grateful to be a part of this great community and for all the support she has received.

(9:35 - 9:40)

1-982

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: COMMUNICATIONS

DIRECTOR: DAVID RIGGLEMAN

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

CEREMONIAL

RECOGNITION OF EAGLE SCOUT WILLIAM TOMPKINS

MOTION:

None required. A presentation was made.

MINUTES:

NOTE: A Certificate of Accomplishment was issued, but a copy was not submitted for the record.

Parents, NICK and JANNA TOMPKINS, and their daughter, MARISA TOMPKINS, joined COUNCILMAN WOLFSON at the podium to recognize their son and brother, WILLIAM TOMPKINS, who is the youngest Eagle Scout of Troop 133. He is 13 and has been active with the Boy Scouts of America since first grade. With the support of his parents, MR. W. TOMPKINS advanced one rank each year, ending with the Arrow of Light and then prepared himself for the change to Boy Scouts. He was awarded a special firefighter award by the park rangers at Mount Potosi when he led older scouts and a park ranger to the site where he witnessed a lightening strike that set a smoldering brush fire in the foothills. He was also awarded the World Cub Scout Award for his efforts and involvement in annual coastal cleanups.

MR. W. TOMPKINS is an A/B student who had to meet many requirements before becoming an Eagle Scout. As a mark of his standing within the troop organization, he was invited to join the Order of the Arrow, which represents the best of the best in scouting. Those scouts that are nominated by their peers to join this organization within the scouts have shown that they live the scout oath and do their best to help others, to better themselves, and to give back to their troop and community. In order to move up further in the ranks of scouting and possibly join the United States Coast Guard Academy, MR. W. TOMPKINS became a Sea Scout. COUNCILMAN WOLFSON congratulated MR. W. TOMPKINS and stated that he is an outstanding representation of this country's future leaders.

MR. W. TOMPKINS accepted a Certificate of Accomplishment from COUNCILMAN WOLFSON and thanked the entire Council for recognizing him. He said he had to work very hard to achieve the rank of Eagle Scout, and he aspires to one day become a Sea Scout and a Venture Scout, and then become an environmental lawyer. He said that he has done a lot through scouting and hopes to accomplish a lot more. Scouting means more to him than a college education ever will. At the request of the Mayor, he described some of the badges he has earned.

(9:08 - 9:14)

1-90

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: COMMUNICATIONS

DIRECTOR: DAVID RIGGLEMAN

☐

CONSENT

☐

DISCUSSION

SUBJECT:

CEREMONIAL

RECOGNITION OF NATIVE AMERICAN HERITAGE MONTH

BACKUP DOCUMENTATION:

Submitted after meeting: copy of Proclamation proclaiming November 3, 2004, as Native American Heritage Day

MOTION:

None required. A presentation was made.

MINUTES:

As the representative of the most diverse ward in the City of Las Vegas, COUNCILMAN WEEKLY stated that this month he was happy to celebrate Native American Heritage Month. To help him with this presentation, he called forward RICHARD ARNOLD, Executive Director of the Las Vegas Indian Center, staff from the Las Vegas Indian Center, and other representatives of the community. MR. ARNOLD expressed his appreciation to the Council for this recognition. It is very important for the Indian population, especially since many of them feel they have been here from the beginning. The Indian population is growing strong in Southern Nevada. He noted that, in collaboration with the City of Las Vegas, the Indian Center would be holding an event to recognize Native American and local veterans in the community at Lorenzi Park. MR. ARNOLD accepted a proclamation, a copy of which was submitted for the record, from COUNCILMAN WEEKLY declaring November 3, 2004, as Native American Heritage Day in the City of Las Vegas.

(9:14 - 9:18)

1-282

CEREMONIAL BACKUP

RECOGNITION OF NATIVE AMERICAN
HERITAGE MONTH

PROCLAMATION

WHEREAS; The city of Las Vegas is pleased to promote awareness of and appreciation for the history and culture of Native Americans during Native American Heritage Month. November is dedicated to recognizing the intertribal cultures, the events and life ways, the designs and achievements of the original peoples of this land; and

WHEREAS; Native Americans were the first residents of our valley with history and traditions dating back thousands of years. More than thirty thousand American Indians representing over 45 individual tribes and groups add to the richness and diversity of Las Vegas; and

WHEREAS; Please join us as we celebrate the contributions, culture and history of the first Americans during Native American Heritage Month;

THEREFORE; The Mayor & Las Vegas City Council ask all citizens to join us in celebrating our Native American brothers and sisters, and pay special tribute to those who have contributed so much to our community. We do hereby proclaim

November 3, 2004

**NATIVE AMERICAN HERITAGE
DAY**

In the City of Las Vegas

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: COMMUNICATIONS

DIRECTOR: DAVID RIGGLEMAN

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

CEREMONIAL

RECOGNITION OF CITY EMPLOYEE JOHN CHAMBERS FOR THE MERITORIOUS SERVICE AWARD

MOTION:

None required. A presentation was made.

MINUTES:

DR. BARBARA JACKSON, Director, Leisure Services, said that it is the ultimate lifetime accolade to accomplish something worthwhile and significant enough to be recognized by your peers. This October, the National Therapeutic Recreation Society of the National Recreation and Park Association recognized JOHN CHAMBERS, Adaptive Recreation Manager for Leisure Services, with the Meritorious Service Award. MR. CHAMBERS is well-deserving of this award because he has worked tirelessly throughout his career, especially in the field of therapeutic recreation. DR. JACKSON presented MR. CHAMBERS with the Meritorious Service Award and said that she felt honored to work with him.

MR. CHAMBERS thanked the Council and DR. JACKSON for all their support. He also thanked the entire Leisure Services staff for embracing the opportunity to provide recreation in every neighborhood.

MAYOR GOODMAN interjected that the soccer tournament that was recently held at the Bettye Wilson Soccer Complex was terrific. It was wonderful to see one of the City's recreational facilities being utilized.

(9:18 - 9:21)

1-390

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: COMMUNICATIONS

DIRECTOR: DAVID RIGGLEMAN

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

CEREMONIAL

RECOGNITION OF OUTSTANDING COMMUNITY LEADERSHIP

MOTION:

None required. A presentation was made.

MINUTES:

COUNCILMAN MACK recognized JOHN RITTER, CEO of Focus Property Group, and his significant other, HILARY WESTROM, for establishing the Ritter Charitable Trust, a supporting organization of the Nevada Community Foundation, which is a non-profit organization that acts as a community savings account, giving gifts to various charitable organizations. As successful people, MR. RITTER and MS. WESTROM feel it is their obligation to reach out and help those less fortunate. They focus donations on families and children in need in Southern Nevada. They have given to many local charities and are always ready to help with any community project. After the devastating flood in August 2003, they were instrumental in fundraising efforts to help those impacted by the storm.

MR. RITTER felt privileged to be recognized and to be in the presence of such wonderful people, among them WILLIAM TOMPKINS. He said he has always ascribed to the philosophy of doing well and then doing for others, especially at a time when social services are stretched. He indicated that MS. WESTROM is responsible for deciding where the approximate \$500,000 in the current charitable budget will be distributed. MS. WESTROM said she feels it is their duty to help those less fortunate because she has a private practice and works with families that are victimized and abused.

(9:27 - 9:32)

1-700

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY CLERK

DIRECTOR: BARBARA JO RONEMUS

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

CEREMONIAL

ADDITIONAL ANNOUNCEMENTS AND RECOGNITIONS

BACKUP DOCUMENTATION:

Submitted at meeting: copy of Proclamation to Laborers Local 872

MINUTES:

RECOGNITION OF LABORERS LOCAL 872

TOMMY WHITE joined COUNCILMAN MACK for the recognition of Laborers' Union Local No. 872 for its contributions to the community, as well as its involvement in various local organizations, such as Community College of Southern Nevada's Applied Science Department, "Helmets to Hardhats," and Las Vegas High School's PAL program.

MAYOR GOODMAN noted that the City recently received an unsolicited check in the amount of \$50,000 from Local No. 872. The Local is a great part of the fabric of this community and is always willing to lend a helping hand. The Mayor presented MR. WHITE with a proclamation, a copy of which was not submitted for the record.

MR. WHITE said that Local No. 872 would continue to help as long as he is there.

(9:32 - 9:35)

1-872

RECOGNITION OF THE AMERICAN COUNCIL OF YOUNG POLITICAL LEADERS

Following the above presentation, COUNCILMAN WEEKLY mentioned that he recently traveled to Russia with the American Council of Young Political Leaders, which is a political exchange program that provides individuals the opportunity to study government in other countries. As part of that program, he was given the honor to serve as host to delegates from the People's Republic of China. He thanked his liaison, RICKI BARLOW, and FRANKLIN SIMPSON of Neighborhood Services for serving as tour guides to the delegates. The delegates had the opportunity to visit the Election Department to witness the election process in progress.

COUNCILMAN WEEKLY called forward MS. BRONWYN BEDIANT, Program Officer, to introduce the following delegates - who came forward individually as their names were called to receive a Certificate of Appreciation: MR. HU WEI, Executive Vice President of the All-China Youth Federation; MR. LU YONGZHENG, Secretary-General of the Chinese Young Volunteers Association; MS. XIAO JUHUA, President of the Hubei Provincial Youth Federation; MR. WANG SHIQI, Division Chief of the Ministry of Supervision; MR. YANG JIANWEN, Division Chief of the China Training Center for Senior Personnel Management Officials; MS. SHEN BING, Journalist and Anchorwoman with China Central Television; MR. JIANG MING, Board Chairman of the Beijing Tianming Investment Company; MS. TENG WEI, Justice and Deputy Director of the Second Division of Supervising Office of the Supreme People's Court; and MS. GAO JINLU, Director of the International Department of the All-China Youth Federation.

MINUTES - Continued:

MS. BEDIENT commented that The American Council of Young Political Leaders is very proud to have done exchanges with the People's Republic of China for 25 years.

COUNCILMAN WEEKLY noted that after this meeting the delegates would be meeting with JUDGE LLOYD GEORGE, attending the Clark County Commission meeting, and then touring UNLV. A wonderful closing ceremony would be held for them at Anthem that evening.

(9:21 - 9:27)

1-507

RECOGNITION GAREHIME ELEMENTARY SCHOOL STUDENTS

In conjunction with this presentation, MAYOR GOODMAN welcomed and called forward the following students from Garehime Elementary School who make up the Garehime City Council: MAYOR JOHNATHAN EARY, MAYOR PRO-TEM KAITLIN GOODHART, and COUNCILPERSONS HEIDY HILL, JENNA WEBSTER, OLIVIA BARKER, SHARON FANG, and LINDSEY KODWEISS. These students would be sitting with the corresponding City of Las Vegas Councilmembers for part of the day. Also, MAYOR GOODMAN recognized other Garehime Council representatives and alternates in the audience. He then mentioned that he was pleased to have a delegation present from across the world to witness the wonderful ceremonial matters presented at this meeting and to be told that this is a great city.

Right after being seated, each of the Garehime Council representatives made a brief presentation. Each member of the City of Las Vegas Council corresponded with a Key to the City.

(9:40 - 9:55)

1-1705

CEREMONIAL BACKUP

RECOGNITION OF LABORERS LOCAL 872

City of Las Vegas

Whereas; It is the policy of the Mayor and City Council of Las Vegas to honor and recognize those extraordinary individuals, groups, or programs, that enrich the lives of many in our community; and

Whereas; Laborers Local 872 has partnered with Community College of Southern Nevada and the Applied Science Department to allow students attending the Southern Nevada Laborers Training Center to earn credit toward their Applied Science Degree; and

Whereas; Laborers Local 872 has created the "Helmets to Hardhats" program designed to assist veterans who have been honorably discharged from the military to receive direction admission to the Laborers training program; and

Whereas; Laborers Local 872 has partnered with Las Vegas High School in the PAL program. PAL is designed to expose high school students to the construction trades, allowing them to gain basic knowledge about the construction industry and attend the Laborers training program for high school credit; and

Whereas; Laborers Local 872 hosted the "Latino Rock the Vote" event, a neighborhood festival held at Freedom Park to promote voter registration in the Latino community; and

Whereas; Laborers Local 872 collected over seventy children's coats and hundreds of canned food items during their recent Charity Drive to benefit low income families in the Las Vegas valley; and

Therefore; WE, THE MAYOR AND CITY COUNCIL OF THE CITY OF LAS VEGAS DO HEREBY HONOR AND RECOGNIZE

LABORERS LOCAL 872

AND ASK ALL CITIZENS TO JOIN US IN CELEBRATING THEIR
COMMITMENT AND DEDICATION TO THE SOUTHERN NEVADA
COMMUNITY

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY CLERK

DIRECTOR: BARBARA JO RONEMUS

☐

CONSENT

☐

DISCUSSION

SUBJECT:

BUSINESS ITEMS:

Any items from the morning session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time

MOTION:

REESE - Motion to bring forward and STRIKE Item 50 and Hold in ABEYANCE Item 53 to 12/1/2004 - UNANIMOUS with MONCRIEF excused

MINUTES:

There was no discussion.

(9:55 - 9:57)

1-1705

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY CLERK

DIRECTOR: BARBARA JO RONEMUS

☐ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

BUSINESS ITEMS:

Approval of the Final Minutes by reference of the regular City Council Meeting of August 18, 2004

MOTION:

REESE - APPROVED by Reference - UNANIMOUS with MONCRIEF excused

MINUTES:

There was no discussion.

(9:57)

1-1787

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of Service and Material Checks/Payroll Checks/Wire Transfers/Other Checks and Investments

Fiscal Impact:

☐ No Impact	Amount:	\$72,590,628.07
☒ Budget Funds Available	Dept./Division:	Accounting Operations
☐ Augmentation Required	Funding Source:	All Funds

PURPOSE/BACKGROUND:

In compliance with the City's Municipal Code, Chapter 4.12, this is an informational item that provides the dollar amount of disbursements processed by the Finance and Business Services Department.

RECOMMENDATION:

BACKUP DOCUMENTATION:

Summary of cash expenditures for the period 10/01/04 - 10/15/04

Total Services & Material Checks	\$19,817,233.27
Total Payroll Checks	\$ 5,655,762.30
Total Wire Transfers	\$47,117,632.50

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

NOTE: COUNCILMAN MACK disclosed for Item 7 that it involves a site near a Timbers Bar & Grill owned by his brother-in-law, **ANDREW DONNER**. Also, Item 50 involves property near the Lady Luck Casino, with which **MR. DONNER** has a contract related to its non-restricted gaming license. **COUNCILMAN MACK** indicated he felt comfortable voting on these matters, as he did not believe either matter would affect **MR. DONNER'S** business interests, nor have they spoken about these items.

MINUTES:

MAYOR GOODMAN and **COUNCILMAN BROWN** respectively requested Items 5 and 32 be pulled for discussion.

(9:57 - 9:59)

1-1803

City of Las Vegas

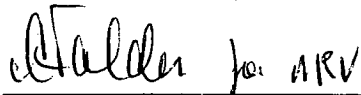
Summary of Cash Expenditures

For period of 10/01/04 - 10/15/04

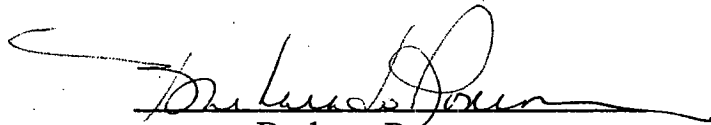
Total Services & Materials Checks :	\$19,817,233.27
Total Payroll Checks:	\$5,655,762.30
Total Wire Transfers:	\$47,117,632.50

Grand Total:	\$72,590,628.07

I hereby certify that I have reviewed the above amounts and approved them for payment as being in compliance with all applicable laws to the best of my knowledge and belief.

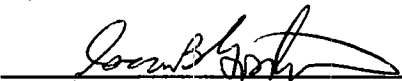


Mark R. Vincent
Director of Finance



Barbara Ronemus
City Clerk

On November 3, 2004, the City Council approved the above cash expenditures.



Oscar B. Goodman
Mayor

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Special Event License for F. L. O. C. K. (For the Love of Cats & Kittens), Location: Charleston Heights Art Center, 800 South Brush Street, Date: November 17, 2004, Type: Special Event Beer/Wine/Cooler, Event: Wine & Cheese Art Auction, Responsible Person in Charge: Brian Adams - Ward 1 (Moncrief)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of a Special Event License

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Special Event License for Dino's Lounge, Location: The Funk House, 1228 South Casino Center Boulevard, Dates: December 3, 2004 and January 7, 2005, Type: Special Event Beer/Wine/Cooler, Event: First Friday, Responsible Person in Charge: Kristin Bartolo - Ward 1 (Moncrief)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of a Special Event License

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

None

MOTION:

GOODMAN - APPROVED - UNANIMOUS with MONCRIEF excused

MINUTES:

MAYOR GOODMAN stated he requested under Item 3 that this matter be pulled for discussion in order to advise the public about First Friday, which is a wonderful event held the first Friday of every month in the Arts District located in the vicinity of Main Street and Charleston Boulevard. Attendance has significantly increased from 30 persons the first year to over 3,000 the previous First Friday event. He invited everyone to attend the First Friday event of November.

(9:59 - 10:01)

1-1875

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a new Beer/Wine/Cooler Off-sale License, Nakata Trading, Inc., dba Nakata Market of Japan, 2350 South Rainbow Boulevard, Suite 6, Kumiko A. Nakata, Pres, Secy, Treas, 100% - Ward 1 (Moncrief)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of a new Beer/Wine/Cooler Off-sale License

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

Map

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

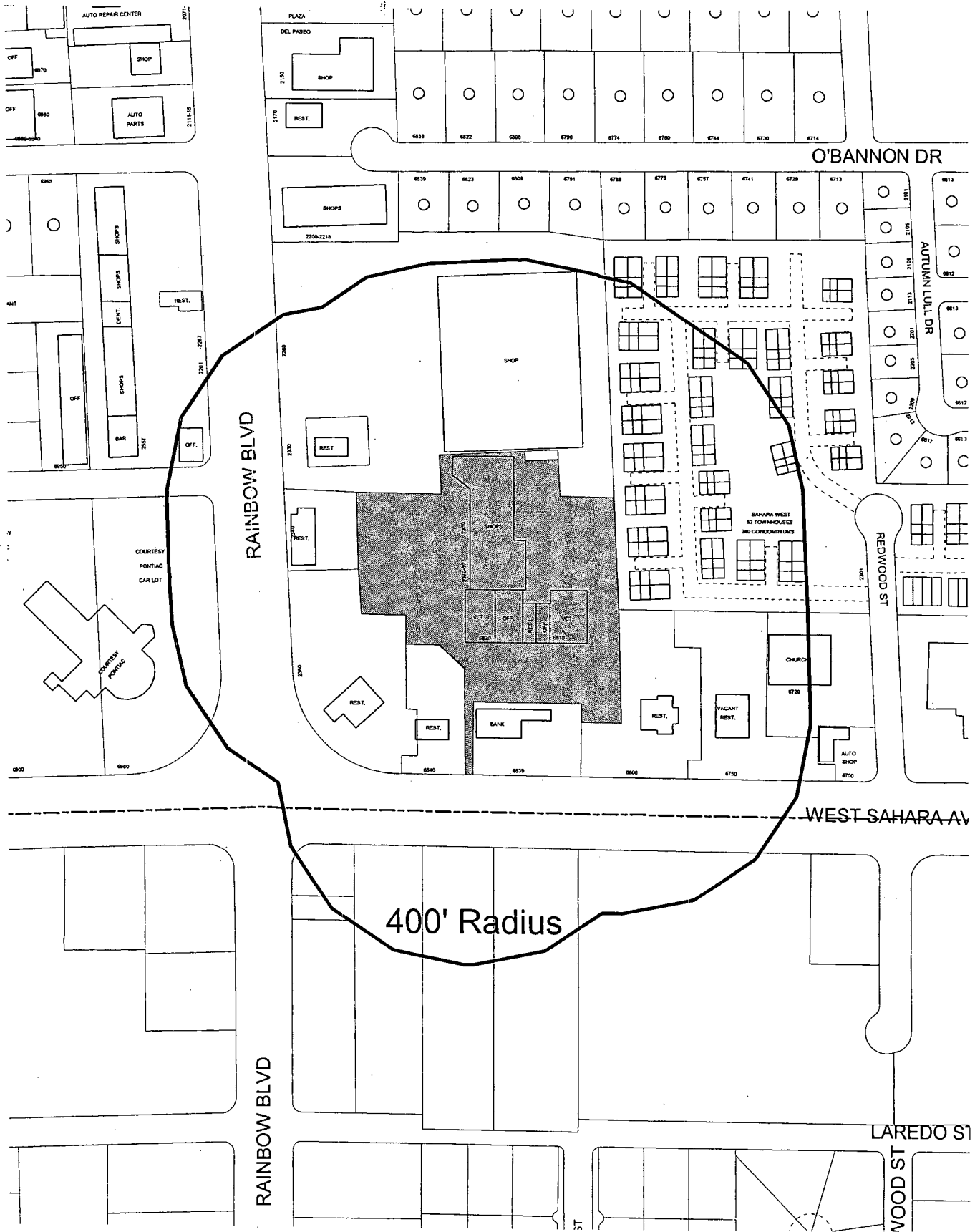
MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

NAKATA MARKET OF JAPAN



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of Change of Business Name for a Beer/Wine/Cooler On-sale License, American Capital Investments, dba From: Southern Comfort Cafe & Catering, To: Soul 2 Soul Bistro, 2101 North Rainbow Boulevard, Suite 102, Jeffrey E. Campbell, Dir, Pres, Secy, Treas, 100% - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of Change of Business Name for a Beer/Wine/Cooler On-sale License

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

NOTE: Under Item 3, **COUNCILMAN MACK** disclosed for Item 7 that it involves a site near a Timbers Bar & Grill, owned by his brother-in-law, **ANDREW DONNER**. Also, Item 50 involves property near the Lady Luck Casino, with which **MR. DONNER** has a contract related to its non-restricted gaming license. **COUNCILMAN MACK** indicated he felt comfortable voting on these matters, as he did not believe either matter would affect **MR. DONNER'S** business interests, nor have they spoken about these items.

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of Change of Ownership and Business Name for a Tavern License subject to Health Dept. regulations, From: Artisan Cafe, LLC, dba Aruba Hotel Lounge (Non-operational), Audrey N. DaSilva, Mgr, Mmbr, 100%, Douglas B. DaSilva, Principal, To: Thunderbird Bar & Lounge, LLC, dba Thunderbird Lounge, 1215 Las Vegas Boulevard South, Venkat R. Vangala, Mgr, Mmbr and Nirupama R. Vangala, Mmbr, 100% jointly as husband and wife - Ward 3 (Reese)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of Change of Ownership and Business Name for a Tavern License

RECOMMENDATION:

Recommend approval subject to Health Dept. regulations

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a new Burglar Alarm Service, Ultimate Electronics, Inc., dba Ultimate Electronics, 741 South Rainbow Boulevard, William J. Pearce, Dir, Chairman, 12.3%, David J. Workman, Dir, Pres, CEO, Alan E. Kessock, Dir, CFO, Gerard P. Demple, Sr VP - Ward 1 (Moncrief)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of a new Burglar Alarm Service

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

Map

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

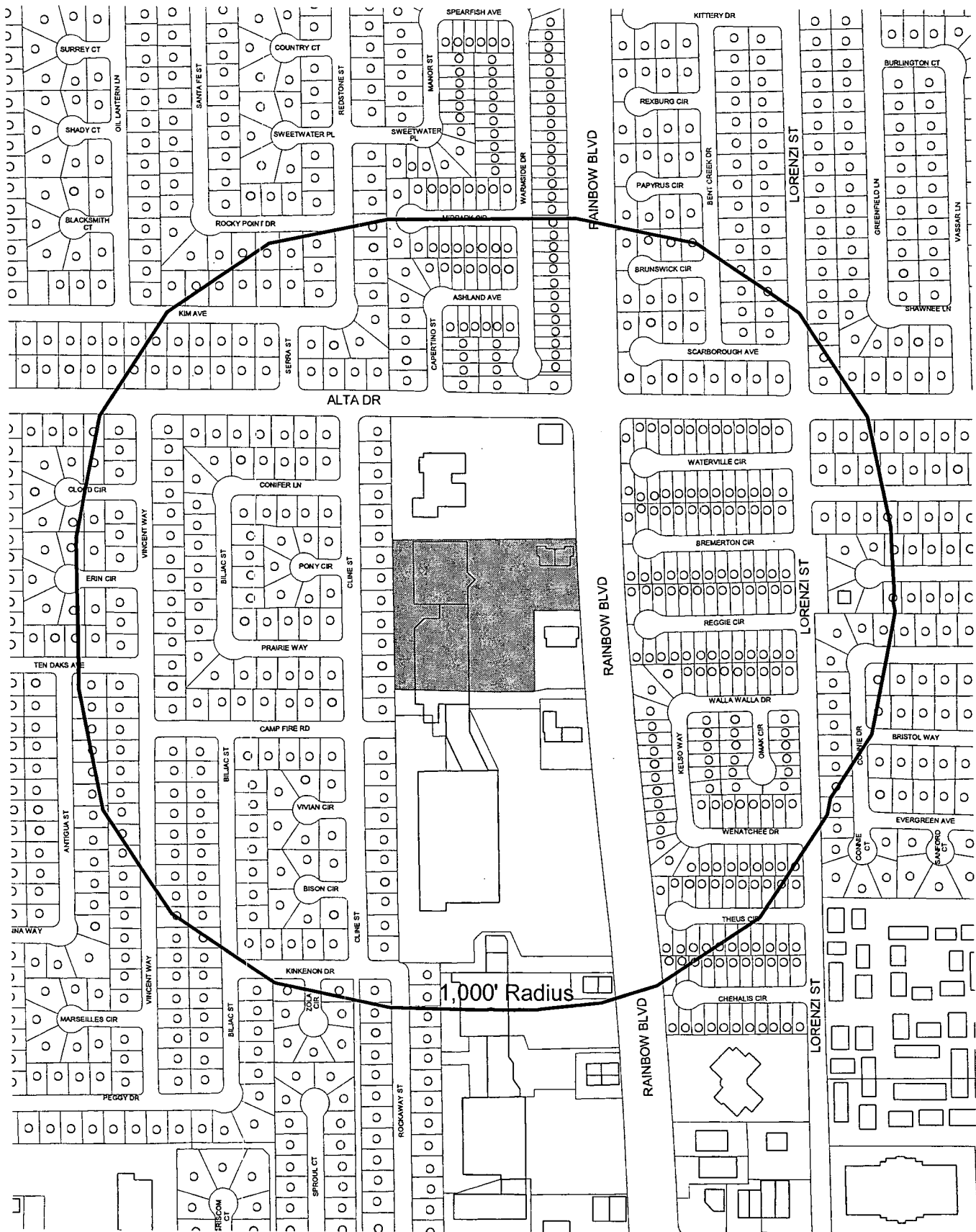
MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

ULTIMATE ELECTRONICS



0 200 400 Feet

N



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of Franchise Managers for a Beer/Wine/Cooler Off-sale License, 7-Eleven of Nevada, Inc., dba 7-Eleven Food Store 22416F, 901 North Rancho Drive, Jatinder K. Singh, Franchise Manager, Veena Singh, Franchise Manager - Ward 5 (Weekly)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Approval of Franchise Managers for a Beer/Wine/Cooler Off-sale License

RECOMMENDATION:

Recommend approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of revision to purchase order 219386 for Installation, Maintenance and Support of Access Control System Hardware and Software - Detention and Enforcement - Award to: DIEBOLD, INC. (\$361,150 - Various Funds)

Fiscal Impact:

☐ No Impact	Amount:	\$361,150.00
☒ Budget Funds Available	Dept./Division:	Detention and Enforcement
☐ Augmentation Required	Funding Source:	Various Funds

PURPOSE/BACKGROUND:

On May 19, 2004, the City Council approved increased funding for an annual requirements contract for hardware, installation, software licensing, and maintenance to support the City's Access Control System for an annual total estimated amount of \$213,324. Security needs to have prompted increased hardware installations, resulting in a total estimated annual amount for hardware and services of \$361,150 for the next contract period 11/20/04 to 11/19/05.

PCC: D. Kaplan

POC: Joseph Rousseau - (714) 933-6000

CFN: 030168

RECOMMENDATION:

That the City Council approve the issuance of a revision to purchase order 219386 for installation, maintenance and support of Access Control System hardware and software for a total revised estimated annual amount of \$361,150 through November 19, 2005 to Diebold, Inc.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of revision to award of Bid No. 010095 for Various Electrical Supplies - Various Departments - Award to: GRAYBAR ELECTRIC, STANDARD WHOLESALE SUPPLY, LAS VEGAS WINLECTRIC, JCH WHOLESALE ELECTRIC and APPLIED INDUSTRIAL CONTROLS (\$200,000 - Various Funds)

Fiscal Impact:

☐	No Impact	Amount:	\$200,000.00
☒	Budget Funds Available	Dept./Division:	Various
☐	Augmentation Required	Funding Source:	Various Funds

PURPOSE/BACKGROUND:

On August 15, 2001, City Council approved the award of Bid No. 010095 to Various Suppliers for an estimated annual aggregate amount of \$500,000 for various electrical supplies. Due to the increase in usage, this revision is being issued to increase the estimated annual aggregate amount by \$200,000 for a revised estimated annual amount of \$700,000.

PCC: K. Falline

POC: Graybar Electric - (702) 876-9888

POC: Standard Wholesale Supply - (702) 382-6930

POC: Las Vegas Winlectric - (702) 898-4400

POC: JCH Wholesale Electric - (702) 639-4000

POC: Applied Industrial Controls - (702) 367-2322

RECOMMENDATION:

That the City Council approve the revision to award of Bid No. 010095 for Various Electrical Supplies to various vendors to increase by \$200,000 for a revised estimated annual amount of \$700,000.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES**DIRECTOR: MARK R. VINCENT**☒ **CONSENT** ☐ **DISCUSSION****SUBJECT:**

Approval of award of Contract No. 050120 for Work Environment and Work Processes Consulting Services - Department of Public Works - Award recommended to: THE APQC CONSULTING GROUP (\$131,000 - Sanitation Enterprise Fund)

Fiscal Impact:

☐	No Impact	Amount:	\$131,000.00
☒	Budget Funds Available	Dept./Division:	Public Works
☐	Augmentation Required	Funding Source:	Sanitation Enterprise Fund

PURPOSE/BACKGROUND:

The contract will provide consulting services to identify work processes, procedures, operating policies and organizational dynamics at the Water Pollution Control Facility (WPCF) that can be improved for a better work environment. The estimated amount is \$131,000 from date of award through January 31, 2005. Services are exempt from the competitive bidding process pursuant to NRS 332.115.1(b), professional services.

PCC: D. Kaplan

POC: Billy Burke - (713) 417-2206

RECOMMENDATION:

That the City Council approve the award of Contract No. 050120 to The APQC Consulting Group in the amount of \$131,000 from date of contract award to January 31, 2005. Authority to execute contract is given to the Purchasing Manager per R- 88-2004.

BACKUP DOCUMENTATION:

Certificate - Disclosure of Ownership/Principals

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

CERTIFICATE DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity," means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) corporation – the directors and officers of the corporation; but not any branch managers of offices which are a part of the corporation; (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members; (e) trust – the trustee and beneficiaries.

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Las Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block 1 Contracting Entity
Name APQC-Consulting Group
Address 123 North Post Oak Lane Houston, Texas 77024
Telephone (713) 417-2206
EIN or DUNS 760297414 (EIN) 787994912 (DUNS)

Block 2 Description Subject Matter of Contract/Agreement
Work Environment and Work Processes Consulting Services

Block 3	<u>Type of Business</u>				
☐ Individual	☐ Partnership	☐ Limited Liability Company	☒ Corporation	☐ Trust	☐ Other:

CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS (CONTINUED)

Block 4 Disclosure of Ownership and Principals

In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.

	FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1.	American Productivity & Quality Center / Parent Company	123 North Post Oak Lane Houston, Texas 77024	(713) 681-4020
2.	Billy E. Burke / President & CEO	609 Summerlin Drive Granbury, Texas 76048	(713) 417-2206
3.	Thomas M. Puffer / Vice President & CFO	1357 Creekford Circle Sugarland, Texas 77478	(713) 444-7175
4.	Larry D. Goodson / Vice President & COO (West)	656 Golfview Drive Baldwin, Missouri 63011	(636) 448-9316
5.	Douglas D. Gummere / Vice President & COO (East)	13902 Magnolia Glen Circle Orlando, Florida 32822	(407) 493-9792

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: ____.

Block 5 DISCLOSURE OF OWNERSHIP AND PRINCIPALS – ALTERNATE

If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document: _____

Date of Attached Document: _____ Number of Pages: _____

I certify under penalty of perjury, that all the information provided in this Certificate is current, complete and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity

Billy E. Burke
Name

19 Oct 04
Date

Subscribed and sworn to before me this *19th* day of

October, 2003

Estella M. Lopez
Notary Public



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of revision to award of Bid No. 010039 for Various Plumbing Supplies - Various Departments - Award to: STANDARD WHOLESALE SUPPLY and KELLYS PIPE & SUPPLY (\$125,000 - Various Funds)

Fiscal Impact:

☐	No Impact	Amount:	\$125,000.00
☒	Budget Funds Available	Dept./Division:	Various
☐	Augmentation Required	Funding Source:	Various Funds

PURPOSE/BACKGROUND:

On July 18, 2001, City Council approved the award of Bid No. 010039 to Various Suppliers for an estimated annual aggregate amount of \$130,000 for various plumbing supplies. Due to the increase in usage, this revision is being issued to increase the estimated annual aggregate amount by \$125,000 for a revised estimated annual amount of \$255,000.

PCC: T. Bowman

POC: Standard Wholesale Supply - Tammy Robertson - (702) 382-6930

POC: Kellys Pipe & Supply - Chris Dresch - (702) 383-4957

RECOMMENDATION:

That the City Council approve the revision to award of Bid No. 010039 for Various Plumbing Supplies to various vendors to increase by \$125,000 for a revised estimated annual amount of \$255,000.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of issuance of a purchase order for Water Champ Submersible Chemical Induction Units - Department of Public Works - Award recommended to: CHEMICAL INJECTION TECHNOLOGY (\$35,000 - Sanitation Enterprise Fund)

Fiscal Impact:

☐ No Impact	Amount:	\$35,000.00
☒ Budget Funds Available	Dept./Division:	Public Works/Environmental
☐ Augmentation Required	Funding Source:	Sanitation Enterprise Fund

PURPOSE/BACKGROUND:

This request provides for the purchase of Water Champ submersible chemical induction units to replace existing failed units at the Water Pollution Control Facility.

This item is exempt from the competitive bidding process pursuant to NRS 332.115.1(d), equipment which, by reason of the training of the personnel or of an inventory of replacement parts maintained by the local government is compatible with existing equipment.

PCC: D. Dixon

POC: Katie Flanagan - (623) 680-7394

CFN: 050115

RECOMMENDATION:

That the City Council approve the issuance of a purchase order for Water Champ submersible chemical induction units to Chemical Injection Technology, in the amount of \$35,000.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES**DIRECTOR: MARK R. VINCENT**☒ **CONSENT** ☐ **DISCUSSION****SUBJECT:**

Approval of the issuance of a Purchase Order for the transport of a historic railroad cottage located at 604 South 4th Street. Award recommended to: BLAND-FORD, INC. - Department of Public Works (\$29,800 Various Funds) - Ward 1 (Moncrief)

Fiscal Impact:

☐	No Impact	Amount:	\$29,800.00
☒	Budget Funds Available	Dept./Division:	Public Works
☐	Augmentation Required	Funding Source:	Various Funds

PURPOSE/BACKGROUND:

On July 7, 2004, City Council approved a Memorandum of Understanding between the City of Las Vegas, Office District Parking I, Inc. and the Las Vegas Valley Water District for the donation of a historic railroad cottage. As part of the MOU the City of Las Vegas will relocate the cottage to LVVWD property located off Valley View. Bland-Ford, Inc. is the only known source in the Las Vegas Valley capable of providing this service for the City. This purchase order is exempt from the competitive bidding process pursuant to NRS 332.115 (1), Sole Source.

PCC: LE Davis

POC: L. Sorensen - (702) 564-8175

RECOMMENDATION:

That the City Council approve the issuance of a purchase order to Bland-Ford, Inc. for the movement of the cottage located at 604 South 4th Street, in the amount of \$29,800.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of award of Bid No. 050091-GL, Annual Requirements Contract for Security Guard Services - Department of Detention and Enforcement - Award recommended to: ANDY FRAIN SERVICES, INC. (Estimated annual amount of \$375,000 - Various Funds)

Fiscal Impact:

☐	No Impact	Amount:	\$375,000.00
☒	Budget Funds Available	Dept./Division:	Detention and Enforcement
☐	Augmentation Required	Funding Source:	Various Funds

PURPOSE/BACKGROUND:

This request provides for an annual requirements contract for Security Guard Services at City of Las Vegas designated locations.

PCC: G. Leaf

POC: Marlys Roybal - (702) 222-0566

RECOMMENDATION:

That the City Council approve the award of Bid No. 050091-GL, Annual Requirements Contract for Security Guard Services to Andy Frain Services, Inc. from date of award through November 30, 2005 with four (4) one-year options to renew in the estimated annual amount of \$375,000.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES**DIRECTOR: MARK R. VINCENT**☒ **CONSENT** ☐ **DISCUSSION****SUBJECT:**

Approval of disqualification of contractor from the Qualified Contractor List for the period through February 3, 2006 pursuant to City of Las Vegas Contractor Qualification Policy and Procedure for On-Site Public Works Projects - Department of Finance and Business Services - Disqualification of: Darby Neagle Enterprises

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

On February 4, 2004, the City Council approved the Qualified Contractor List, which included Darby Neagle Enterprises. Since that time, the State of Nevada Labor Commissioner has disqualified Darby Neagle Enterprises through June 28, 2007 as a result of labor wage issues. Pursuant to the City's Contractor Qualification Policy and Procedure and NRS 338.017, any contractor disqualified by the Labor Commissioner may not be awarded a public works contract for the stated period.

RECOMMENDATION:

That the City Council approve the disqualification and removal of Darby Neagle Enterprises from the Contractor Qualification List for public works construction projects for the period through February 3, 2006.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FIRE & RESCUE

DIRECTOR: DAVID WASHINGTON

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Memorandum of Understanding between the City of Las Vegas and the Salvation Army for the transfer of U.S. Department of Homeland Security grant funds in the amount of \$1,700 for the Salvation Army's mass feeding support services - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This Memorandum between the City of Las Vegas and the Salvation Army will facilitate the transfer of \$1,700 from the City to support the Salvation Army's mass feeding support services used during emergencies and disasters. These funds are from the FY2004 U.S. Department of Homeland Security Citizen Corps Program grant.

RECOMMENDATION:

Las Vegas Fire & Rescue recommends approval.

BACKUP DOCUMENTATION:

Memorandum of Understanding

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

**MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF LAS VEGAS AND SALVATION ARMY**

WHEREAS, the **CITY OF LAS VEGAS** (hereinafter "City"), has entered into a grant agreement with the Nevada Division of Emergency Management (hereinafter "NDEM") for participation in the **FFY-04 HOMELAND SECURITY CITIZEN CORPS PROGRAM** (hereinafter "Program"); and,

WHEREAS, the **SALVATION ARMY CLARK COUNTY COMMAND** (hereinafter "Subrecipient") is a committed participant in the Program and funds totaling \$1,700.00 are designated within the City grant to support the Subrecipient's "Mass Care and Feeding Services."

WHEREAS, the objective of this Agreement is to facilitate the pass-through of the designated funds from City to the Subrecipient. Such funds are defined in Exhibit "A" "Schedule of Salvation Army Program Funds and Scope of Work"; and,

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE COMMITMENTS CONTAINED HEREIN, IT IS MUTUALLY AGREED AS FOLLOWS:

1. Both parties understand and agree that federal funding provided through the FFY-04 HOMELAND SECURITY CITIZEN CORPS PROGRAM is provided via NDEM on a reimbursement basis and such reimbursement is contingent upon Subrecipient's adherence to all applicable federal and state grant program guidelines and project scope of work. The Subrecipient is responsible for advanced expenditures and agrees to use the designated Program funds to support the programs as identified in Exhibit "A" "Schedule of Salvation Army Program Funds and Scope of Work", attached hereto and incorporated herein as if fully set forth.
2. All assets acquired by the Subrecipient with the transferred funds are the permanent property of Subrecipient. The Subrecipient shall assume all fiscal responsibility for the continuing maintenance costs, repair costs, replacement costs and applicable user fees of all assets; and, Subrecipient shall assume audit accountability of all assets and transferred funds.
3. Subrecipient will provide City with documentation supporting all periodic reporting and audit requests, including those items identified in Exhibit "B" "City of Las Vegas Program Assurances."
4. Regardless of any termination of this Agreement, Subrecipient shall comply with all state and federal laws and regulations associated with the receipt of funds through the Program.
6. It is specifically understood and agreed by both parties that any changes to the use of funds and/or scope of work funded by the Program must be requested, in advance, by the City and such changes are approved or denied by NDEM.
7. This Agreement shall take effect on the date of execution and shall continue in force and effect until terminated as delineated below:

- a. The terms of this Agreement shall be completed by **June 2, 2005**. An extension request must be requested no less than 30 days prior to this deadline. Approval or denial is contingent upon extension of the grant performance period determined by NDEM.
 - b. By either party, for any reason with written notice of at least 60 days.
8. In the event the City is able to increase the funding set forth in Exhibit "A", at its sole discretion City will increase the aforesaid funding, and Subrecipient agrees that if such augmentation of the funding occurs, such new amounts shall be governed by all terms and conditions of this Interlocal Agreement as if such amounts were originally included in Exhibit "A".
 9. Subrecipient may not assign this Agreement in whole or in part, nor any right, duty or obligation provided herein, without the express written consent of the City. The rights and liabilities set forth herein shall inure to the benefit and bind successors and assigns of the parties to this Agreement, but shall not inure to the benefit of any third party or person.
 10. To the extent permitted by law, including but not limited to the provisions of NRS Chapter 41, Subrecipient agrees to defend, indemnify, protect, save and hold harmless the City and its agents, directors, officers, employees, and its successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, fines, claims, actions, suits, costs and expenses and disbursements (including legal fees and expenses) of any kind and nature imposed in, asserted against, incurred or suffered by such indemnified party or its agents, directors, officers or employees or its successors or assigns by reason of damage, loss, or injury (including death) of any kind or nature whatsoever to persons or property caused by or in any way relating to or arising out of any of the provisions of this Agreement.
 11. The parties have each carefully reviewed this Agreement and have agreed to each term of this Agreement. No ambiguity shall be presumed to be construed against either party.
 12. This Agreement embodies the entire agreement of the parties concerning the subject matter herein described, and no other understanding whether verbal, written or otherwise exists between the parties. This Agreement may be amended solely by means of written amendment signed by both parties.
 13. Termination of participation or cancellation of this Agreement pursuant to the provisions set forth above and any other communications required during administration of this Agreement shall be issued in the following manner:

TO SUBRECIPIENT:

Salvation Army
Maj. William Raihl, Director
2900 Palamino Lane
P.O. Box 28369
Las Vegas, NV 89126

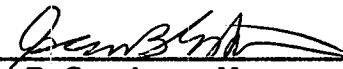
TO CITY:

Las Vegas Office of Emergency Management
Fire & Rescue Headquarters
500 N. Casino Center Blvd.
Las Vegas, Nevada 89101-2986

IN WITNESS WHEREOF, the parties have approved this Agreement on this 3rd
day of November, 2004, and their authorized officers have affixed their
names hereto.

CITY OF LAS VEGAS

By:


Oscar B. Goodman, Mayor

Date

11/8/04

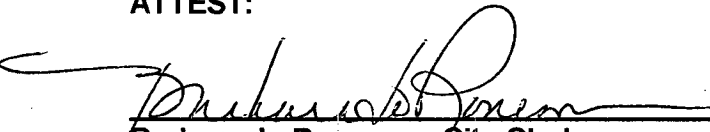
APPROVED AS TO FORM:


Daniel Still, Deputy City Attorney

Date

10/14/04

ATTEST:


Barbara Jo Ronemus, City Clerk

Date

11/8/04

SALVATION ARMY CLARK COUNTY COMMAND

By:


Maj. William Raihl, Director

Date

9/27/2004

EXHIBIT "A"

SCHEDULE OF PROGRAM FUNDS AND SCOPE OF WORK Salvation Army Clark County Command

MASS CARE & FEEDING SERVICES	TOTAL
Equipment and supplies	\$1,700.00
TOTAL	\$1,700.00

SCOPE OF WORK SUMMARY (MASS CARE AND FEEDING SERVICES):

- Acquire cooking grill and materials for use in mass feeding services during emergencies/disasters.
- Acquire portable shelter/canopy for use during emergencies/disasters.

###

EXHIBIT "B"

CITY OF LAS VEGAS PROGRAM ASSURANCES

1. Subrecipients shall comply with the audit requirements of the Single Audit Act of 1984 and OMB Circular A-133, to include the required submission of a Subrecipient independent audit, as prescribed in sections 310 and 315 and section 320, paragraph f.
2. Subrecipients that are institutions of higher education, hospitals or other non-profit organizations shall comply with the audit requirements of OMB Circular A-110, Attachment F.
3. Required documentation for the performance of audits and quarterly reports, including project narrative and financial reports, must be provided to the City of Las Vegas within 15 calendar days of request. Grant closeout is contingent upon NDEM audit and resolution of any discrepancies. Quarterly report submission due dates to the City are scheduled as follows:

December 15, 2004

March 15, 2005

June 15, 2005

4. The City retains the right to terminate this Agreement for cause at any time before completion of the program when it has determined that the Subrecipient has failed to comply with the conditions of this Agreement.
5. Subrecipients are instructed to send all aforementioned program reports and financial correspondence to:

Patty Braganza, Financial Analyst
City of Las Vegas Finance Department, 6th Floor
400 Stewart Street, Las Vegas
Nevada, 89101-2986.

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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FIRE & RESCUE

DIRECTOR: DAVID WASHINGTON

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Mutual Aid Agreement with Nellis Air Force Base for fire protection and hazardous material incident response - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This Mutual Aid Agreement is a two-year renewal with Nellis Air Force Base to secure to each the benefits of mutual aid in fire prevention, hazardous incident response, and the protection of life and property from fire.

RECOMMENDATION:

Las Vegas Fire & Rescue recommends approval.

BACKUP DOCUMENTATION:

Mutual Aid Agreement

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGREEMENT FOR MUTUAL AID IN FIRE PROTECTION AND HAZARDOUS MATERIALS INCIDENT RESPONSE (US)

This agreement, entered into this day November 3, 2004, between the Secretary of the United States Air Force acting pursuant to the authority of 42 U.S.C. 1856(a) and Las Vegas Fire Department is securing to each the benefits of mutual aid in fire prevention and hazardous materials incident response, in the protection of life and property from fire, hazardous materials incident and in firefighting. It is agreed that:

a. On request to a representative of the Nellis AFB Fire Department by a representative of the Las Vegas Fire Department, firefighter equipment and personnel of the Nellis AFB Fire Department will be dispatched to any point within the area for which the Las Vegas Fire Department normally provides fire protection or hazardous materials incident response as designated by the representatives of the Las Vegas Fire Department.

b. On request to a representative of the Las Vegas Fire Department by a representative of the Nellis AFB Fire Department, firefighting equipment or hazardous materials incident response and personnel of the Las Vegas Fire Department will be dispatched to any point within the firefighting or hazardous materials incident response jurisdiction of the Nellis AFB Fire Department as designated by the representative of the Nellis AFB Fire Department.

c. Any dispatch of equipment and personnel pursuant to this agreement is subject to the following conditions:

(1) Any request for aid hereunder shall include a statement of the amount and type of equipment and personnel requested and shall specify the location to which the equipment and personnel are to be dispatched, but the amount and type of equipment and the number of personnel to be furnished shall be determined by a representative of the responding organization.

(2) The responding organization shall report to the officer in charge of the requesting organization at the location to which the equipment is dispatched, and shall be subject to the orders of that official.

(3) A responding organization shall be released by the requesting organization when the services of the responding organization are no longer required or when the responding organization is needed within the area for which it normally provides fire protection.

(4) In the event of a crash of an aircraft owned or operated by the United States or military aircraft of any foreign nation within the area for which the Las Vegas Fire Department normally provides fire protection, the Chief of the Nellis AFB Fire Department, or his or her representative, may assume full command on arrival at the scene of the crash.

d. Las Vegas Fire Department may claim reimbursement for the direct expenses and losses that are additional firefighting or hazardous materials incident costs above the normal operating costs incurred while fighting a fire or hazardous materials incident response under this agreement as provided in 44 CFR Part 151.

e. Each party waives all claims against every other party for compensation for any loss, damage, personal injury, or death occurring as a consequence of the performance of this agreement. This provision does not waive any right of reimbursement pursuant to paragraph d above.

f. All equipment used by Las Vegas Fire Department in carrying out this agreement will, at the time of action, hereunder, be owned by it; and all personnel acting for Las Vegas Fire Department under this agreement will, at the time of such action, be an employee or volunteer member of Las Vegas Fire Department.

For Las Vegas Fire Department:



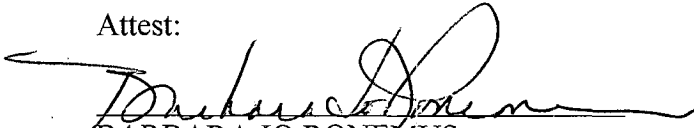
OSCAR B. GOODMAN
Mayor

For the Secretary of the United States Air Force:



WALTER D. GIVHAN
Colonel, USAF
Commander

Attest:



BARBARA JO RONEMUS
City Clerk

APPROVED AS TO FORM:

 10/19/04

DATE

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FIRE & RESCUE

DIRECTOR: DAVID WASHINGTON

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of an Interlocal Agreement between the City of Las Vegas and Clark County for the receipt of the Federal Fiscal Year (FFY) 04 Urban Area Security Initiative Program funding in the amount of \$1,158,732 - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This Interlocal Agreement between the City of Las Vegas and Clark County is to facilitate the FFY 04 Urban Area Security Initiative Program funds to the City in the amount of \$1,158,732. The funds will be used for a regional full scale exercise, a Technical Rescue Academy, a Hazardous Materials Academy, bomb squad equipment, and thermal imaging cameras. The funds originate from the U.S. Department of Homeland Security Office of Domestic Preparedness (ODP). This grant is issued by the ODP to the State of Nevada Division of Emergency Management, then sub-granted to local governments via Clark County. This is a 100% federally funded grant with no local match requirement.

RECOMMENDATION:

Las Vegas Fire & Rescue recommends approval.

BACKUP DOCUMENTATION:

Interlocal Agreement

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

**INTERLOCAL CONTRACT
BETWEEN
CLARK COUNTY AND THE CITY OF LAS VEGAS**

WHEREAS, Clark County, Nevada (the "County"), has entered into a grant agreement with Nevada Division of Emergency Management for participation in the FFY 04, URBAN AREA SECURITY INITIATIVE Program; and

WHEREAS, the objectives of the activities which are funded by the FFY 04, URBAN AREA SECURITY INITIATIVE Program must be to purchase Regional Full-Scale Exercise; Technical Rescue Academy; Hazmat Academy; Bomb Squad Package and Thermal Imaging Cameras; and

WHEREAS, the City of Las Vegas (the "Subrecipient"), a unit of local government located at 400 Stewart Ave, Las Vegas, NV 89101, will provide assistance to purchase Regional Full-Scale Exercise; Technical Rescue Academy; Hazmat Academy; Bomb Squad Package and Thermal Imaging Cameras through the FFY 04, URBAN AREA SECURITY INITIATIVE Program (the "Project"); and

WHEREAS, the County has agreed to provide FFY 04, URBAN AREA SECURITY INITIATIVE (the "Funds") to the Subrecipient, such funding to be administered by the Office of Emergency Management (OEM), a division of the Administrative Services Department of Clark County (OEM and Subrecipient referenced collectively as "the parties"), for its FFY 04, URBAN AREA SECURITY INITIATIVE Program as defined in Exhibit "A" "Expenditures Eligible for Reimbursement"; and

WHEREAS, the Subrecipient will provide the FFY 04, URBAN AREA SECURITY INITIATIVE Program which will purchase Regional Full-Scale Exercise; Technical Rescue Academy; Hazmat Academy; Bomb Squad Package and Thermal Imaging Cameras in accordance with Exhibit "B", "Scope of Work", attached hereto and incorporated herein as if fully set forth; and

WHEREAS, NRS 277.180 permits one or more public agencies to contract with any one or more public agencies to perform any governmental service, activity or undertaking which any of the public agencies entering into the contract is authorized to perform by law.

NOW, THEREFORE, in accordance with the Act and related regulations, the parties hereto agree as follows:

- 1. OEM shall provide a maximum of \$1,158,732.00 for the FFY 04, URBAN AREA SECURITY INITIATIVE.**
- 2. Subrecipient agrees to use the FFY 04, URBAN AREA SECURITY INITIATIVE Program funds which will purchase Regional Full-Scale Exercise; Technical Rescue Academy; Hazmat Academy; Bomb Squad Package and Thermal Imaging Cameras.**

3. Subrecipient will provide OEM with documentation supporting any and all requests for payment of expenses against the Funds encumbered, and will provide any additional documentation requested by OEM that may be required in the administration of the grant funds.
4. Regardless of any termination of this agreement, Subrecipient shall comply with all Federal laws and regulations associated with the receipt of the grant funds as a Subrecipient of such funds for the project identified in this Contract.
5. It is specifically understood and agreed by Subrecipient that OEM shall not be obligated to pay any monies to Subrecipient hereunder and hereafter in the event that such Federal funds for any reason are terminated or withheld from the County or are otherwise not forthcoming, and in such event, County may terminate this Contract.
6. This Contract shall take effect on the date of execution and shall continue in force and effect until terminated as delineated below:
 - a. This Contract shall be completed by 11/30/05. An extension after the 11/30/05 deadline must be requested by the Manager of OEM.
 - b. By any party, for any reason with written notice of at least 60 days.
7. This Contract and its attachments constitute the entire understanding of the parties concerning the subject matter hereof. This Contract may be amended solely by means of written amendment signed by both parties.
8. In the event the County desires to increase the amounts set forth in Section 1 and Exhibit A, subject to Subrecipient's consent to provide matching funds if necessary, the County, at its sole discretion, shall increase the aforesaid amounts of funding, and Subrecipient agrees that if such augmentation of the budgeted amount occurs, such new amounts shall be governed by all terms and conditions of this Interlocal Agreement as if such amounts were originally included in Section 1 and in Exhibit A.
9. Subrecipient shall agree to provide evidence of financial accountability. A copy of your organization's most recent single audit report (OMB Circular A-133) or a letter stating that you expended less than \$300,000 of Federal funds during that reporting period must be submitted to Clark County. Letters should be addressed to Delores Broetzman, Grants Analyst Clark County Office of Emergency Management.

ENTERED INTO this 3RD day of November, 2004.

ATTEST: CLARK COUNTY

Shirley Parraguirre
Shirley Parraguirre, County Clerk

By: Rory Reid
RORY REID, CHAIRMAN
Board of County Commissioners

Date: 1-3-05

Date: 1-3-05

APPROVED AS TO FORM:

By: Michael L. Foley
Michael Foley, District Attorney

Date: 8/11/04

Oscar Goodman
Oscar Goodman, Mayor, City of Las Vegas

Date: 11/8/04

By: Bradford Jerbic
Bradford Jerbic, City Attorney

Date: 10/16/04

Attest: Donna B. Brown
City Clerk

Date: 11/8/04

EXHIBIT "A"

EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

**THE CITY OF LAS VEGAS
FFY 04, URBAN AREA SECURITY INITIATIVE PROGRAM**

<u>Regional Full-scale exercise backfill and overtime, contractual support, exercise supplies</u>		<u>\$250,000.00</u>
• Full-Scale exercise backfill and overtime	200,000.00	
• Full-Scale exercise contractual support	5,000.00	
• Full-Scale exercise supplies	45,000.00	
<u>Technical Rescue Academy</u>		<u>\$183,300.00</u>
<u>HazMat Academy</u>		<u>\$91,650.00</u>
<u>Bomb Squad</u>		<u>\$509,262.00</u>
• Response Vehicles	245,280.00	
• Segway 2-Wheeled personnel transporters	22,970.00	
• EOD-8 bomb ensembles	60,512.00	
• SRS – 5 modified bomb ensembles	36,976.00	
• Bomb disruptors	11,900.00	
• Golden X-Ray film	20,180.00	
• Self-contained breathing apparatus	67,194.00	
• HAL Rigging Kits	44,250.00	
<u>Thermal Imaging Cameras</u>		<u>\$124,520.00</u>
Total		\$1,158,732.00

EXHIBIT "B"

CITY OF LAS VEGAS FFY 04, URBAN AREA SECURITY INITIATIVE

SCOPE OF WORK Program Year 2004/2005

1. Clark County will provide ONE MILLION, ONE HUNDRED FIFTY EIGHT THOUSAND, SEVEN HUNDRED THIRTY TWO DOLLARS (\$1,158,732.00) in Fiscal Year 2004/2005, FFY 04, URBAN AREA SECURITY INITIATIVE funds (the "Funds"), to the City of Las Vegas for the FFY 04, URBAN AREA SECURITY INITIATIVE Program that will purchase Regional Full-Scale Exercise; Technical Rescue Academy; Hazmat Academy; Bomb Squad Package and Thermal Imaging Cameras.

2. Subrecipient will provide notice to Clark County Office of Emergency Management of any program changes for which Fiscal Year 2004/2005, FFY 04, URBAN AREA SECURITY INITIATIVE funds are allocated under the provisions of this Interlocal Agreement.

Clark County Office of Emergency Man
Financial and Project Activity Assur:

MAILED (2) orig's

Back to

AA-OEM on

11/12/04

A copy of these assurances, in its entirety, with original signature
Interlocal Contract when being returned to the Clark County OEM

Upon acceptance of funding from the Clark County OEM the lead governmental unit hereby
agrees to the following financial and project activity assurances governing the transfer of funds.

1. A quarterly Financial Report shall be submitted to Clark County Office of Emergency Management (OEM) no later than 15 days following the close of the quarter. Unless approved by Clark County OEM, late reports could delay reimbursement.
2. The final Financial Report must be submitted to Clark County OEM no later than 30 days following the end of the grant period. Unless approved by Clark County OEM, late reports could result in non-payment of final claim.
3. The Clark County OEM retains the right to terminate this contract for cause at any time before completion of the program when it has determined that the subgrantee has failed to comply with the conditions of this agreement.
4. Financial management must comply with the requirements of OMB Circulars A-102 or A-110, whichever is applicable to your organization.
5. All grant expenditures are to be reasonable and allowable as determined by OMB Circular A-87 or A-122, whichever is applicable to your organization.
6. All grant expenditures are to be made in accordance with the interlocal contract. Modifications must be requested and approved in advance by submitting a Project Change Request form to Clark County OEM.
7. Grant revenue and expenditure records must be maintained and made available to the Clark County OEM for audit.
8. Subgrantees shall comply with the audit requirements of the Single Audit Act of 1984 and OMB Circular A-133, to include the required submission of subgrantees independent audit for period ending June 30, 1999, as prescribed in sections 310 and 315 and section 320, paragraph f.
9. Subgrantees that are institutions of higher education, hospitals or other non-profit organizations shall comply with the audit requirements of OMB Circular A-110, Attachment F.
10. Required documentation for the performance of internal audits must be provided to the Clark County OEM within 30 days of request. Grant closeout is contingent upon OEM audit and resolution of any discrepancies.
11. The subgrantee agency is required to submit quarterly financial and project activity reports to Clark County OEM. Due dates for those reports are as follows:

October 15	-	(for reporting period July 1 to September 30)
January 15	-	(for reporting period October 1 to December 31)
April 15	-	(for reporting period January 1 to March 30)

July 15 - (for reporting period April 1 to June 30)

The reports should be completed in accordance with the following format and standards:

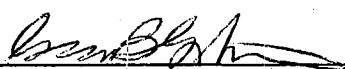
12. **Project Activity Report** – A narrative of where the subgrantee is at in reaching their objectives and completing the projects approved in the allocation of funding. The subgrantee activities should be reported for the quarter and for the cumulative period from the grant award date. Report can be done in a memo format.
13. **Quarterly Financial Reports** – Complete and submit a Quarterly Financial Report form for all expenditures funded by the grant. Include copies of invoices.
14. **Project Change Request** – Grant expenditures are authorized only for purchases and activities approved by the Homeland Security Commission under the grant application process. Any change in the project, needs to be submitted to Clark County OEM for submission to Homeland Security Grant Commission for approval.
15. **Request for Reimbursement** – The advancement of funds process are as follows: 1) subgrantee completes and submits a Request for Reimbursement form to OEM along with a vendor invoice. 2) Clark County OEM submits the form to NDEM. 3) NDEM advancement check is deposited into the Clark County financial account. 4) Clark County advancement check is issued to the subgrantee.
16. **Funding Period** - Grant funds are to be used during the period **12/01/03 to 11/30/05** (grant period).
17. Funds granted are to be expended for the purpose set forth in the grant award and in accordance with all applicable laws, regulations, policies, and procedures of the State of Nevada and the applicable federal granting agency.
18. No expenditures will be eligible for compensation if occurring prior to or after the term of the grant performance period.
19. Any publication, invention, patent, photograph, negative, book, drawing, record, document, or other material prepared by the subgrantee in the performance of its obligations under this grant shall be the exclusive property of the State of Nevada and all such material shall be returned to the state upon completion or termination of this grant.
20. If this grant funds any form of written or visual material that identifies employees of DEM or Clark County Office of Emergency Management (OEM), prior approval must be obtained from the DEM and Clark County OEM before publishing or finalization.
21. The applicant assures the fiscal accountability of the funds received from the LEPC will be managed and accounted for by the jurisdiction chief comptroller and internal control and authority to ensure compliance with County OEM documentation, record keeping, accounting, and reporting guidelines will reside with that individual.
22. The subgrantee shall neither assign, transfer nor delegate any rights, obligations or duties under this interlocal agreement without prior approval of the OEM.
23. The subgrantee agrees to indemnify, save and hold the state, county, and its agents and employees harmless from any and all claims, causes of action or liability arising from the performance of this agreement by subgrantee or its agents or employees.

24. The applicant and its contractors will comply with the nondiscrimination requirements of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; and the American Disabilities Act of 1992.
25. The applicant will abide by audit requirements as specified in OMB Circular A-133, Audits of State and Local Governments as revised August 29, 1997.
26. The applicant fully understands Clark County OEM has the right to suspend or terminate grant funds to any sub-grantee that fails to conform to the requirements or the terms and conditions of its interlocal agreement.

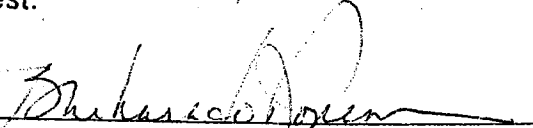
Signature below indicates knowledge of and willingness to comply with interlocal agreement requirements.

GOVERNMENTAL UNIT (I.E., CITY MANAGER, MAYOR)

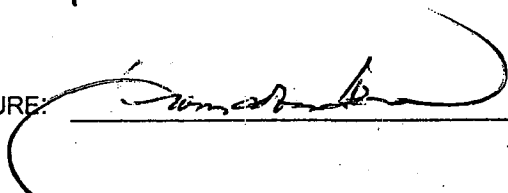
NAME: OSCAR B. GOODMAN TITLE: MAYOR

SIGNATURE:  DATE: 11/8/04
City Official Attest:

AGENCY:

By 
BARBARA JO RONEMUS, City Clerk

NAME: CITY OF LAS VEGAS EMERGENCY MGMT. TITLE: EMERGENCY MGMT. OFFICER

SIGNATURE:  DATE: 11/2/04

Please return a copy of the signed assurances along with the Interlocal Contracts to:

Clark County Office of Emergency Management
Attn: Delores Broetzman
500 S. Grand Central Parkway, 6th Floor
Las Vegas, NV 89106

FEDERAL ASSURANCES

The applicant hereby assures and certifies compliance with all federal statutes, regulations, policies, guidelines and requirements, including OMB Circulars No. A-21, A-110, A-122, A-128, A-133, A-87; E.O. 12372 and Uniform Administrative Requirements for Grants and Cooperative Agreements 28 CFR, Part 66, Common rule, that govern the application, acceptance and use of federal funds for this federally-assisted project. Also the applicant assures and certifies that:

1. It possesses legal authority to apply for the grant; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body, authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information may be required.
2. It will comply with requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced as a result of federal and federally-assisted programs.
3. It will comply with provisions of federal law which limit certain political activities of employees of a state or local unit of government whose principal employment is in connection with an activity financed in whole or in part by Federal grants. (5 USC 1501, et seq.)
4. It will comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act
5. It will establish safeguards to prohibit employees from using their positions for a purpose that is or gives the appearance of being motivated by a desire for private gain for themselves or others, particularly those with whom they have family, business, or other ties.
6. It will give the sponsoring agency or the Comptroller General, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the grant.
7. It will comply with all requirements imposed by the federal sponsoring agency concerning special requirements of law, program requirements, and other administrative requirements.
8. It will insure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
9. It will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1976, Section 102(a) requires, on and after March 2, 1975, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance.

10. It will assist the federal/state grantor agency in its compliance with Section 106 of the National Historic Preservation Act of 1966 as amended (16 USC 470), Executive Order 11593, and the Archeological and Historical Preservation Act of 1966 (16 USC 569a-1 et seq.) by (a) consulting with the State Historic Preservation Officer on the conduct of Investigations, as necessary, to identify properties listed in or eligible for inclusion in the National Register of Historic Places that are subject to adverse effects (see 36 CFR Part 800.8) by the activity, and notifying the federal/state grantor agency of the existence of any such properties and by (b) complying with all requirements established by the federal/state grantor agency to avoid or mitigate adverse effects upon such properties.
11. It will comply, and assure the compliance of all its sub-grantees and contractors, with the applicable provisions of Title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, the Juvenile Justice and Delinquency Prevention Act, or the Victims of Crime Act, as appropriate; the provisions of the current edition of the Office of Justice Programs Financial and Administrative Guide for Grants, M7100.1; and all other applicable federal laws, orders, circulars, or regulations.
12. It will comply with the provisions of 28 CFR applicable to grants and cooperative agreements including Part 18, Administrative Review Procedure; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 30, Intergovernmental Review of Department of Justice Programs and Activities; Part 42, Nondiscrimination/Equal Employment Opportunity Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; and Federal laws or regulations applicable to Federal Assistance Programs.
13. It will comply, and all its contractors will comply, with the non-discrimination requirements of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 USC 3789(d), or Victims of Crime Act (as appropriate); Title VI of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; Subtitle A, Title II of the Americans with Disabilities Act (ADA) (1990); Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; Department of Justice Non-Discrimination Regulations, 28 CFR Part 42, Subparts C,D,E, and G; and Department of Justice regulations on disability discrimination, 28 CFR Part 35 and Part 39.
14. In the event a federal or state court or federal or state administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, sex, or disability against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, Office of Justice Programs.
15. It will provide an Equal Employment Opportunity Program if required to maintain one, where the application is for \$500,000 or more.
16. It will comply with the provisions of the Coastal Barrier Resources Act (P.L. 97-348) dated October 19, 1982 (16 USC 3501 et seq.) which prohibits the expenditure of most new Federal funds within the units of the Coastal Barrier Resources System.

FEDERAL CERTIFICATIONS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Signature of this form provides for compliance with certification requirements under 28 CFR Part 69, "New Restrictions on Lobbying" and 28 CFR Part 67, "Government-wide Debarment and Suspension (Nonprocurement) and Government-wide Requirements for Drug-Free Workplace (Grants)." The certifications shall be treated as a material representation of fact upon which reliance will be placed when determination is made to award the covered transaction, grant, or cooperative agreement.

1. LOBBYING

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 28 CFR Part 69, for persons entering into a grant or cooperative agreement over \$100,000, as defined at 28 CFR Part 69, the applicant certifies that:

(a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any federal grant, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal grant or cooperative agreement;

(b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal grant or cooperative agreement, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions;

(c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subgrants, contracts under grants and cooperative agreements, and subcontracts) and that all sub-recipients shall certify and disclose accordingly.

2. DEBARMENT, SUSPENSION, AND OTHER RESPONSIBILITY MATTERS (DIRECT RECIPIENT)

As required by Executive Order 12549, Debarment and Suspension, and implemented at 28 CFR Part 67, for prospective participants in primary covered transactions, as defined at 28 CFR Part 67, Section 67.510

A. The applicant certifies that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of federal benefits by a state or federal court, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and (d) Have not within a three-year period preceding this application had one or more public transactions (federal, state, or local) terminated for cause or default; and

B. Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

3. DRUG-FREE WORKPLACE (GRANTEES OTHER THAN INDIVIDUALS)

As required by the Drug-Free Workplace Act of 1988, and implemented at 28 CFR Part 67, Subpart F, for grantees, as defined at 28 CFR Part 67 Sections 67.615 and 67.620

A. The applicant certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an on-going drug-free awareness program to inform employees about

(1) The dangers of drug abuse in the workplace;

(2) The grantee's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency, in writing, within 10 calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction.

Employers of convicted employees must provide notice, including position title, to the Department of Homeland Security. Notice shall include the identification number(s) of each affected grant;

(f) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (d)(2), with respect to any employee who is so convicted

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency;

(g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above assurances and certifications.

NAME: Chip Maxfield

TITLE: Chair, Clark County Commission

SIGNATURE: Chip Maxfield

DATE: 5-4-04

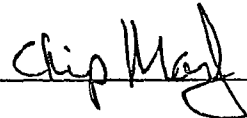
*** Must be signed by the County Manager/Chief Financial Officer, the Tribal Chairman/designee or the state agency director as appropriate**

DIVISION OF EMERGENCY MANAGEMENT FINANCIAL ASSURANCES

The applicant hereby assures compliance with the following conditions as part of the Notice of Grant Award:

1. A quarterly financial report shall be submitted to the Division of Emergency Management (DEM) no later than 30 days following the close of each quarter of the grant period. Late reports, unless approved by DEM, could delay reimbursement.
2. The final Financial Report must be submitted to DEM no later than 60 days following the end of the grant period. Late reports, unless approved by DEM, could result in non-payment of the final claim.
3. Grantee/Sub-grantee understands that, except for extraordinary circumstances that will be handled on a case by case basis, requests to transfer funds between budget categories, or requests to purchase items not previously authorized will not be approved. Written approval must be obtained from the DEM prior to the transfer of funds between budget categories or the expenditure of funds for newly identified items. Requests must be made on the Project Change Request form.
4. Grant revenue and expenditure records must be maintained and made available to the DEM for audit.
5. DEM retains the right to terminate this grant, for cause, at any time before completion of the grant period when it has determined that the grantee/subgrantee has failed to comply with the conditions of this agreement.
6. Financial management must comply with the requirements of OMB Circulars A-102 or A-110, whichever is applicable to your organization, and which are incorporated into this agreement by reference.
7. All grant expenditures are to be reasonable and allowable in accordance with OMB Circular A-21, A-87, or A-122, whichever is applicable to your organization, and which are incorporated into this agreement by reference.
8. Grantee/subgrantee shall comply with the audit requirements of the Single Audit Act Amendment of 1986 and OMB Circular A-133, which is incorporated into this agreement by reference, to include the required submission of the most recent annual independent audit, as prescribed in sections 310 and 315 and section 320, paragraph f.
9. Required documentation for the performance of internal audits must be provided upon DEM request within 30 days. Grant closeout is contingent upon DEM audit and resolution of any discrepancies.

NAME: CHIP MAXFIELD TITLE: CHAIR, CLARK COUNTY COMMISSION

SIGNATURE:  DATE: 5-4-04

** Must be signed by the County Manager/Chief Financial Officer, the Tribal Chairman/designee or the state agency director as appropriate.*

DIVISION OF EMERGENCY MANAGEMENT PROGRAM ASSURANCES

The applicant hereby assures compliance with the following conditions as part of the Notice of Grant Award:

1. A quarterly program report shall be submitted to the Division of Emergency Management (DEM) no later than 30 days following the close of each quarter of the grant period. Late reports, unless approved by DEM, could delay reimbursement.
2. The final Program Report must be submitted to DEM no later than 60 days following the end of the grant period. Late reports, unless approved by DEM, could result in non-payment of final claim.
3. DEM retains the right to terminate this grant, for cause, at any time before completion of the grant period when it has determined that the grantee has failed to comply with the conditions of this agreement.
4. Any publication, invention, patent, photograph, negative, book, drawing, record, document, or other material prepared by the grantee/sub-grantee in the performance of its obligations under this grant shall be the exclusive property of the State of Nevada and all such material shall be returned to the state upon completion or termination of this grant.
5. If this grant funds any form of written or visual material that identifies employees of DEM, prior approval must be obtained from the DEM before publishing or finalization.
6. The grantee/sub-grantee shall neither assign, transfer nor delegate any rights, obligations or duties under this Notice of Grant Award without prior approval of the DEM.
7. Grantee/sub-grantee agrees to indemnify, save and hold the state, its agents and employees harmless from any and all claims, causes of action or liability arising from the performance of this agreement by grantee/subgrantee or its agents or employees.

NAME: CHIP MAXFIELD TITLE: CHAIR, CLARK COUNTY COMMISSION

SIGNATURE: Chip Maxfield DATE: 5-4-04

** Must be signed by the County Manager/Chief Financial Officer, the Tribal Chairman/designee or the state agency director as appropriate.*

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with Lumenos as provider for Consumer Driven Health Care as an option to the City Health Insurance Plan (CHIP) and Health Plan of Nevada (HPN) (\$580,000 - Self-insurance internal service fund)

Fiscal Impact:

☐	No Impact	Amount:	\$580,000.00
☒	Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐	Augmentation Required	Funding Source:	Self-insurance internal service fund

PURPOSE/BACKGROUND:

The City of Las Vegas currently offers three medical programs to its employees. The City Health Insurance Plan (CHIP) is a Preferred Provider Organization (PPO) plan, and Health Plan of Nevada (HPN) which is a Health Maintenance Organization (HMO), and a Consumer Driven Health Plan (CDHP) administered by Lumenos. A renewal has been offered with a 3% rate increase over 2004. Costs are within approved FY05 budgets.

RECOMMENDATION:

It is recommended that the renewal contract with Lumenos be approved.

BACKUP DOCUMENTATION:

Letter from Anne DeByl to Steve Miller dated August 20, 2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803



August 20, 2004

Steve Miller
Employee Benefits Administrator
City of Las Vegas
City Hall
400 Stewart Avenue
Las Vegas, NV 89101

Dear Steve,

Lumenos is pleased to present the renewal rates for 2005. As previously communicated, the ASO rate for the new plan year will be \$38.37 PEPM.

This is based upon the three percent (3%) increase to the 2004 PEPM of \$37.25. As previously discussed, Lumenos would be happy to waive this fee increase should a penetration rate of 80% or higher be achieved for the 2005 plan year.

Please let us know in writing, either by letter or by e-mail, your agreement with the 2005 PEPM of \$38.37 and/or the waiver due to increased penetration.

We look forward to hearing from you and continued success in our 2005 plan year with the City of Las Vegas.

Regards,

A handwritten signature in dark ink, appearing to read "Anne M. DeByl". The signature is fluid and cursive, with the first name "Anne" and last name "DeByl" clearly distinguishable.

Anne M. DeByl
Client Services

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with Vision Service Plan (VSP) (\$35,000 - Self-insurance internal services fund)

Fiscal Impact:

☐ No Impact	Amount:	\$35,000.00
☒ Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐ Augmentation Required	Funding Source:	Self-insurance internal service fund

PURPOSE/BACKGROUND:

The City's vision plan is currently offered through Vision Service Plan (VSP). The current contract expires 12/31/04. Rates are guaranteed for three years. A slight increase in the frame allowance is recommended. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the renewal of the contract with Vision Service Plan be approved.

BACKUP DOCUMENTATION:

Memo from Marsh dated September 30, 2004 regarding City of Las Vegas Marketing Results and Marsh Recommendations

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

Memo

To: **Steve Miller, City of Las Vegas**
Date: September 30, 2004
Subject: **City of Las Vegas Marketing Results and Marsh Recommendations**

At your direction, Marsh requested proposals from insurance vendors for The City of Las Vegas' employee benefit program. Following is a brief summary of the results of the marketing process and our recommendations. Extensive detail and supporting reports and proposals were provided previously.

Prescription Benefit Management (PBM) Provider

On May 14, 2004, we sent bid specifications to ten PBM vendors. We received proposals from five vendors, including your current PBM, CatalystRx.

Based upon the proposals received and our analysis, we recommend The City continue the contract with CatalystRx. This vendor provides the most competitive prescription discounts and quality customer service to The City.

Employee Assistance Program (EAP)

On May 26, 2004, we sent bid specifications to ten EAP vendors. We received proposals from five vendors, including your current EAP vendor, Harmony Healthcare.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Harmony Healthcare. The fee charged and the services provided by Harmony are comparable to other EAP companies who responded. The City has been satisfied with the services provided by Harmony; we see no motivating cost or service factor suggesting a change.

Dental Preferred Provider Organization (PPO)

On May 14, 2004, we sent bid specifications to five Dental PPO networks. We received proposals from three vendors, including your current Dental PPO network, Diversified Dental Services.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Diversified Dental Services (DDS). DDS offers the largest list of participating dental providers in Nevada and has continued to add dentists to the program. The most effective element within a dental network is assuring a large number of discounted dentists. Given the extensive size of the DDS network and the competitive fee offered, we recommend renewing the network contract.

Vision Program

On May 26, 2004, we sent bid specifications to three Vision network companies. We received proposals from all three vendors, including your current provider, Vision Service Plan (VSP).

Based upon the proposals received and our analysis, we recommend The City renew the contract with VSP. VSP's network fee is fairly priced and the company offers extremely competitive discounts, as well as a large network of providers. VSP has indicated that 93% of The City's employees utilize VSP contracted providers. Changing vision networks could have an impact on employee satisfaction of the program.

Medical Preferred Provider Organization (PPO)

On June 16, 2004, we sent bid specifications to seven medical PPO vendors. We received proposals from all seven vendors, including The City's current PPOs: Horizon/MCC and PHCS/Lumenos for the Consumer Driven Health Plan (CDHP). Based on a comprehensive review of all networks, we recommend that The City move to Beech Street PPO for both the self funded plan and the CDHP. Beech Street offers a large comprehensive network of physicians and hospitals and significantly better provider discounts, particularly in contrast to PHCS/Lumenos.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with Harmony Health Care (\$8,500 - Self-insurance internal services fund)

Fiscal Impact:

☐ No Impact	Amount:	\$8,500.00
☒ Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐ Augmentation Required	Funding Source:	Self-insurance internal services fund

PURPOSE/BACKGROUND:

The City Health Insurance Plan (CHIP) is a self-funded Preferred Provider Organization (PPO) plan. The Employee Assistance Program (EAP), is designed to assist employees with behavioral or mental health issues. Harmony Health Care currently provides that service to the City. Harmony Health Care contracts with physicians and mental health providers thereby establishing our EAP network. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the renewal contract with Harmony Health Care be approved.

BACKUP DOCUMENTATION:

Memo from Marsh dated September 30, 2004 regarding City of Las Vegas Marketing Results and Marsh Recommendations

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

Memo

To: **Steve Miller, City of Las Vegas**
Date: September 30, 2004
Subject: **City of Las Vegas Marketing Results and Marsh Recommendations**

At your direction, Marsh requested proposals from insurance vendors for The City of Las Vegas' employee benefit program. Following is a brief summary of the results of the marketing process and our recommendations. Extensive detail and supporting reports and proposals were provided previously.

Prescription Benefit Management (PBM) Provider

On May 14, 2004, we sent bid specifications to ten PBM vendors. We received proposals from five vendors, including your current PBM, CatalystRx.

Based upon the proposals received and our analysis, we recommend The City continue the contract with CatalystRx. This vendor provides the most competitive prescription discounts and quality customer service to The City.

Employee Assistance Program (EAP)

On May 26, 2004, we sent bid specifications to ten EAP vendors. We received proposals from five vendors, including your current EAP vendor, Harmony Healthcare.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Harmony Healthcare. The fee charged and the services provided by Harmony are comparable to other EAP companies who responded. The City has been satisfied with the services provided by Harmony; we see no motivating cost or service factor suggesting a change.

Dental Preferred Provider Organization (PPO)

On May 14, 2004, we sent bid specifications to five Dental PPO networks. We received proposals from three vendors, including your current Dental PPO network, Diversified Dental Services.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Diversified Dental Services (DDS). DDS offers the largest list of participating dental providers in Nevada and has continued to add dentists to the program. The most effective element within a dental network is assuring a large number of discounted dentists. Given the extensive size of the DDS network and the competitive fee offered, we recommend renewing the network contract.

Vision Program

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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with Catalyst Rx for prescription drug management services (\$6,000 - Self-insurance internal services fund)

Fiscal Impact:

☐ No Impact	Amount:	\$6,000.00
☒ Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐ Augmentation Required	Funding Source:	Self-insurance internal services fund

PURPOSE/BACKGROUND:

The City Health Insurance Plan (CHIP) is a self-funded PPO plan. The prescription drug management services are currently contracted through Catalyst Rx. Catalyst Rx contracts with participating pharmacies and evaluates the preferred drug lists. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the renewal contract with Catalyst Rx be approved.

BACKUP DOCUMENTATION:

Memo from Marsh dated September 30, 2004 regarding City of Las Vegas Marketing Results and Marsh Recommendations

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES**DIRECTOR: F. CLAUDETTE ENUS**☒ **CONSENT** ☐ **DISCUSSION****SUBJECT:**

Approval to contract with Health Plan of Nevada (HPN) for Health Maintenance Organization (HMO) services (\$954,000 - Self-insurance internal services fund)

Fiscal Impact:

☐	No Impact	Amount:	\$954,000.00
☒	Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐	Augmentation Required	Funding Source:	Self-insurance internal services fund

PURPOSE/BACKGROUND:

The City of Las Vegas currently uses Health Plan of Nevada (HPN) for its Health Maintenance Organization (HMO) medical plan. A renewal has been submitted that extends the current contract until December 31, 2006. A rate increase of 6.0% has been requested for 2005, with a maximum increase of 8% for 2006. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the renewal of the Health Maintenance Organization (HMO) contract with Health Plan of Nevada (HPN) be approved.

BACKUP DOCUMENTATION:

Health Plan of Nevada (HPN) letter dated October 20, 2004 from Michele Freeman

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

S I N C E 1 9 8 2
HEALTH PLAN OF NEVADA, INC.
a subsidiary of Sierra Health Services, Inc.

October 20, 2004

Steve Miller
City of Las Vegas
Department of Human Resources
400 Stewart Avenue
Las Vegas, NV 89101

Dear Steve:

This letter is to confirm that the premium rates on the above captioned account, issued effective January 1, 2005 will have a 6% increase with an 8% rate cap for January 1, 2006 through December 31, 2006.

Sincerely,



Michele Freeman
Account Coordinator for Jamie Martin

Good health takes a good plan.™

P.O. Box 15645 • Las Vegas, Nevada 89114-5645 • (702) 242-7200

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew contract with Marsh USA Inc. for insurance consulting services

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The City currently uses Marsh for benefits and workers compensation consulting. A renewal has been submitted for the period January 1, 2005 through December 31, 2007. Compensation for consulting services is paid on a commission basis from other service providers.

RECOMMENDATION:

It is recommended that the renewal contract with Marsh USA Inc for consulting/broker services be approved.

BACKUP DOCUMENTATION:

Client Service Agreement dated January 1, 2005 between the City of Las Vegas ("Client") and Marsh USA Inc. ("Marsh")

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803



MARSH

Client Service Agreement

We are pleased that you are continuing to utilize Marsh USA Inc. as your employee benefits consultant and insurance broker. Our objective is to contribute our experience, facilities and energies toward the achievement of your goals. The purpose of this letter is to give you an overview of what you can expect from us.

AGREEMENT, dated January 1, 2005, between The City of Las Vegas ("Client") and Marsh USA Inc. ("Marsh").

It is agreed as follows:

1. Services. Marsh will serve as both an insurance broker and employee benefits consultant to Client and will perform the following services:

- a. Work with the Client to design and develop the Client's employee benefits program;
- b. Identify and negotiate on the Client's behalf with insurers and employee benefits service providers. Marsh will keep the Client informed of all significant developments. Marsh shall be authorized for purposes of this Agreement to represent and assist the Client in all discussions and transactions with insurers and administrative service vendors, provided that Marsh shall not remove or place any insurance or service agreement on behalf of the Client unless so authorized by the Client;
- c. Assist with documentation and other steps to obtain commitments for and implement the Client's employee benefits program upon the Client's instructions, it being understood that Marsh will not independently verify or authenticate Client-provided information necessary to prepare underwriting submissions and other documents relied upon by insurers and/or service providers, and the Client shall be solely responsible for the accuracy and completeness of such information and other documents furnished to Marsh and shall sign any application for insurance or administrative services;
- d. Use its best efforts to place insurance and administrative services on behalf of the Client, if so instructed by the Client.
- e. Monitor published financial information of the Client's current insurers and alert the Client when the status of one or more of such insurers falls below Marsh's minimum financial guidelines. Marsh will not, however, be responsible for the solvency or ability to pay claims of any insurance carrier. Insurers with whom the Client's risks are placed will be deemed acceptable to the Client, in the absence of contrary instructions from the Client;
- f. Follow up with insurance carriers and service providers for timely issuance and update of policies and administrative agreements;
- g. Review policies and agreements for accuracy and conformity to specifications and negotiated performance criteria;
- h. Keep the Client informed of significant changes and/or trends in the employee benefits marketplace and provide the Client with an annual forecast of market conditions;
- i. Review audits, rating adjustments, renewal calculations and experience data;
- j. Provide the Client with quarterly financial reviews, underwriting analysis specific to benefit plan changes, budget/COBRA rate calculations, and other benefit analysis calculations as requested.

- k. Review total cost, employee contributions and plan design and provide plan benchmarking comparisons;
- l. Provide plan utilization analysis, IBNR, and overview of health plan costs year over year;
- m. Assist with HIPAA, ERISA, COBRA, FMLA, and other Federal and State regulatory issues as requested;
- n. Assist with employee communications including developing plan communication materials;
- o. Assist the Client in connection with issues relating to interpretation of insurance policies and agreements placed by Marsh;
- p. Conduct strategic planning sessions to review current performance and establish future objectives and strategies for the Client's employee benefits program;
- q. Develop a mutually agreeable renewal action plan and timeline that highlights accountability and meets the Client's objectives; and
- r. Meet regularly with the Client's key people designated by the Client's benefits management to discuss strategy and open items.

If Marsh has taken over any existing program or policies implemented by another broker/consultant, Marsh will not assume any responsibility for the adequacy or effectiveness of those programs or policies or any actions or omissions occurring prior to Marsh's retention. Marsh will complete a review of those programs and policies and will make recommendations it believes are necessary.

Marsh does not speak for any insurer or service provider, is not bound to utilize any particular insurer or service provider, and does not have the authority to make binding commitments on behalf of any insurer or service provider.

Marsh does not guarantee or make any representation or warranty that insurance or service agreements can be placed on terms acceptable to the Client.

1. Compensation

Marsh will deliver the services outlined in this agreement in return for commissions paid to Marsh from the underlying Insurance policies. Policies include life insurance, long term disability insurance, stop loss insurance, and HMO policy. Additional services available for separate pricing are itemized in section 3 of this agreement. This schedule of compensation will be subject to re-negotiation by Marsh and Client in the event there is a significant change in Client operations which affects the nature and scope of its employee benefits program(s). The Client and Marsh agree to renegotiate Marsh's compensation in good faith as appropriate.

2. Term

The term of Marsh's engagement will be three years commencing January 1, 2005. The term may be extended by mutual agreement of the parties. In the event of termination, Marsh will assist the Client in arranging a smooth transition process. However, Marsh's obligation and the obligation of its affiliates to provide services to the Client will cease upon the effective date of termination, unless otherwise agreed in writing.

Either party will have the right to terminate Marsh's engagement upon 90 days prior notice to the other. In the event of termination prior to expiration, Marsh's compensation will be equal to monies earned under the agreement prior to termination.

3. Additional Services

Additional services are available for additional compensation and subject to the negotiation of separate agreements. Such services include, but are not limited to:

- Consulting relating to work force strategies, including behavioral risk management, absence management, cumulative injury management, financial diagnostics and custom risk and insurance solutions;
- Business interruption and other claims valuation services offered by Marsh's CAPS Claims Accounting and Preparation Services practice;
- Environmental risk consulting services;
- Operations and assets consulting services, including business continuity management, supply chain risk management, engineering support services and strategic risk assessments;
- Risk management claims information systems, including Marsh's STARS and Trendtracker software programs, and related services;
- Claims services other than those specified above, including catastrophic claims, mass tort claims, claims advocacy services and archival research;
- Services in connection with loss portfolio transfers and alternative risk financing;
- Establishment and administration of captive insurers;
- Non-recurring insurance placements involving significant quantitative or actuarial analysis or modeling, placements of risks with financial institutions other than insurance carriers, and placements of risks not customarily accepted by insurers;
- Actuarial services; and
- Interactive on-line client services

4. Books and Records

The Client is entitled to copies of reports and/or documents relating to its account. However, files (other than copies of insurance policies) will not be retained for more than five years after the expiration of a particular policy's term.

5. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada applicable to agreements executed and to be performed entirely within Nevada, without regard to its conflicts of law provisions.

6. Miscellaneous

This Agreement contains the entire understanding of the parties with respect to the subject matter contained herein, superseding all prior agreements, understandings and negotiations with respect to such matters. This Agreement may be modified or otherwise amended and the observance of any term of this Agreement may be waived, only if such modification, amendment or waiver is in writing and signed by the party to be charged with same. This Agreement shall be binding upon and inure to the benefit of the parties' respective successors. Neither party shall have any liability for any failure or delay in performance of its obligations under this Agreement because of circumstances beyond its reasonable control, including without limitation, acts of God, fires, floods, earthquakes, acts of war or terrorism, civil disturbances, sabotage, accidents, unusually severe weather, governmental actions, power failures, computer/network viruses that are not preventable through generally available retail products, catastrophic hardware failures or attacks on its server.

Marsh USA Inc

By: Tanna Prince

Tanna Prince

Senior Vice President

Date: 11-22-04

ACCEPTED AND AGREED:

City of Las Vegas

By: H. Claudette

Date: 11-22-04

APPROVED AS TO FORM:

Ch. V. [Signature] 11/12/04
DATE

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to contract with Beech Street Preferred Provider Organization (PPO) network (\$20,000 - Self-insurance internal service fund)

Fiscal Impact:

☐	No Impact	Amount:	\$20,000.00
☒	Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐	Augmentation Required	Funding Source:	Self-insurance internal service fund

PURPOSE/BACKGROUND:

The City Health Insurance Plan (CHIP) is a self funded Preferred Provider Organization (PPO) plan. The PPO network is currently contracted through Horizon Health Network. Horizon Health Network contracts with participating physicians and hospitals thereby establishing our PPO network. A request for proposal shows significant cost savings due to hospital and physician contracts by changing from Horizon Health Network to Beech Street PPO network. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the contract with Beech Street Preferred Provider Organization (PPO) network be approved.

BACKUP DOCUMENTATION:

Memo from Marsh dated September 30, 2004 regarding City of Las Vegas Marketing Results and Marsh Recommendations

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

Memo

To: **Steve Miller, City of Las Vegas**
Date: September 30, 2004
Subject: **City of Las Vegas Marketing Results and Marsh Recommendations**

At your direction, Marsh requested proposals from insurance vendors for The City of Las Vegas' employee benefit program. Following is a brief summary of the results of the marketing process and our recommendations. Extensive detail and supporting reports and proposals were provided previously.

Prescription Benefit Management (PBM) Provider

On May 14, 2004, we sent bid specifications to ten PBM vendors. We received proposals from five vendors, including your current PBM, CatalystRx.

Based upon the proposals received and our analysis, we recommend The City continue the contract with CatalystRx. This vendor provides the most competitive prescription discounts and quality customer service to The City.

Employee Assistance Program (EAP)

On May 26, 2004, we sent bid specifications to ten EAP vendors. We received proposals from five vendors, including your current EAP vendor, Harmony Healthcare.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Harmony Healthcare. The fee charged and the services provided by Harmony are comparable to other EAP companies who responded. The City has been satisfied with the services provided by Harmony; we see no motivating cost or service factor suggesting a change.

Dental Preferred Provider Organization (PPO)

On May 14, 2004, we sent bid specifications to five Dental PPO networks. We received proposals from three vendors, including your current Dental PPO network, Diversified Dental Services.

Based upon the proposals received and our analysis, we recommend The City continue the contract with Diversified Dental Services (DDS). DDS offers the largest list of participating dental providers in Nevada and has continued to add dentists to the program. The most effective element within a dental network is assuring a large number of discounted dentists. Given the extensive size of the DDS network and the competitive fee offered, we recommend renewing the network contract.

Vision Program

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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with Diversified Dental Services, Inc. (\$19,250 - Self-insurance internal services fund)

Fiscal Impact:

☐ No Impact	Amount:	\$19,250.00
☒ Budget Funds Available	Dept./Division:	Human Resources - Insurance Services
☐ Augmentation Required	Funding Source:	Self-insurance internal service fund

PURPOSE/BACKGROUND:

The City Dental Preferred Provider Network (PPO) is currently offered through Diversified Dental Services, Inc. The current contract expires 12/31/04. An increase of approximately \$1,000 over calendar year 2004 is requested. The PPO access fee quoted in the renewal is guaranteed not to increase for a period of three calendar years. Costs are within approved FY2005 budgets.

RECOMMENDATION:

It is recommended that the renewal of the contract with Diversified Dental Services, Inc. be approved.

BACKUP DOCUMENTATION:

Memo from Marsh dated September 30, 2004 regarding City of Las Vegas Marketing Results and Marsh Recommendations

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: HUMAN RESOURCES

DIRECTOR: F. CLAUDETTE ENUS

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to renew the contract with BenefitElect for Flex Plan Administration services

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The City has used BenefitElect as the Third Party Administrator (TPA) for the Flex Benefit Plan since 1996. This renewal is offered with no increase to participants for 2005.

RECOMMENDATION:

It is recommended that the renewal contract with BenefitElect for Flex Plan Administration services be approved.

BACKUP DOCUMENTATION:

Letter from BenefitElect dated August 17, 2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

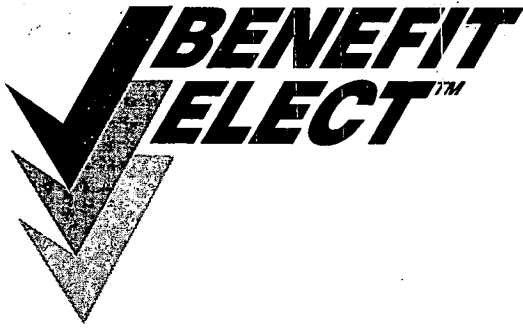
Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803



August 17, 2004

Mr. Steve Miller
City of Las Vegas, Benefits
400 E. Stewart Ave.
Las Vegas, NV 89101

Dear Mr. Miller:

There will be no change in the present administration fee of \$5.50 per participant, for the plan year beginning 1/1/05.

Please call if you have any questions. Once again we look forward to working with you and your staff.

Very truly yours,

Joy Rose
Senior Administrator

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: LEISURE SERVICES

DIRECTOR: BARBARA JACKSON

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of grant award in the amount of \$1,000 (Mini-Grant Number 2004-43) from the Nevada Humanities Committee to the City of Las Vegas Cultural Affairs Division to support poetry readings - Ward 1 (Moncrief)

Fiscal Impact:

☐ No Impact	Amount:	\$1,000.00
☒ Budget Funds Available	Dept./Division:	Cultural Affairs Division
☐ Augmentation Required	Funding Source:	Mini-Grant Award Number 2004-43

PURPOSE/BACKGROUND:

The Nevada Humanities mini-grant award to the City of Las Vegas Cultural Affairs Division shall be to support poetry readings on Lewis Avenue in collaboration with the Vegas Valley Book Festival. The grant period runs from October 1 through November 31, 2004.

RECOMMENDATION:

Staff recommends City Council approval

BACKUP DOCUMENTATION:

Grant Award Letter

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803



P.O. BOX 8029
RENO, NEVADA 89507-8029
775-784-6587 • FAX 775-784-6527
TOLL FREE: 800-382-5023

4505 MARYLAND PARKWAY, BOX 455080
LAS VEGAS, NEVADA 89154-5080
702-895-1878 • FAX 702-895-1877

**AFFILIATE OF
THE NATIONAL ENDOWMENT
FOR THE HUMANITIES**

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LAS VEGAS OFFICE

Kris Darnall
Program Coordinator
for Southern Nevada
darnall@unlv.nevada.edu

September 7, 2004

Richard Hooker
749 Veterans Memorial Drive
Las Vegas, NV 89101

Re: NH grant # 2004-43 Lewis Avenue Poetry Café

Dear Richard,

I am pleased to inform you that Nevada Humanities has awarded a \$1000 grant to the Cultural Affairs Division of the City of Las Vegas for the three day Lewis Avenue poetry festival.

Please carefully read the Guidelines for Funded Projects. Then if you wish to accept this grant offer, please sign and return the two copies of the regrant agreement, one of which will be returned to you. As the same time, the City of Las Vegas Division of Cultural Affairs may request full payment of the grant funds. A final narrative and fiscal report is due within 90 days of the conclusion of the project.

We ask that you invite board members to the poetry cafe, and that you write to our Congressional representatives and the Governor thanking them for their support of Nevada Humanities and, indirectly, your project.

Please remember to mention Nevada Humanities at each session and in press releases. We ask that you display our logo on printed announcements and wherever feasible.

If you have any questions, or if we can help in any other way, do not hesitate to call me or another member of the staff.

Sincerely yours,


Judith Winzeler, Executive Director

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: LEISURE SERVICES

DIRECTOR: BARBARA JACKSON

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a proposed "Tournament Fee" for private sports tournaments using City athletic fields (estimated \$200,000 revenue increase - General Fund) - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The Department of Leisure Services is proposing a new fee for private sports tournaments played on City owned sports fields. The expected additional revenue, as a result of this proposed new fee, will augment cost recovery for the Adaptive Sports Division. If approved, the new fee will go into effect beginning in January, 2005.

RECOMMENDATION:

Staff recommends City Council approval

BACKUP DOCUMENTATION:

Agenda Memo

MOTION:

REESE - APPROVED as recommended - UNANIMOUS with MONCRIEF excused

MINUTES:

Under Item 3, COUNCILMAN BROWN requested this matter be pulled from the Consent Agenda for discussion.

DR. BARBARA JACKSON, Director, Leisure Services, indicated that in 2003 her staff came up with an innovative fee structure for Leisure Services that was not implemented in January 2004 because there was no need for programmatic fee increases. However, her staff recognized in this fall's benchmarking an opportunity for a fee implementation for the use of City ball fields.

Historically, all tournament holders have charged their own leagues a specific amount for participating in tournaments held. Her staff is proposing a small percentage increase of the tournament fees to help defray the cost of the use of the athletic fields. The City would be a leader in implementing this new fee, and representatives of the National Parks Association and other local municipalities have indicated this is a strong move for the City. Also, the local sports leagues have been advised of this proposal, and they are receptive to it.

COUNCILMAN WEEKLY expressed concern about the team members incurring the increased cost through registration fees. A lot of children already pay up to \$80 to play on a team. He was also concerned about how the generated revenue would be utilized. Because, even though it is intended for field maintenance, he does not see that currently happening with the West Middle School field, which gets a lot of use. He wondered if a relationship was ever established with the Clark County School District regarding the maintenance of that field through the Open Doors/Open Schools Joint Use

CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

MINUTES - Continued:

Agreement. Lorenzi Park also gets a lot of use. He would like more revenue to maintain the fields, as long as it is applied equitably and without passing the cost onto the players. He stressed that he does not want to receive calls from angry constituents complaining that the fields are not being maintained and that the increased fees are not affordable. DR. JACKSON assured COUNCILMAN WEEKLY that she and her staff are making significant inroads with regard to the Open Doors/Open Schools Agreement, and that she noted his concerns about Lorenzi Park.

COUNCILMAN BROWN commented that COUNCILMAN REESE shared with him concerns similar to those of COUNCILMAN WEEKLY, but COUNCILMAN BROWN wants the public to understand what the City is trying to accomplish. This does not affect recreational soccer, or those types of events for which the public expects services to be available. The proposed fees would affect fees the City has been targeting as certain sports complexes have been erected. There are tournaments coming into town that generate up to \$60,000, which is going back into the organization, and the City would like to tap into those monies to be able to upkeep and maintain the fields. The City is not targeting the recreational audience but people that are taking advantage of the City's services. He stressed that this is a great first step to retrofitting current facilities and those underway.

JOHN CHAMBERS, Manager, Adaptive Recreation/Sports Division of Leisure Services, mentioned that he would attempt to address with the leagues the possibility of assisting those teams that have difficulties fundraising. He noted that this proposal would not affect tournaments such as the Mayor's Cup or Corporate Challenge. It only addresses the private, for-profit groups that hold large tournaments on City fields.

COUNCILMAN BROWN indicated that he is aware that staff has started dialogue with the City Attorney's office, as well as with some of the leagues, about having the leagues monitor expenses they incur at City facilities in order to best judge their paying ability. The City is entitled to ask the major tournament holders for an accounting. They owe it to the City, which, in turn, owes it to the taxpayers, who are funding recreational facilities.

COUNCILMAN MACK asked MR. CHAMBERS if his staff checked with municipalities across the country to ensure that the City's fee increases are inline. MR. CHAMBERS answered that in October, at the National Recreation and Parks Congress held in Reno, he met with municipalities from around the country who indicated they have been entertaining this type of augmentation to their fee structure, but they had not come up with a solid equation. The City's equation is very simple: teams x registration fees x 10%. The County is considering implementing the City's proposed fee structure, if the City is successful.

COUNCILMAN MACK expressed support of charging a fee to leagues that have concession stands in order to pay for the cost of maintaining the facilities. MR. CHAMBERS indicated that his staff is exploring that possibility.

MAYOR GOODMAN asked if the City is the first to do something like this. MR. CHAMBERS responded in the affirmative.

NOTE: COUNCILMAN BROWN directed DR. JACKSON to try and start a baseline to determine if the

CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

MINUTES - Continued:

percentage the City is going to charge is being tacked on to member fees. If so, the City can set parameters, because the tournament holders should not be taking advantage of public facilities at the cost of the players.

(10:01 - 10:13)

1-1951

AGENDA MEMO

CITY COUNCIL MEETING DATE: November 3, 2004

DEPARTMENT: Leisure Services

ITEM DESCRIPTION: New Fee for Private Sports Tournaments

BACKGROUND:

Introduction

Last year the Department of Leisure Services presented a fee increase proposal to Council and it was approved. Included in that fee increase presentation was a commitment to review department program fees and benchmark them with local entities annually. This year's review resulted in no recommended increases to existing fees; however, a new fee opportunity was identified. The Adaptive and Adult Sports Division of the Department is recommending the establishment of a new tournament fee to be applied to private sports organizers who use city owned fields.

Historical Information

The City athletic fields are very popular with sports groups and are used each year for a variety of private sports tournaments. Last year approximately 13 tournaments were held and included various soccer and softball tournaments such as Las Vegas Coaches Classic, Premier Invitation and others. Historically, the department has only charged an hourly rate to the private tournament organizers for the use of the City fields. That fee is based on the estimated time the fields are used and the number of teams using them. For example, a 100-team tournament organized on City athletic fields would require 30 hours of field usage and generate \$3,000.00 in revenue. These fees add approximately \$40,000 in revenue annually

Private sports tournaments have a variety of costs associated with their operations. Some examples include; the field fees, officials, publicity and other miscellaneous items. The private organizers charge a registration fee to each team registering to recoup those costs and generate a profit for the organization. For example, if a tournament included 100 teams, the organizer would charge \$500 per team and garner \$50,000 in revenue. In addition, the tournament organizer is granted all revenues from concessions sold at the tournament. Those revenues can often generate an additional \$15,000 for the organizer.

Proposed New Fee

The new fee would be imposed on each private tournament scheduled on a City sports field starting in January 2005. The fee will be based on the following equation:

City of Las Vegas

City Council Meeting of November 3, 2004

Leisure Services - Consent

Number of teams x Registration fee x 10% = New fee

Page Two

For example, for a private tournament of 100 teams with a registration fee of \$500.00 the new fee would garner an additional \$5,000.00 for the City. (100 x \$500 x .10 = \$5,000)

The major private sports tournament organizers received notice of this proposed change in the August 2004 City Field Allocation meeting. Those present are planning to adjust their business fees to accommodate the new tournament fee should it be imposed. Other public entities in the area, that host tournaments, are also in the process of adjusting their fee schedule with a similar new fee.

SUMMARY

- This is the annual fee review report by the Leisure Services Department as stipulated in last year's fee increase presentation.
- Based on the benchmarking and cost analysis performed by the Department, no increases or decreases to current fees are recommended.
- A new fee for private tournaments scheduled on City Sports fields is requested.
- The new tournament fee will augment the Department cost recovery efforts.
- Upon approval the tournament fee will commence in January 2005 and generate an additional \$200,000.00 in revenue annually.

RECOMMENDATION:

Approval of the proposed new fee is recommended.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: NEIGHBORHOOD SERVICES

DIRECTOR: ORLANDO SANCHEZ

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Deferred Loan Agreement expending \$36,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1132 South 15th Street, Mario Macias, owner - Ward 3 (Reese)

Fiscal Impact:

☐	No Impact	Amount:	\$36,000.00
☒	Budget Funds Available	Dept./Division:	Neigh. Svcs./Neigh. Devel.
☐	Augmentation Required	Funding Source:	HOME

PURPOSE/BACKGROUND:

Mr. Macias and his wife are an elderly couple with an annual household income of \$22,260. This income level qualifies Mr. Macias for a HOME funded Deferred Housing Rehabilitation Loan. The requested funding will cover the cost from the low responsive bidding contractor, preliminary title report, credit report, recording fees, real estate appraisal, work contract contingency, structural and mechanical engineering.

RECOMMENDATION:

Staff recommends approval.

BACKUP DOCUMENTATION:

Deferred Loan Agreement

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

DEFERRED LOAN AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of November 2004, by and between the City of Las Vegas, a municipal corporation of the State of Nevada, (herein the "City"), and Mario Macias, (herein the "Owner").

WITNESSETH:

WHEREAS, Clark County, Nevada, (herein the "County") has entered into a Grant Agreement with the United States Department of Housing and Urban Development, (herein "HUD") for participation in the Home Investment Partnerships Program, (herein the "HOME Program"), under 24 CFR Part 92 as amended; and

WHEREAS, the County as the Entitlement Grantee for the HOME Program is responsible for planning, administration, implementation and evaluation of the program; and

WHEREAS, the City has entered into an Interlocal Agreement with the County for the purpose of creating a HOME Program Consortium (herein the "Consortium") wherein the City is entitled to participate in a pro rata share of all HOME Program funds allocated to and administered by the County; and

WHEREAS, the County pursuant to the terms and conditions of the Interlocal Agreement with the City shall transfer HOME Program funds to the City; and

WHEREAS, the City, through the Neighborhood Development Division of the Neighborhood Services Department, has established a Residential Rehabilitation Deferred Loan Program (Loan Program) to enable low-to-moderate income homeowners who reside in their homes within the City of Las Vegas to obtain loans from the City to assist homeowners in making their homes safe and livable; and

WHEREAS, the Owner is the resident of certain improved real property located in the City of Las Vegas, Nevada, commonly known as 1132 S. 15th Street, which more particularly described as: Huntridge Sub Tract 3, Plat Book 2 Page 54, Lot 7 Block 5, City of Las Vegas, County of Clark, State of Nevada, which serves as the Owner's home (hereafter "Owner's home" or "Property"); and

WHEREAS, the Owner desires to have certain rehabilitation work performed on the Owner's home which is described as follows to wit: New roofing system, new mechanical system, new windows, plumbing and electrical repairs, (hereinafter "Rehabilitation Work"); and

WHEREAS, the Owner desires to obtain from the City a loan which is to be used solely for the Rehabilitation Work of the Owner's home;

NOW, THEREFORE, it is mutually agreed by and between the parties that:

1. The City agrees to lend to the Owner, and the Owner agrees to borrow from the City, the sum of Thirty two thousand three hundred sixty eight and no/100----Dollars (\$32,368.00) (herein the "HOME Program Loan") which amount is based on the estimated cost of the labor and materials required for the Rehabilitation Work on the Owner's home.

2. The Owner agrees to execute any contract required to effect completion of the Rehabilitation Work on the Owner's home. Changes in the amounts to be paid for the labor and/or materials shall be authorized only by a written Change Order, which must be signed by the Owner and the contractor performing the Rehabilitation Work, but in no event shall any Change Order be executed without written approval of the City's Neighborhood Development Division. In the event that the Change Order changes the amount of the contract entered into for the Rehabilitation Work, the Loan will be adjusted accordingly unless the Change Order is not approved by the City.

3. The Owner agrees that the proceeds of the HOME Program Loan will be used solely for the rehabilitation of the Owner's home.

4. The Owner agrees to execute the Promissory Note and Deed of Trust, copies of which are attached hereto as Exhibits "A" and "B" in favor of the City and to repay the HOME Program Loan in accordance with the provisions of the Promissory Note. If, upon completion of the Rehabilitation Work, the amount expended for the Rehabilitation Work varies from the sum of \$32,368.00, the Owner agrees to execute a revised Promissory Note and Deed of Trust, if necessary, so that the amount of the indebtedness concurs with the amount expended for the Rehabilitation Work.

5. The Owner agrees to obtain and maintain policies of fire, hazard and flood insurance (where required) for the Owner's home, specifically the building and its contents in the minimum amount of \$32,368.00. With respect to such insurance, the Owner further agrees to:

a. Name the City as an additional insured party on the policies, as the City's interest may appear;

b. Adjust as needed the amount of insurance coverage expressly required to be maintained by this Paragraph 5 so as to reflect the reconstruction or replacement costs of the Owner's home;

c. Furnish to the City annually certificates of insurance demonstrating that the foregoing insurance requirement in the sum stated is in effect;

d. Notify the City ten (10) days prior to any material change in insurance coverage or of a cancellation or an impending lapse of such coverage; and

e. Maintain such insurance identifying the City as an additional insured party on the Owner's home until the termination of this Agreement.

6. The Owner understands and agrees that the Loan is for the benefit of the Owner only and only as long as the Owner actually lives in Owner's home. In the event that all or any part of the improved real property that is the subject of this Agreement or an interest therein is sold, transferred or otherwise alienated, or if the Owner ceases to live in the Owner's home, the total amount of the Loan, without interest shall, at the discretion of the City, be immediately due and payable.

7. The Owner acknowledges that the loan is comprised of federal HOME funds. The Owner further understands and agrees that the City of Las Vegas requires that unit (Owner's home) assisted with federal funds remain affordable until the Owner's home is sold, transferred or otherwise alienated and the subsidy provided by federal funds is recaptured. Owner agrees to execute the Promissory Note and a Deed of Trust of even date herewith granting the property of Owner's home in favor of City of Las Vegas, State of Nevada ("Deed of Trust") and to comply with and/or acknowledge the following deed restrictions:

- (1) The term of compliance is 10 years.
- (2) The Property must be used as the Owner's principal home.
- (3) No temporary subleases of Owner's home are allowed;
- (4) Federal funds, which comprise the loan, must be recaptured upon sale, transfer or change of ownership of Owner's home.
- (5) Should the Homebuyer lose possession of the property through foreclosure, the City of Las Vegas must be properly notified in a timely manner in order to be included in the division of net proceeds of the property (if any), and this amount will satisfy the repayment of the HOME investment.
- (6) The estimated value of the Property, after rehabilitation, does not exceed 95 percent of the median price for the area where the property is located.

8. The City will not subordinate its lien position for future lending except in the following circumstances: (1) to refinance an existing mortgage to a lower interest rate to reduce their monthly payment or (2) in the event of the death of the owner and the property is being refinanced to allow a new income eligible family member to acquire the property. Home equity loans will only be allowed if the financier of the loan is willing to take a subordinate position to the City's lien. Bill consolidation loans, new higher mortgages, or loans that result in the Owner receiving cash as a result of the new increased value of the asset will not be approved for subordination. An approved subordination will be allowed once during the affordability period.

9. Owner agrees to indemnify and save the City, its officers, employees and agents (collectively "City"), harmless from and against any claims or causes of action filed against City as a result from, related to, or arising out of Owner's action or inaction concerning the Rehabilitation work on Owner's home.

10. MISCELLANEOUS PROVISIONS

A. NOTICES

Any notice or other communication required or permitted to be given under this Agreement (herein the "Notices") shall be in writing and shall be (i) personally delivered, or (ii) delivered by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid. The Notices shall be deemed received upon actual receipt. The Notices shall be directed to the parties at their respective addresses shown below, or such other address as either party may, from time to time, specify in writing to the other party in the manner described above:

CITY

City of Las Vegas
Attention: Director,
Neighborhood Services Department
400 Stewart Avenue, 2nd Floor
Las Vegas, NV 89101

OWNER:

Mario Macias
1132 S. 15th Street
Las Vegas, NV 89104

B. AMENDMENTS

This Agreement may not be amended or modified except by a written instrument executed by the parties hereto.

C. TIME OF THE ESSENCE

Time is of the essence of this Agreement and each and every term, condition and provision hereof.

D. NO WAIVER

No waiver of any of the provisions of the Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

E. COUNTERPARTS

This agreement may be executed in two (2) counterparts, each of which shall be deemed to be an original.

F. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between parties hereto with respect to the subject matter hereof, and supersedes all prior understandings or agreements between the parties.

G. HEADINGS AND INTERPRETATION

Headings used in this agreement are for convenience or reference only and are not intended to govern, limit or aid in the construction of any term or provision hereof. Any reference to a Section in this Agreement shall include all sections and subsections related thereto.

H. CHOICE OF LAW

This Agreement and each and every related document are to be governed by, and construed in accordance with, the laws of the State of Nevada.

1. SEVERABILITY

If any term, covenant, condition or provision of this agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction, or rendered by the adoption of a statute invalid, void or unenforceable, the remainder or the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

J. ATTORNEY'S FEES

In the event that any party hereto institutes an action or proceeding relating to or arising out of this Agreement, or the transactions contemplated hereby, or in the event any party is in default of its obligations pursuant thereto, whether or not suit is filed or prosecuted to final judgment, in the prevailing party shall be entitled to its reasonable attorneys' fees and to all court costs incurred, in addition to any other damages or relief awarded.

K. ASSIGNMENT

This agreement may not be assigned without the written consent of the City.

L. DISCLOSURE OF PRINCIPALS. Pursuant to resolution R-105-99 adopted by the City Council effective October 1, 1999, (Owner's name) warrants that it has disclosed, on the form attached hereto as Exhibit C, all principals, including, partners of Owner or anyone acquiring an interest in Owner's home, as well as all persons and entities holding more than 1% interest in Owner's home or any principal of the company acquiring Owner's home. Throughout the term hereof, Owner shall notify in writing of any material change in the above disclosure within 15 days of any such change.

M. RIGHT TO REVIEW AND AUDIT

1. The Owner agrees to maintain financial records pertaining to all matters relative to this Agreement in accordance with standard accounting principles and procedures and to retain all records and supporting documentation applicable to this Agreement for a period of three years, except those records subject to audit findings shall be retained for three years after such findings have been resolved. In the event the Owners goes out of existence, the Agreement shall turn over to the City all of its records relating to this Agreement to be retained by the City for the required period of time.

2. The Owner agrees to permit the City or the City's designated representatives to inspect and audit its records and books relative to this Agreement at any time during normal business hours and under reasonable circumstances and to copy therefrom any information that the City desires concerning Owner's operation hereunder. The Owners further understands and agrees that said inspection and audit would be exercised upon written notice. If the Owners or its records or books are not located within Clark County Nevada, In the event of an inspection and audit, Owner agrees to deliver the records or books or have the records of books delivered to the City or the City's designated representatives at an address within the City of Las Vegas as designated by the City. If the City or the City's designated representatives find that the records delivered by the Owners are incomplete, the Owners agrees to pay the City or the City representatives' costs to travel (including travel, lodging, meals and other related expenses) to the Owner's offices to inspect, audit, and retrieve the complete records. The Owners further agrees to permit the City or the City's designated representatives to inspect and audit, as deemed necessary, all records of this project relating to finances, as well as other records including performance records that may be required by relevant directives of funding sources of the City.

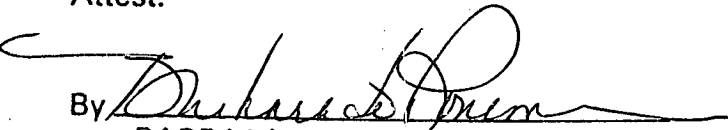
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

CITY OF LAS VEGAS

BY: 
OSCAR B. GOODMAN, Mayor

ATTEST:

Attest:

By 
BARBARA JO RONEMUS, City Clerk

Approved as to form:


10/22/07 Date


MARIO MACIAS, Owner

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: NEIGHBORHOOD SERVICES

DIRECTOR: ORLANDO SANCHEZ

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Deferred Loan Agreement expending \$35,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1320 Gold Avenue, Gloria Schuler White, owner - Ward 5 (Weekly)

Fiscal Impact:

☐ No Impact	Amount:	\$35,000.00
☒ Budget Funds Available	Dept./Division:	Neigh. Svcs./Neigh. Devel.
☐ Augmentation Required	Funding Source:	HOME

PURPOSE/BACKGROUND:

Gloria Schuler White is a single mother of two with an annual household income of \$25,450. This income level qualifies her for a HOME funded Deferred Housing Rehabilitation Loan. The requested funding will cover the cost from the low responsive bidding contractor, preliminary title report, credit report, recording fees, real estate appraisal and work contract contingency.

RECOMMENDATION:

Staff recommends approval.

BACKUP DOCUMENTATION:

Deferred Loan Agreement

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

DEFERRED LOAN AGREEMENT

THIS AGREEMENT, made and entered into this 3rd day of Nov., 2004, by and between the City of Las Vegas, a municipal corporation of the State of Nevada, (herein the "City"), and Gloria Schuler White, (herein the "Owner").

WITNESSETH:

WHEREAS, Clark County, Nevada, (herein the "County") has entered into a Grant Agreement with the United States Department of Housing and Urban Development, (herein "HUD") for participation in the Home Investment Partnerships Program, (herein the "HOME Program"), under 24 CFR Part 92 as amended; and

WHEREAS, the County as the Entitlement Grantee for the HOME Program is responsible for planning, administration, implementation and evaluation of the program; and

WHEREAS, the City has entered into an Interlocal Agreement with the County for the purpose of creating a HOME Program Consortium (herein the "Consortium") wherein the City is entitled to participate in a pro rata share of all HOME Program funds allocated to and administered by the County; and

WHEREAS, the County pursuant to the terms and conditions of the Interlocal Agreement with the City shall transfer HOME Program funds to the City; and

WHEREAS, the City, through the Neighborhood Development Division of the Neighborhood Services Department, has established a Residential Rehabilitation Deferred Loan Program (Loan Program) to enable low-to-moderate income homeowners who reside in their homes within the City of Las Vegas to obtain loans from the City to assist homeowners in making their homes safe and livable; and

WHEREAS, the Owner is the resident of certain improved real property located in the City of Las Vegas, Nevada, commonly known as 1320 Gold Avenue, which more particularly described as: PT NW4 NE4 SEC 28 20 61, City of Las Vegas, County of Clark, State of Nevada, which serves as the Owner's home (hereafter "Owner's home" or "Property"); and

WHEREAS, the Owner desires to have certain rehabilitation work performed on the Owner's home which is described as follows to wit: Doors, new roofing, new mechanical system, cabinetry, windows, wall repair and paint, plumbing and electrical repairs, flooring, (hereinafter "Rehabilitation Work"); and

WHEREAS, the Owner desires to obtain from the City a loan which is to be used solely for the Rehabilitation Work of the Owner's home;

NOW, THEREFORE, it is mutually agreed by and between the parties that:

1. The City agrees to lend to the Owner, and the Owner agrees to borrow from the City, the sum of Twenty seven thousand four hundred forty six and 37/100--Dollars (\$27,446.37) (herein the "HOME Program Loan") which amount is based on the estimated cost of the labor and materials required for the Rehabilitation Work on the Owner's home.

2. The Owner agrees to execute any contract required to effect completion of the Rehabilitation Work on the Owner's home. Changes in the amounts to be paid for the labor and/or materials shall be authorized only by a written Change Order, which must be signed by the Owner and the contractor performing the Rehabilitation Work, but in no event shall any Change Order be executed without written approval of the City's Neighborhood Development Division. In the event that the Change Order changes the amount of the contract entered into for the Rehabilitation Work, the Loan will be adjusted accordingly unless the Change Order is not approved by the City.

3. The Owner agrees that the proceeds of the HOME Program Loan will be used solely for the rehabilitation of the Owner's home.

4. The Owner agrees to execute the Promissory Note and Deed of Trust, copies of which are attached hereto as Exhibits "A" and "B" in favor of the City and to repay the HOME Program Loan in accordance with the provisions of the Promissory Note. If, upon completion of the Rehabilitation Work, the amount expended for the Rehabilitation Work varies from the sum of \$27,446.37, the Owner agrees to execute a revised Promissory Note and Deed of Trust, if necessary, so that the amount of the indebtedness concurs with the amount expended for the Rehabilitation Work.

5. The Owner agrees to obtain and maintain policies of fire, hazard and flood insurance (where required) for the Owner's home, specifically the building and its contents in the minimum amount of \$27,446.37. With respect to such insurance, the Owner further agrees to:

a. Name the City as an additional insured party on the policies, as the City's interest may appear;

b. Adjust as needed the amount of insurance coverage expressly required to be maintained by this Paragraph 5 so as to reflect the reconstruction or replacement costs of the Owner's home;

c. Furnish to the City annually certificates of insurance demonstrating that the foregoing insurance requirement in the sum stated is in effect;

d. Notify the City ten (10) days prior to any material change in insurance coverage or of a cancellation or an impending lapse of such coverage; and

e. Maintain such insurance identifying the City as an additional insured party on the Owner's home until the termination of this Agreement.

6. The Owner understands and agrees that the Loan is for the benefit of the Owner only and only as long as the Owner actually lives in Owner's home. In the event that all or any part of the improved real property that is the subject of this Agreement or an interest therein is sold, transferred or otherwise alienated, or if the Owner ceases to live in the Owner's home, the total amount of the Loan, without interest shall, at the discretion of the City, be immediately due and payable.

7. The Owner acknowledges that the loan is comprised of federal HOME funds. The Owner further understands and agrees that the City of Las Vegas requires that unit (Owner's home) assisted with federal funds remain affordable until the Owner's home is sold, transferred or otherwise alienated and the subsidy provided by federal funds is recaptured. Owner agrees to execute the Promissory Note and a Deed of Trust of even date herewith granting the property of Owner's home in favor of City of Las Vegas, State of Nevada ("Deed of Trust") and to comply with and/or acknowledge the following deed restrictions:

- (1) The term of compliance is 10 years.
- (2) The Property must be used as the Owner's principal home.
- (3) No temporary subleases of Owner's home are allowed;
- (4) Federal funds, which comprise the loan, must be recaptured upon sale, transfer or change of ownership of Owner's home.
- (5) Should the Homebuyer lose possession of the property through foreclosure, the City of Las Vegas must be properly notified in a timely manner in order to be included in the division of net proceeds of the property (if any), and this amount will satisfy the repayment of the HOME investment.
- (6) The estimated value of the Property, after rehabilitation, does not exceed 95 percent of the median price for the area where the property is located.

8. The City will not subordinate its lien position for future lending except in the following circumstances: (1) to refinance an existing mortgage to a lower interest rate to reduce their monthly payment or (2) in the event of the death of the owner and the property is being refinanced to allow a new income eligible family member to acquire the property. Home equity loans will only be allowed if the financier of the loan is willing to take a subordinate position to the City's lien. Bill consolidation loans, new higher mortgages, or loans that result in the Owner receiving cash as a result of the new increased value of the asset will not be approved for subordination. An approved subordination will be allowed once during the affordability period.

9. Owner agrees to indemnify and save the City, its officers, employees and agents (collectively "City"), harmless from and against any claims or causes of action filed against City as a result from, related to, or arising out of Owner's action or inaction concerning the Rehabilitation work on Owner's home.

10. MISCELLANEOUS PROVISIONS

A. NOTICES

Any notice or other communication required or permitted to be given under this Agreement (herein the "Notices") shall be in writing and shall be (i) personally delivered, or (ii) delivered by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid. The Notices shall be deemed received upon actual receipt. The Notices shall be directed to the parties at their respective addresses shown below, or such other address as either party may, from time to time, specify in writing to the other party in the manner described above:

CITY

City of Las Vegas
Attention: Director,
Neighborhood Services Department
400 Stewart Avenue, 2nd Floor
Las Vegas, NV 89101

OWNER:

Gloria Schuler White
1320 Gold Avenue
Las Vegas, NV 89106

B. AMENDMENTS

This Agreement may not be amended or modified except by a written instrument executed by the parties hereto.

C. TIME OF THE ESSENCE

Time is of the essence of this Agreement and each and every term, condition and provision hereof.

D. NO WAIVER

No waiver of any of the provisions of the Agreement shall be deemed, or shall constitute, a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

E. COUNTERPARTS

This agreement may be executed in two (2) counterparts, each of which shall be deemed to be an original.

F. ENTIRE AGREEMENT

This agreement constitutes the entire agreement between parties hereto with respect to the subject matter hereof, and supersedes all prior understandings or agreements between the parties.

G. HEADINGS AND INTERPRETATION

Headings used in this agreement are for convenience or reference only and are not intended to govern, limit or aid in the construction of any term or provision hereof. Any reference to a Section in this Agreement shall include all sections and subsections related thereto.

H. CHOICE OF LAW

This Agreement and each and every related document are to be governed by, and construed in accordance with, the laws of the State of Nevada.

1. SEVERABILITY

If any term, covenant, condition or provision of this agreement, or the application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction, or rendered by the adoption of a statute invalid, void or unenforceable, the remainder or the terms, covenants, conditions or provisions of this Agreement, or the application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

J. ATTORNEY'S FEES

In the event that any party hereto institutes an action or proceeding relating to or arising out of this Agreement, or the transactions contemplated hereby, or in the event any party is in default of its obligations pursuant thereto, whether or not suit is filed or prosecuted to final judgment, in the prevailing party shall be entitled to its reasonable attorneys' fees and to all court costs incurred, in addition to any other damages or relief awarded.

K. ASSIGNMENT

This agreement may not be assigned without the written consent of the City.

L. DISCLOSURE OF PRINCIPALS. Pursuant to resolution R-105-99 adopted by the City Council effective October 1, 1999, (Owner's name) warrants that it has disclosed, on the form attached hereto as Exhibit C, all principals, including, partners of Owner or anyone acquiring an interest in Owner's home, as well as all persons and entities holding more than 1% interest in Owner's home or any principal of the company acquiring Owner's home. Throughout the term hereof, Owner shall notify in writing of any material change in the above disclosure within 15 days of any such change.

M. RIGHT TO REVIEW AND AUDIT

1. The Owner agrees to maintain financial records pertaining to all matters relative to this Agreement in accordance with standard accounting principles and procedures and to retain all records and supporting documentation applicable to this Agreement for a period of three years, except those records subject to audit findings shall be retained for three years after such findings have been resolved. In the event the Owners goes out of existence, the Agreement shall turn over to the City all of its records relating to this Agreement to be retained by the City for the required period of time.

2. The Owner agrees to permit the City or the City's designated representatives to inspect and audit its records and books relative to this Agreement at any time during normal business hours and under reasonable circumstances and to copy therefrom any information that the City desires concerning Owner's operation hereunder. The Owners further understands and agrees that said inspection and audit would be exercised upon written notice. If the Owners or its records or books are not located within Clark County Nevada, In the event of an inspection and audit, Owner agrees to deliver the records or books or have the records of books delivered to the City or the City's designated representatives at an address within the City of Las Vegas as designated by the City. If the City or the City's designated representatives find that the records delivered by the Owners are incomplete, the Owners agrees to pay the City or the City representatives' costs to travel (including travel, lodging, meals and other related expenses) to the Owner's offices to inspect, audit, and retrieve the complete records. The Owners further agrees to permit the City or the City's designated representatives to inspect and audit, as deemed necessary, all records of this project relating to finances, as well as other records including performance records that may be required by relevant directives of funding sources of the City.

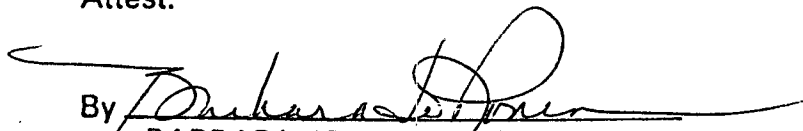
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

CITY OF LAS VEGAS

BY: 
OSCAR B. GOODMAN, Mayor

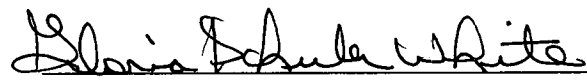
ATTEST:

Attest:

By 
BARBARA JO RONEMUS, City Clerk

Approved as to form:


10/19/04 Date


GLORIA SCHULER WHITE, Owner

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to file a Right-of-Way Grant with the Bureau of Land Management for roadway, sanitary sewer, drainage and streetscape amenity purposes on portions of land lying within Section 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located on the south side of the Dorrell Lane alignment east of the Shaumber Road alignment and approximately 660 feet west of the Hualapai Way alignment; and the east side of the Shaumber Road alignment between the alignments of Dorrell Lane and Deer Springs Road, APNs 126-24-301-013 and -701-014 - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to file a Temporary Use Permit with the Bureau of Land Management for drainage on portions of land lying within Sections 13 and 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located between Hualapai Way and Puli Road on the east and west and by Grand Teton Drive and the Clark County Beltway on the north and south, APNs 126-13-501-002, -401-014, -701-006, 126-24-301-013 and -701-014 - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval to appraise and purchase or condemn a right-of-way parcel for advanced acquisition along the west side of the Martin L. King Boulevard corridor, north of Alta Drive, APN 139-33-202-005 (\$1,750,000 - Regional Transportation Commission [RTC]) - Ward 5 (Weekly)

Fiscal Impact:

☐ No Impact	Amount:	\$1,750,000.00
☒ Budget Funds Available	Dept./Division:	Public Works/City Engineer
☐ Augmentation Required	Funding Source:	RTC

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Map

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

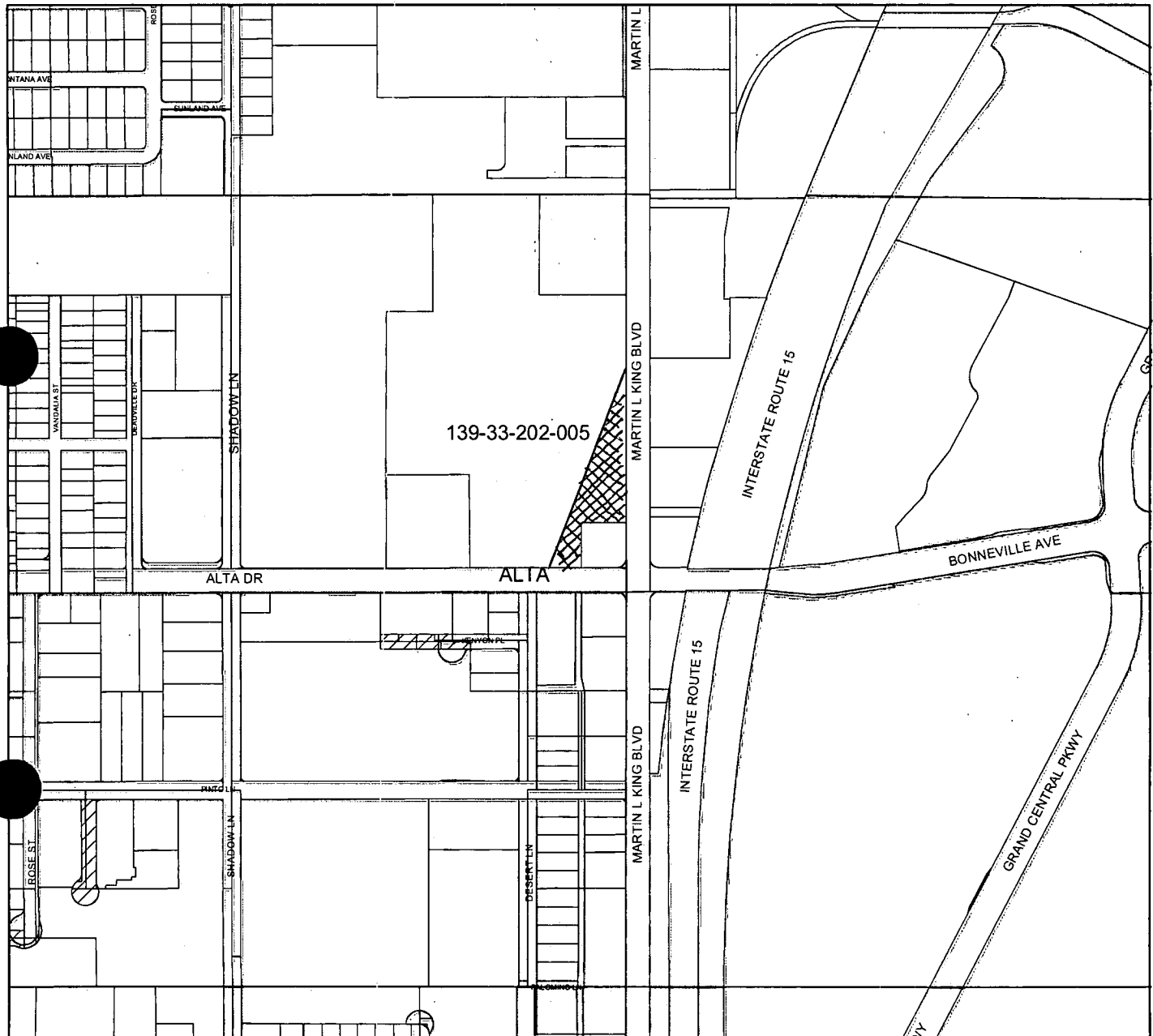
MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

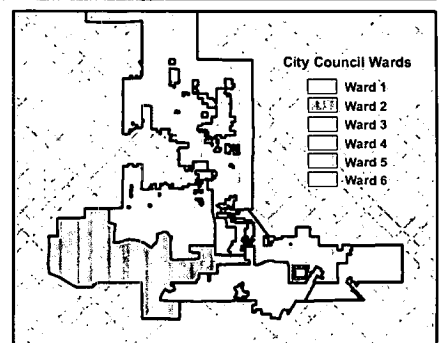
EXHIBIT MAP ALTA - MLK EARLY ACQUISITION



Not to Scale

Created by: Right-of-Way

Due to continuous development activity
this map is for reference only.



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Dedication document to Clark County, a political subdivision of the State of Nevada, for portions of the Southwest Quarter of Section 10, Township 21 South, Range 62 East, Mount Diablo Meridian, for driveway and pedestrian access easement purposes located at the Water Pollution Control Facility on the south side of Vegas Valley Drive, east of Stephanie Street, APN 161-10-401-004 - County (near Ward 3 - Reese)

Fiscal Impact:

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division:

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

**PROFESSIONAL SERVICES AGREEMENT
FOR MATERIALS TESTING and INSPECTION**

THIS AGREEMENT is made and entered into this 3RD day of Nov, 2004,
by and between the CITY OF LAS VEGAS, a municipal corporation within the State of Nevada
(herein the "City"), and Ninyo & Moore, (herein the "Consultant").

WITNESSETH:

WHEREAS, the City intends to construct the Cam 10 (Ann Road) Detention Basin
(herein the "Project"); and

WHEREAS, the City desires to retain a qualified engineer who will be responsible for
providing the construction administration services hereinafter set forth below; and

WHEREAS, the Consultant is properly licensed and qualified in accordance with the
Nevada Revised Statutes as an engineer and has the personnel and facilities necessary to perform
the services hereinafter set forth within the time required under this Agreement.

NOW, THEREFORE, in consideration of the above premises, the parties hereto agree to
the following terms, conditions and covenants set forth in Sections One through Ten hereof:

**SECTION ONE
CONSULTANT RESPONSIBILITIES**

1.01 Consultant Services. The Consultant hereby agrees to provide the basic services
and the additional services set forth in Exhibit "A" (Scope of Services) and Exhibit "B"
(Additional Services) attached hereto.

1.02 Performance Standards. In performing the services set forth in this Agreement,
the Consultant shall follow practices consistent with generally accepted within the engineering
profession.

1.03 Document Review. The Engineer shall be responsible for reviewing each
document prepared by the Consultant and its subconsultants including, without limitation, all
tasks as described in Exhibit "A" and Exhibit "B" for the purpose of ensuring that such
documents are technically sound, in conformance with applicable federal, state and local statutes,
codes, ordinances and other regulations, and do not violate or infringe upon any patent rights.

1.04 Waiver. The City's approval of any documents or services furnished by the
Consultant shall not in any way relieve the Consultant of responsibility for the professional and
technical accuracy of its documents, engineering or other services. The City's review, approval,
acceptance or payment for any of the Consultant's services shall not be construed to operate as a
waiver of any rights enjoyed by the City under this Agreement or of any cause of action arising
out of the performance of this Agreement. The Consultant shall remain liable in accordance with

the terms of this Agreement and applicable law for the damages to the City caused by the Consultant's negligent act or omission committed in the performance of this Agreement.

1.05 Consultant Representative. The Consultant's Representative is hereby designated as Fintan L. Gaffney, Director of Construction Services, who shall be responsible for the services required under this Agreement. All of the services specified by this Agreement shall be performed by the Consultant's Representative, or by the associates and employees identified in the Consultant's proposal provided that such associates and employees perform under the personal supervision of the Consultant's Representative. All employees identified in the Consultant's cost proposal shall be subject to approval by the City's Representative. Should the Consultant's Representative, or any associate or employee, be unable to complete his or her responsibility for any reason, the Consultant will replace the employee with a qualified person approved by the City. If the Consultant fails to make a required replacement within 30 (thirty) days, the City may terminate this Agreement for default as provided in Section 10.03 of this Agreement.

1.06 Correspondence Review. The Consultant shall furnish the City's Representative copies of each correspondence, if any, sent to the Contractor and to any regulatory agencies for approval and review prior to the mailing such correspondence.

1.08 Cooperation with the City. The Consultant agrees that its officers, associates, employees and subconsultants will cooperate with the City in providing services under this Agreement and will be, with advance notice, available for consultation with the City at such reasonable times as to not conflict with the City's other responsibilities.

SECTION TWO CITY RESPONSIBILITIES

2.01 City Representative. The City Engineer or his authorized representative is hereby designated as the City's Representative with respect to this Agreement. The City's Representative shall have complete authority to transmit instructions, receive information, interpret and define the City's policies and decisions with respect to the services of the Consultant.

2.02 Review of Services and Documents. The services to be performed by the Consultant shall be subject to periodic review by the City's Representative. The City's Representative will endeavor to examine and comment in writing on any documents including, without limitation, monthly reports, correspondence sent, and construction inspection and material testing reports.

2.03 Access to Records. The City shall, without charge, furnish a copy to, or make available for examination or use by, the Consultant, as it may request, any documents and data which the City has available including, without limitation, reports, maps, plans, specifications, surveys, records, ordinances, codes, regulations, other documents related to the services required under this Agreement. The City shall assist the Consultant in obtaining data and documents from

public agencies and from private citizens and business firms whenever the City determines that such material is necessary for the completion of the services required by this Agreement.

2.04 Cooperation with Consultant. The City agrees that its officers and employees will cooperate with the Consultant in the performance of this Agreement and will be, with advance notice, available for consultation with the Consultant at such reasonable times as to not conflict with the Consultant's other responsibilities.

SECTION THREE CHANGES TO CONSULTANT'S SERVICES

3.01 Requested Changes. The City Engineer or his authorized representative may at any time, by written order, make changes which may result in an increase or decrease in the services to be performed by the Consultant under this Agreement.

3.02 Adjustment of Compensation. If the changes requested by the City cause an increase or decrease in the cost or time required to perform any of the services required hereunder, an equitable adjustment shall be made in the compensation to be paid to the Consultant under Section Seven. The Agreement shall be modified in writing accordingly. Any claim for adjustment under this Section must be asserted in writing within thirty (30) days from the date of receipt by the Consultant of written notification of the changes to the services to be provided by the Consultant unless the City grants in writing a further period of time. Failure to assert such claim within the time limit provided herein shall constitute a waiver of any right to seek any equitable adjustment in compensation with respect to that change.

SECTION FOUR ADDITIONAL SERVICES OF CONSULTANT

4.01 Additional Services. The Consultant shall provide the additional services described in Exhibit "B" attached hereto if, and only if, so requested in writing by the City. Payment for the additional services will be made to the Consultant in accordance with Section Seven of this Agreement.

4.02 Attendance at Meetings or Public Hearings. The Consultant shall notify the City in advance of any additional costs which may be incurred prior to attending any meetings or public hearings as may be necessary to clarify the interpretation of the services performed by the Consultant under this Agreement.

SECTION FIVE SUB-CONSULTANT AGREEMENT

5.01 Sub-consultant Provisions. In the event that the Consultant with the approval of the City as required under Section 10.07 enters into an agreement with a sub-consultant for the performance of any of its obligations hereunder, the following provisions shall be included in each sub-consultant agreement:

(i) The Consultant agrees to pay the sub-consultant when paid by the City for that portion of the services provided to the City and no liability shall arise on the part of the Consultant to the sub-consultant for payment of the sub-consultant services until the City has made payment to the Consultant. If the City has paid the Consultant for said sub-consultant services, the subconsultant's only recourse is against the Consultant and not against the City, either through the institution of legal or equitable action or the attachment of any lien,

(ii) The sub-consultant shall have no more rights against the City than that of the Consultant,

(iii) The sub-consultant agrees to be bound by all the terms, conditions and obligation of this Agreement unless the City has approved any deviation, change or modification in writing, and

(iv) Unless otherwise approved by the City's Representative, the subconsultant will obtain and maintain professional liability insurance (Errors and Omissions coverage) in connection with the subconsultant services in an amount equal to that required of the Consultant as provided in subsection C of Section 10.05 of this Agreement.

SECTION SIX TERM OF AGREEMENT

6.01 *Term.* This Agreement shall commence on the day it is approved by the City Council or other person duly authorized to execute this Agreement (which shall be inserted in the first paragraph set forth above) and shall remain in force and effect until the Project is completed unless the City serves upon the Consultant a thirty (30) day written Notice of Termination pursuant to Section 10.02. The termination of this Agreement shall not release either party from any of its continuing obligations hereunder.

6.02 *Disputes.* This Section shall not be construed to preclude the filing of any dispute arising out of the performance of this Agreement or in connection with the subject matter hereof, nor shall this Section be construed to change the date or the time on which a cause of action arising out of the performance of this Agreement or in connection with the subject matter hereof, would otherwise accrue under the statutes of limitation or doctrines of law.

SECTION SEVEN COMPENSATION AND TERMS OF PAYMENT

7.01 *General.* At the time of approval of this Agreement by the City Council, the City agrees to set aside Two Hundred Forty Thousand dollars (\$240,000.00) as the total appropriation for the performance of this Agreement. In no event shall the total payments to the Consultant for the services (basic and additional services) provided under this Agreement exceed the aforementioned amount appropriated without prior approval of the City.

7.02 Compensation: Basic Services. For the services set forth in Exhibit "A", the City shall compensate the Consultant based upon the hourly fee and unit test rates set forth in Exhibit "D" which compensation shall be paid pursuant to monthly invoices. The amount of the aforementioned costs to be paid to the Consultant shall be based upon the actual number of man-hours expended, and the actual tests conducted, by the Consultant and/or subconsultant. The estimated number of man-hours and number of tests per month are to be set forth in Exhibits "C" for all Project Task Orders executed.

7.03 Compensation: Additional Services. For the additional services set forth in Exhibit "B," the City shall pay to the Consultant either a lump sum or an hourly fee based upon the hourly rates set forth in Exhibit "D" attached hereto, whichever is approved in writing by the City's Representative. Such payment shall not exceed Forty Eight Thousand Seven Hundred Five dollars (\$48,705.00) without the prior written approval of the City.

7.04 Invoice. An invoice shall be submitted to the City each month for the services provided during the previous month. An original invoice and one copy shall be provided to the City's Representative in the format of Exhibit "E" (Invoice Format) attached hereto. Payment shall be due within 45 days after the date of receipt and approval by the City's Representative of the monthly invoice. Failure to pay the Consultant within the 45 day period shall result in a one-half of one percent (1/2%) charge on the unpaid balance unless the City has notified the Consultant within the aforementioned period that it is disputing the amount due and owing under the invoice. Such disputes shall be handled as provided in Section 10.20A of this Agreement.

7.05 Retention. The City will not hold retention on Professional Service Agreements.

7.06 Right of Set-Off. The City's Representative may subtract or offset the unpaid invoice from the Consultant any damages, costs and expenses caused by reason of, or as a consequence of, the negligent, or reckless act or omission of the Consultant in the performance of the services under this Agreement including, without limitation, project delays as a result of the consultant actions, failure to perform a task in Exhibit "A", damages as a result of the consultant's employees. The City's Representative shall provide a written statement to the Consultant of the damages, costs and expenses which have been subtracted from any payment to the Consultant along with appropriate documentation and receipts, if any, and a description of the damages and cost attributed to the Consultant. If the Consultant disputes the right or amount of the deduction made by the City, the Consultant may file a claim pursuant to Section 10.20 of this Agreement.

7.07 Completion of Project Upon completion by the Consultant of the basic services required under this Agreement, acceptance of such services by the City (which acceptance will not be unreasonably withheld), and issuance of the Notice of Completion or construction of the Project, the Consultant will, within forty-five (45) days, be paid the balance of any money due for such services.

7.08 Final Payment. Within thirty (30) days after the completion of construction and closeout of the Project, the City shall make the final

payment for any additional services which might have been provided by the Consultant.

SECTION EIGHT PERFORMANCE STANDARDS

8.01 *Performance Standards.* The parties hereto have agreed to a industry Performance Standards for materials testing and inspectionn, which is set forth in Exhibit "A" attached hereto. The Performance Standards identifies all the tasks the consultant are required to performed.

SECTION NINE AUDIT: ACCESS TO RECORDS

9.01 *Records.* The Consultant shall maintain books, records and other documents directly pertinent to performance of this Agreement in accordance with generally accepted accounting principles and practices for a period of three (3) years after completion of this Agreement except that books, records or other documents which are subject of a pending audit shall be mentioned for three (3) years after the completion of the audit. The Consultant shall also maintain the financial information and data used by the Consultant in the preparation or support of the invoices submitted to the City. Audits conducted pursuant to this provision shall be in accordance with generally accepted auditing standards, procedures and guidelines of the City, or its designated representative. The City, or its duly authorized representatives, shall have access to such books, records, and documents during normal business hours for the purpose of inspection, audit and copying. The Consultant will provide proper facilities for such access and inspection.

If the books, records or other documents are not located within Clark County, Nevada, then in the event of an audit, Consultant agrees to deliver the same to the address designated by the City. If the books, records or other documents are incomplete, Consultant agrees to pay for the City's designated representative's cost to travel to Consultant's office to retrieve the omitted information needed for purposes of the audit.

9.02 *Disclosure.* The Consultant agrees to the disclosure of the information and reports resulting from access to records pursuant to Section 9.01 of this Agreement above provided that the Consultant is afforded the opportunity for an audit entrance and exit conference and an opportunity to comment and submit any supporting documentation on the pertinent portions of the draft audit report, and that the final audit report will include written comments, if any, of the Consultant.

9.03 *Period of Maintenance.* The books, records and other documents under Sections 9.01 and 9.02 of this Agreement shall be maintained for three (3) years after the date of the final payment for the services under this Agreement. In addition, those records and other documents which relate to any arbitration, litigation or the settlement of any claim arising out of this Agreement, or to which an audit exception has been taken, shall be maintained and made

available until three (3) years after the date that the arbitration, litigation or exception has been resolved.

9.04 Subcontract Provisions. The Consultant agrees to include Sections 9.01 through 9.03 of this Agreement in all its subcontracts directly related to performance of services specified in this Agreement, which are in excess of \$10,000.

SECTION TEN MISCELLANEOUS PROVISIONS

10.01 Suspension. The City may suspend performance by the Consultant under this Agreement for such period of time as the City, in its sole discretion, may prescribe by providing written notice to the Consultant at least ten (10) days prior to the effective date of the suspension. With such suspension, the City shall pay to the Consultant the amount of compensation, based on percentage of completion of the Project, earned until the effective date of suspension less all previous payments. The Consultant shall not provide any further services under this Agreement after the effective date of suspension until otherwise notified in writing by the City. In the event the City suspends performance by the Consultant for any cause other than the error or omission of the Consultant for an aggregate period in excess of thirty (30) days, the Consultant shall be entitled to an equitable adjustment of the compensation payable to the Consultant under this Agreement, including reimbursement to Consultant for additional costs occasioned as a result of such suspension of performance. In no event shall the City be liable to the Consultant for more than the percentage completed at the time of suspension.

10.02 Termination for Convenience. The City reserves the right to terminate this Agreement without cause or default on the part of the Consultant with the service of ten (10) days' prior written notification to the Consultant as provided in Section 10.18. In the event of termination, without cause or default, the City agrees to pay to the Consultant the reasonable value for the services performed as of the date that notification of termination is received by the Consultant.

10.03 Termination for Default. The occurrence of any of the following events shall constitute a default by the Consultant hereunder (herein "Event of Default"):

(i) If the Consultant shall default in the due observance and performance of any term, condition or covenant contained in this Agreement,

(ii) If the Consultant shall (a) voluntarily terminate operations or consent to the appointment of a receiver, trustee or liquidator of the Consultant for all or a substantial portion of its assets, (b) be adjudicated bankrupt or insolvent or file a voluntary petition in bankruptcy, or admit in writing to the inability to pay its debts as they become due, (c) make a general assignment for the benefit of creditors, (d) file a petition or answer seeking reorganization or an arrangement with creditors or take advantage of any insolvency law, or (e) if action shall be taken by the Consultant for the purpose of effecting any of the foregoing,

(iii) If any warrant, execution or other writ shall be issued or levied upon any property or assets of the Consultant and shall continue unvacated and in effect for a period of thirty (30) days, or

(iv) If the Consultant, in the judgment of the City, fails to provide the services hereunder properly and with proper dispatch in accordance with the time schedule set forth in Section Eight of this Agreement, and

(v) If such Event of Default continues for five (5) days after written notice to the Consultant, then the City may, without prejudice to any other remedy it may have at law or in equity, (a) terminate this Agreement, suspend payment of all pending invoices otherwise due to the Consultant hereunder, and finish this Agreement by such means as the City may see fit, reserving the right to deduct from any invoice balance due the Consultant for services rendered, the reasonable and necessary cost of completing the performance of this Agreement with the remaining funds originally set aside and budgeted therefore and paying the excess, if any, to the Consultant and in the event the cost of finishing the Consultant's work exceeds the invoice balance due the Consultant, such deficiency shall be paid by the Consultant to the City within five (5) days of receipt of an invoice from the City, or (b) terminate this Agreement and all the obligations imposed hereunder, including the obligation of any further payment for the services of the Consultant except for the reasonable value for the services performed as of the date of receipt of the notice of termination. The cost and expense of completing this Agreement shall be computed and audited by the City's Representative. The audit shall be made in accordance with generally accepted accounting principles and the Consultant shall pay the costs of such audit.

It is expressly agreed that the City reserves the right to offset any and all claims made by the Consultant for payment of its fees or the reimbursement of additional costs incurred hereunder, with any claims that the City might have against the Consultant for failure to comply with any of the terms, conditions or covenants of this Agreement.

10.04 Ownership of Documents. Any and all documents, schedules, plans, drawings, specifications and other records (including electronic media) prepared or assembled by the Consultant, or any of its subconsultants, which are related to the performance of this Agreement are deemed to be the property of the City. In the event of the completion or termination of this Agreement, the City shall be entitled to the original documents, schedules, plans, drawings, specifications and other records related to this Agreement not in its possession. The above items may be utilized by the City for its own use for which they were prepared, and for use on other projects.

10.05 Insurance.

A. **Coverages.** The Consultant shall procure and maintain, at its own expense, during the entire term of the Agreement, the following policies of insurance:

(i) Workman's Compensation Insurance protecting the Consultant and the City from employee claims based on job-related sickness, disease, or accident.

(ii) Comprehensive General Liability Insurance protecting the Consultant, its agents and vehicles used to provide the services required under this Agreement from claims of personal injury (including death) and property damage. Such coverage shall be in a minimum amount of \$1,000,000 for the period of time covered by this Agreement. The policy shall be endorsed to include the City as an additional insured party thereunder.

(iii) Professional Liability Insurance (Errors and Omissions Coverage) protecting the Consultant from claims arising out of performance of professional services caused by a negligent act or omission for which the insured is legally liable. Such coverage shall be in a minimum amount of \$1,000,000 for the period of time covered by this Agreement.

B. *Cancellation or Modification of Coverage.* The Consultant's Comprehensive General Liability and Professional Liability Insurance Policies shall automatically include or be endorsed to cover the Consultant's contractual liability to the City under this Agreement, to waive subrogation against the City, its officers, agents, servants and employees and to provide that the City will be given thirty (30) days' notice in writing of any cancellation of, or material change in, the policies.

C. *Certificates and Endorsements.* The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer and licensed by the State of Nevada. All deductibles and self-insured retentions shall be fully disclosed in the Certificate of Insurance. No deductible or self-insured retention may exceed \$25,000 without the written approval of the City. Certificates indicating that such insurance is in effect shall be delivered to the City before any services are provided under this Agreement.

D. *Period of Coverage.* If the insurance coverage is underwritten on a "claims made" basis, the retroactive date shall be prior to or coincident with the date of this Agreement and the Certificate of Insurance shall state such coverage and the retroactive date. Upon availability, the Consultant shall maintain coverage for the duration of this Agreement and for two years following completion of this Agreement. The Consultant shall provide the City annually a Certificate of Insurance as evidence of such insurance.

E. *Self-Depletion Policies Prohibited.* Each policy of insurance required herein shall not be self-depleting in its coverage.

10.06 *Indemnity.* Notwithstanding any of the insurance requirements set forth in Section 10.05, and not in lieu thereof, the Consultant shall protect, indemnify and hold the City, its officers, employees, and agents (herein the "Indemnities") harmless from any and all claims, damages, losses, expenses, suits, actions, decrees, judgments, arbitration awards, attorney fees and court costs (herein the "Claims") which the Indemnities, or any of them, may suffer as a result of, by reason of, or as a consequence of, the negligent or reckless act or omission of the Consultant, its subcontractors, agents or anyone employed by the Consultant, its subcontractors or agents, in the performance of this Agreement.

As part of its obligation hereunder, the Consultant shall, at its own expense, defend the Indemnities against the Claims which may be brought against them, or any of them, as a

result of, by reason of, or as a consequence of, the negligent, reckless act or omission of the Consultant, its subcontractors or agents, for and against which the Consultant is obligated to indemnify the Indemnities unless the Indemnities, or any of them, elect to conduct their own defense which, in such case, shall not cause a waiver of the obligation of indemnification set forth herein. If the Consultant shall fail to do so, the Indemnities, and each of them, shall have the right, but not the obligation, to defend the same and charge all direct and incidental costs of such defense (including attorney fees and court costs) against the Consultant.

10.07 Assignment. The City and the Consultant each bind itself and its partners, successors, administrators and assigns to the other party of this Agreement and to the partners, successors, executors, administrators and assigns of such other party in respect to all covenants of this Agreement, except the Consultant shall not assign, sublet or transfer any obligation or benefit under this Agreement without the written consent of the City. Nothing contained herein shall be construed as creating any personal liability on the part of any officer or agent of the City.

10.08 Waiver. No consent or waiver, express or implied, by either party to this Agreement, or of any breach or default by the other in the performance of any obligations hereunder, shall be deemed or construed to be a consent or waiver of any other breach or default by such party hereunder. Failure on the part of any party hereto to complain of any act, or failure to act of the other party, or to declare that other party in default hereunder, irrespective of how long such failure continues, shall not constitute a waiver of the rights of such party hereunder. Inspection, payment, or tentative approval or acceptance by the City or the failure of the City to perform any inspection hereunder, shall not constitute a final acceptance of the work or any part thereof and shall not release the Consultant of any of its obligations hereunder.

10.09 Consultant Warranties. The Consultant hereby represents and warrants:

(i) That it is financially solvent, able to pay its debts as they mature, and is possessed of sufficient working capital to complete this Agreement; that it is experienced, qualified and is able to furnish the plant, tools, materials, supplies, equipment, facilities and personnel, and is experienced in and competent to perform the services contemplated by this Agreement, and that it is qualified to provide such services and is authorized to do business in the State of Nevada,

(ii) That it holds a license, permit or other special license to perform the services included in this Agreement, as required by law, or employs or works under the general supervision of the holder of such license, permit or special license, and

(iii) That it has, pursuant to the requirements of Resolution 79-99 adopted by the City Council on August 4, 1999 (effective October 1, 1999) as amended by Resolution 105-99 (adopted by the City Council on November 17, 1999), disclosed on the form attached hereto as Exhibit "G", all of the principals, including partners, of the Consultant, as well as all persons and entities holding more than a one percent (1%) interest in the Consultant or any principals of the Consultant. If the Consultant, or its principals or partners, are required to provide disclosure under federal law (such as Securities and Exchange Commission or the Employee Retirement Income Act) and current copies of such federal disclosures are attached to Exhibit "G", the

requirements of this Section shall be deemed satisfied. During the term of this Agreement, the Consultant shall notify the City in writing of any material change in the above disclosure on Exhibit "G" within 15 days of such change.

10.10 Consultant's Employees. The Consultant shall be responsible for maintaining satisfactory standards of employee competency, conduct and integrity, and shall be responsible for taking such disciplinary action with respect to its employees as may be necessary. In the event the Consultant fails to remove any employee from the contract work whom the City deems incompetent, careless or insubordinate, or whose continued employment on the work is deemed by the City to be contrary to the public interest, the City reserves the right to require such removal as a condition for the continuation of this Agreement.

10.11 Independent Contractor. It is hereby expressly agreed and understood that in the performance of the services required herein, the Consultant and any other person employed by him hereunder shall be deemed to be an independent contractor and not an agent or employee of the City.

10.12 Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Nevada.

10.13 Compliance with Laws. The Consultant shall in the performance of its obligations hereunder comply with all applicable laws, rules and regulations of all governmental authorities having jurisdiction over the performance of this Agreement including, without limitation, the Federal Occupational Health and Safety Act and all state and federal laws prohibiting and/or related to discrimination by reason of race, sex, age, religion or national origin.

10.14 Severability. In the event that any provisions of this Agreement shall be held to be invalid or unenforceable, the remaining provisions of this Agreement shall remain valid and binding on the parties hereto.

10.15 Confidentiality. The Consultant shall treat the information relating to the Project, which has been produced by the Consultant or provided by the City as confidential and proprietary information of the City and shall not permit its release to other parties or make any public announcement or publicity release without the City's written authorization. The Consultant shall also require subcontractors to comply with this requirement.

10.16 Site Inspection. The Consultant represents that it has visited the location of the Project and has satisfied itself as to the general condition thereof and that the Consultant's compensation as provided for in the Agreement is just and reasonable compensation for performance hereunder including reasonably foreseen and foreseeable risks, hazards and difficulties in connection therewith based on such above-ground observations.

10.17 Modification. All modification or amendments to this Agreement are null and void unless reduced in writing and signed by the parties hereto.

10.18 Notice. Any notice required to be given hereunder shall be deemed to have been given when the notice is (i) received by the party to whom it is directed by personal service, (ii) telephonically faxed to the telephone number below provided confirmation of transmission is received thereof, or (iii) deposited as registered or certified mail, return receipt requested with the United States Postal Service, addressed as follows:

TO CITY:

City of Las Vegas
400 Stewart Avenue
Las Vegas, Nevada 89101

Fax: (702) 382-6222

TO CONSULTANT:

Ninyo & Moore.
6700 South Paradise, Suite E
Las Vegas, Nevada 89119

Fax: (702) 433-0707

10.19 Prohibition Against Contingent Fees. The Consultant represents and warrants that no person or entity has been employed or retained to solicit or secure this Agreement with the Agreement or understanding that a commission, percentage, brokerage or contingent fee would be paid to that person. For breach or violation of this provision, the City shall have the right to annul this Agreement without liability or, in its discretion, to deduct from the compensation to be paid to the Consultant, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

10.20 Dispute Resolution.

A. Fee Disputes. Any fee dispute arising under this Agreement which is not disposed of by mutual agreement between the parties shall be decided by the City Manager, whose decision shall be reduced to writing and mailed or otherwise furnish a copy thereof, to the Consultant. The decision of the City Manager shall be final and conclusive unless, within 30 (thirty) days after the date on which the Consultant receives its copy of such decision, the Consultant mails or otherwise furnishes to the City Manager a written appeal from the decision, addressed to the City Council in care of the City Engineer. The decision of the City Council, or its duly authorized representative for the determination of any such appeal, shall be final and conclusive. The Consultant shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending the final decision of a dispute by the City Council, or its duly authorized representative, the Consultant shall proceed diligently with the work to be performed under this Agreement and in accordance with the City Manager's decision.

If, during the performance of this Agreement, a dispute arises between the parties as to whether the services provided by the Consultant are basic services, or services entitled to additional compensation, the Consultant agrees to notify the City prior to providing such services of the Consultant's intent to seek additional compensation as provided in this Section. Such

notice shall be for the purpose of affording the City the opportunity to monitor and verify the performance of the additional services and failure to provide the City with such notice prior to providing the services shall constitute forever a bar and a waiver of such claim.

B. *Non-Fee Disputes.* All non-fee claims, disputes and other matters in question between the parties to this Agreement arising out of or relating to the performance of this Agreement, or the breach thereof, shall be decided by arbitration or litigation, whichever manner of resolution is designated by the City. As a prerequisite to the exercise of such right, the party seeking to arbitrate or litigate a claim, dispute or other matter shall notify the other party as required under subsection D of this Section. For each claim asserted by the Consultant, the City shall notify the Consultant within 30 (thirty) days of receipt of such notice as to the designated forum for resolving the claim, dispute or other matter. Failure of the City to notify the Consultant within the aforementioned 30 (thirty) days shall be deemed to be an election on the part of the City to arbitrate the claim, dispute or other matter in question between the parties. For each claim asserted by the City, the notice provided to the Consultant under subsection D of this Section shall also state the forum selected by the City for resolving the claim, dispute or other matter in question between the parties.

If the claim, dispute or other matter is to be decided by arbitration, then such determination shall be made according to the current arbitration rules of the American Arbitration Association or the Nevada Arbitration Association, whichever is selected by the City. Any arbitration arising out of or relating to this Agreement may include, by consolidation, joinder or in any other manner, any additional person not a party to this Agreement if so requested by either party to this Agreement. Any consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of any dispute not described therein. This agreement to arbitrate with an additional person or persons, and any decision resulting therefrom, shall be binding and enforceable under the prevailing arbitration laws of the State of Nevada.

C. *Right of Joinder.* In the event the City is named as a party to any arbitration action, or commences an arbitration action against a party other than the Consultant, which action arises out of, results from or is connected with the construction of the Project or the performance of the Consultant's services hereunder (such as, without limitation, any arbitration action between the City and the contractor awarded the contract to construct the Project), the Consultant agrees and hereby irrevocably consents to be joined as a party in the arbitration proceeding and to be bound by any decision resulting there from. Any joinder of the Consultant hereunder is conditioned upon the handling of such arbitration in accordance with the arbitration rules of the Nevada Arbitration Association or the American Arbitration Association or as otherwise agreed to by the parties. None of the time provisions imposed under Subsection D and E of this Section apply to the joinder rights provided herein in such a way as to preclude the City from joining the Consultant as a party to any arbitration proceeding which the City commences or is named as a party and which arises out of, results from or is connected with the construction of the Project.

If the Consultant is named as an additional party by the City, the Consultant shall not be entitled to any additional compensation from the City as a result of preparing for, and participating in, the arbitration.

D. Notice of Claim. In order to be able to arbitrate or litigate any claim, dispute or other matter in question between the parties under Subsection B of this Section, written notice thereof must be given by the party requesting the arbitration or litigation to the other party within thirty (30) days, in the case of notice to the City, or within sixty (60) days, in the case of notice to the Consultant, after the claim, dispute or other matter arises. The purpose of such notification is to place the notified party on notice so that proper measures can be taken to properly defend against such claim, dispute or other matter, and the failure to give such notice shall preclude the party desiring arbitration or litigation from subsequently arbitrating or litigating that particular claim, dispute or other matter.

E. Notice of Arbitration. The filing of the aforementioned notice of claim shall preserve that party's right to arbitration, but shall not obligate the party to proceed with arbitration. In the event that the party requesting arbitration desires to proceed with the arbitration, a written demand for arbitration shall be filed in writing with the other party and with the American Arbitration Association or the Nevada Arbitration Association within sixty (60) days after the filing of the Certificate of Substantial Completion with respect to the Project or final payment to the Consultant, whichever is the first to occur, and the failure to make such demand shall forever bar such claim, dispute or other matter from being arbitrated or litigated.

F. Discovery. In the event of arbitration, it is agreed by the parties hereto that all means of discovery including, but not limited to, depositions and interrogatories will be afforded to the parties involved in the arbitration, and the appointed arbitrator shall have all authority to impose sanctions against either party for failing to comply with the rules of discovery provided under the Nevada Rules of Civil Procedure.

G. Award Final. The award rendered by the arbitrator shall be final, and judgment may be entered upon its accordance with applicable law in any court having jurisdiction thereof.

H. Mediation. By mutual written consent, in addition to the remedy of arbitration, the parties may endeavor to settle the claim, dispute or other matter in question between the parties by mediation in accordance with the current mediation rules of the Nevada Arbitration Association, the American Arbitration Association or other mediation service agreed to by the parties. Such mediation may occur at any time, including prior to the date that a hearing may have been scheduled for the arbitration. If a written request for mediation arises prior to the expiration of the sixty (60) day notice requirement set forth in Subsection E of this Section, then such time period shall be tolled (i) for a period of ten (10) days while the request is agreed to or denied, or (ii) if the request for mediation is agreed to, then until completion of the mediation.

10.21 Attorney Fees. The prevailing party in any litigation or arbitration brought to enforce the provisions of this Agreement shall be entitled to reasonable attorney fees and costs.

10.22 Calendar Day. All references in this Agreement to days are to calendar days unless otherwise indicated.

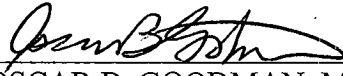
10.23 Exhibits. All exhibits referenced in this Agreement are hereby incorporated as a part of this Agreement.

10.24 Agreements Version. This Agreement utilizes the City's standard form updated as of August 27, 2003.

...
...
...

IN WITNESS WHEREOF, the parties have caused this Agreement for the (project) to be executed the day and year first above written.

CITY OF LAS VEGAS

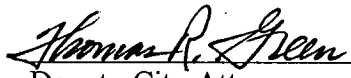
By: 
OSCAR B. GOODMAN, Mayor

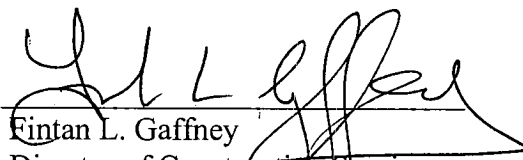
"City"

ATTEST:


BARBARA JO RONEMUS, City Clerk

APPROVED AS TO FORM:

 10/01/04
Deputy City Attorney Date

By: 
Fintan L. Gaffney
Its: Director of Construction Services
"Consultant"

EXHIBITS

Exhibit "A"	Scope of Services (Sections 1.01, 7.02, 8.01)
Exhibit "B"	Additional Services (Sections 1.01, 4.01, 7.03)
Exhibit "C"	Manhour Estimates (Section 7.02)
Exhibit "D"	Cost Derivative and Hourly Fee Schedule (Sections 7.02, 7.03)
Exhibit "E"	Invoice Format (Section 7.04)
Exhibit "G"	Disclosure of Principals (Section 10.09D)

EXHIBIT A
SCOPE OF SERVICES
ON-CALL MATERIAL TESTING AND CONSTRUCTION INSPECTION
AND
GENERAL PERFORMANCE SCHEDULE

DESCRIPTION OF PROJECT:

Services to be provided under the terms of this Agreement are for on-call material testing and construction inspection services on the Ann Road (CAM 10) detention basin as requested, in writing, by the City of Las Vegas.

SAMPLING AND TESTING CRITERIA:

All sampling and testing shall be performed in accordance with the following standards:

1. American Society for Testing and Materials (ASTM)
2. American Association of State Highway Transportation Officials (AASHTO)
3. Standards Specifications for Public Works Construction, Off-site Improvements, Clark County Area (Std. Specs)
4. American Concrete Institute (ACI)
5. The Asphalt Institute
6. Portland Cement Association (PCA)

100 COORDINATION

- 110 **Site Visit** - The Consultant shall make periodic site visits for consultation with on-site personnel and review of project documentation during construction.
- 120 **Monthly Report** - The Consultant shall submit monthly reports, stamped and sealed by a Nevada Professional Engineer, certifying that all sampling and testing procedures have been performed in accordance to accepted industry standards.

- 130 **Meetings** - The Consultant shall attend coordination meetings when requested by the City's Construction Manager to discuss tests and test results.
- 140 **Final Report** - The Consultant shall submit a final report containing all test results, stamped and sealed by a Nevada Professional Engineer.
- 141 **Final Grading Report** - The Consultant shall submit a final grading report containing all test results and sealed by a Nevada Profession Engineer. The report shall certify that the structural fill placed at the Ann Road (CAM 10) Detention Basin site was placed and tested in accordance with the project specification and found in compliance with the recommendations of the Geotechnical Report.
- 160 **Full-time Field Inspector** - The Consultant shall provide qualified technician(s) to perform inspections and tests as directed by the City's Representative. The field technician shall present documentation to the City's Representative for signature establishing the time of arrival and departure from the job site.
- 161 **Full-time Soils Inspector** - The Consultant shall provide qualified soils inspector to performed to perform inspections and tests as during structural fill operations at the Ann Road (CAM 10) Detention Basin and adjacent park site. The field technician shall present documentation to the City's Representative for signature establishing the time of arrival and departure from the job site.
- 170 **Sample Pick-Up/On-Call Testing** - The Consultant shall, when necessary, dispatch a technical to sample or test construction material for laboratory testing. Unit rate includes 1 hour on site.
- 180 **Additional On-Call Technician** - Upon request of the City's Representative the Consultant shall provide a qualified technician(s) to perform inspections and tests as directed. The field technician shall present documentation to the City's Representative for signature establishing the time of arrival and departure from the job site. The first hour of on-site testing is included in Task 170. This task will be utilized when services exceed 1 hour on site.
- 200 SOIL TESTS: Field Technician**
- 210 The Consultant shall perform relative compaction tests of structural fill, subgrade, aggregate base grade and trench backfill for verification of compliance with the project specifications when directed by the City. Test results shall be delivered to the City's Representative prior to the Consultant leaving the construction site. (Also see Task 160 and 180.)
- 220 The Consultant shall retrieve samples from the project site and perform laboratory Moisture Density tests when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.

- 230 The Consultant shall retrieve samples from the project site and perform laboratory Sieve Analysis tests when requested by the City. Test results shall be delivered to the City within 2 days following samples being retrieved from the project site.
- 240 The Consultant shall retrieve samples from the project site and perform laboratory R-value tests when requested by the City. Test results shall be delivered to the City within 3 working days following samples being retrieved from the project site.
- 250 The Consultant shall retrieve samples from the project site and perform laboratory Percent of Wear tests when requested by the city. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.
- 260 The Consultant shall retrieve samples from the project site and perform laboratory Plasticity Index tests when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.
- 270 The Consultants shall retrieve samples from the project site and perform laboratory Sulfate Content tests when requested by the City. Test results shall be delivered to the City within 3 working days following samples being retrieved from the project site.
- 280 The Consultant shall retrieve samples from the project site and perform laboratory Fractured Faces tests when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.

300 CONCRETE TESTS

- 310 The Consultant shall perform on-site slump, temperature, determination of unit weight and consistency tests for verification of compliance with the project specifications when directed by the City. Test results shall be delivered to the City's Representative prior to the Consultant leaving the construction site. (Also see Task 160 and 180.)
- 320 The Consultant shall prepare a minimum of four tests of cylinders on the project site at the time of concrete placement and perform laboratory compressive strength tests when requested by the City. Cylinders shall be cured on site in a cure box supplied by the Consultant, for a period of 24 hours before removal. Results shall be delivered to the City within 2 working days following each cylinder being tested.

400 ASPHALT CONCRETE

- 410 The Consultant shall perform on-site density tests utilizing "Density of Bituminous Concrete in Place by Nuclear Method" ASTM D 2950 methodology at the time of asphalt concrete placement for verification of compliance with the project specifications when directed by the City. Test results shall be delivered to the City's Representative prior to the Consultant leaving the construction site. (Also see Task 160 and 180.)
- 420 The Consultant shall retrieve samples from the project site and perform laboratory Extraction/Gradation tests when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.
- 430 The Consultant shall retrieve samples from the project site and perform laboratory Maximum Theoretical Specific Gravity tests utilizing the Rice method, when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.
- 440 The Consultant shall the following day of any pavement operations obtain five core samples and perform laboratory Unit Weight and Thickness tests when requested by the City. Test results shall be delivered to the City within 2 working days following samples being retrieved from the project site.
- 450 The Consultant shall retrieve samples from the project site and perform laboratory Marshall Series tests when requested by the City. Test results shall be delivered to the City within 3 working days following samples being retrieved from the project site.

500 TESTING REQUIREMENTS

The following requirements for material control is included herein as referenced and incorporated into the scope of work. The Consultant shall be responsible for the following test methodology.

- 510 **Trench Backfill** - Material sampled shall be tested in accordance with the test method and frequency indicated:

Control Test	Test Method	Frequency
Maximum Density/Opt. Moisture	ASTM D1157	1 per soil type
Sieve Analysis	AASHTO T27	1 per soil type
Plasticity Index	ASTM D4318	1 per soil type
Liquid Limit	ASTM D4318	1 per soil type

- 520 **Subgrade Material** - Material sampled shall be tested in accordance with the test method and frequency indicated:

Control Test	Test Method	Frequency
Maximum Density/Opt. Moisture	ASTM D1157	1 per soil type minimum 2
Sieve Analysis	AASHTO T27	1 per soil type minimum 2
Plasticity Index	ASTM D4318	1 per soil type minimum 2
Liquid Limit	ASTM D4318	1 per soil type minimum 2

521. **Structural Fill** - Material sampled shall be tested in accordance with the test method and frequency indicated:

Control Test	Test Method	Frequency
Maximum Density/Opt. Moisture	ASTM D1157	1 per 10,000 cy
Sieve Analysis	AASHTO T27	1 per 10,000 cy
Plasticity Index	ASTM D4318	1 per 10,000 cy
Liquid Limit	ASTM D4318	1 per 10,000 cy
Sulfate Content		1 per 10,000 cy
Swell Potential		1 per 10,000 cy

- 530 **Type II Aggregate Base** - Material sampled shall be tested in accordance with the test method and frequency indicated:

Control Test	Test Method	Frequency
Maximum Density/Opt. Moisture	ASTM D1557	1 per supplier
Sieve Analysis	AASHTO T27	1 per supplier
Fractured Faces	Nev T230	1 per supplier
Plasticity Index	ASTM D4318	1 per supplier
Liquid Limit	ASTM D4318	1 per supplier
Resistance (R-value)	ASTM D2844	1 per supplier
Percent of Wear (500 Rev.)	ASTM C131	1 per supplier

- 540 **Portland Cement Concrete** - Concrete cylinders shall be cast and tested in accordance with ASTM. Material shall be sampled and tested as indicated:

Portion of Work	Sampling Frequency	No. Cylinders/ Break Days
Sidewalk	1 set per 1,000 LF/day	(4)/7, 28, 28
Curb and gutter	1 set per 1,000 LF/day	(4)/7, 28, 28
Crossgutter	1 set per gutter	(4)/7, 28, 28
Misc. Structures	1 set per structure/day	(4)/7, 28, 28
Driveways	1 set per driveway	(4)/7, 28, 28

- 550 **Bituminous Pavement** - Material supplied during paving operations shall be tested in accordance with ASTM using Marshall Apparatus as indicated.

Control Test	Test Method	Frequency
Marshall Series	ASTM D1559	1 per day
Maximum Theoretical Density	ASTM D2041	1 per day
Asphalt Concrete	ASTM D2172	2 per day
Aggregate Gradation	ASTM C136 & C117	2 per day

600 RELATIVE COMPACTION TESTING

The following requirements for Relative Compaction Testing is included herein as referenced in incorporated into the scope of work. The Consultant shall be responsible for the following field relative compaction tests.

- 610 **Trench Backfill** - Backfill shall be tested as indicated:

- 1 test per lift per 100 lineal feet of trench or a minimum of 2 tests per day
- 1 test per lateral
- A minimum of 2 mainline tests between structures

- 620 **Structure Backfill** - Backfill shall be tested as indicated:

- 1 test per lift per structure or a minimum of 1 test per day
- A minimum of 1 test per structure

- 630 **Subgrade** - Subgrade shall be tested as indicated:

- 1 test per 300 to 500 lineal feet per lane (12' width) or a minimum of 2 tests per street.

631 **Structural Fill** - Structural Fill shall be tested as indicated:

- 1 test per 500 CY placed

640 **Type II Aggregate Base** - Aggregate base shall be tested as indicated:

- 1 test per 300 to 500 lineal feet per lane (12' width) or a minimum of 2 tests per street

650 **Curb and Gutter** - Aggregate base on subgrade shall be tested as indicated:

- 1 test per 500 lineal feet of curb and gutter or curb or a minimum of 2 per street

660 **Crossgutter** - Aggregate base and subgrade shall be tested as indicated:

- 2 tests per complete crossgutter

670 **Sidewalk** - Aggregate base and subgrade shall be tested as indicated:

- 1 test per 500 lineal feet of sidewalk or a minimum of 1 per street

680 **Driveways** - Aggregate base and subgrade shall be tested as indicated:

Residential:

- 1 test per complete driveway

Commercial/Alley

- 2 tests per complete driveway

690 **Hot Plantmix Bituminous Pavement** - In-place density testing of hot bituminous pavement per ASTM D2590 (Nuclear Gauge Method) shall be performed as indicated:

- A minimum of five locations per day
- A minimum of five cores per pavement day for Unit Weight density and thickness determination

EXHIBIT B
ADDITIONAL SERVICES
ANN ROAD (CAM 10) DETENTION BASIN
MATERIAL TESTING SERVICES

The following services may be performed as the discretion of the City of Las Vegas when authorized in writing.

- A. Any other services that the City may require in relation to Material Testing or Geo-technical evaluation.
- B. Requested laboratory work will be charged in accordance with our attached Fee Schedule. A copy of our laboratory fee schedule is presented in Appendix D.
- C. Requested field or engineering services will be charged in accordance with the hourly rates quoted in Appendix D.

EXHIBIT C
MANPOWER BREAKDOWN

Duties	Oct '04	Nov '04	Dec '04	Jan '05	Feb '05	Mar '05	April '05	May '05	June '05	July '05	Aug '05	Sept '05	Total Hours
Project Engineer	8	8	8	8	8	9	9	9	9	8	8	8	100
Senior Inspector	160	160	176	160	160	168	160	176	176	160	184	160	2,000
Total Hours	168	168	184	168	168	177	169	185	185	168	192	168	2,100

EXHIBIT D
HOURLY RATE

Duties	Oct '04	Nov '04	Dec '04	Jan '05	Feb '05	Mar '05	April '05	May '05	June '05	July '05	Aug '05	Sept '05	Total
Project Engineer	\$ 1,264	\$ 1,264	\$ 1,264	\$ 1,264	\$ 1,264	\$ 1,422	\$ 1,422	\$ 1,422	\$ 1,422	\$ 1,264	\$ 1,264	\$ 1,264	\$ 15,800
Senior Inspector	\$ 10,880	\$ 10,880	\$ 11,968	\$ 10,880	\$ 10,880	\$ 11,424	\$ 10,880	\$ 11,968	\$ 11,968	\$ 10,880	\$ 12,512	\$ 10,880	\$ 136,000
Administration	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,500	\$ 15,500
Total Monthly Labor Cost	\$ 13,144	\$ 13,144	\$ 14,232	\$ 13,144	\$ 13,144	\$ 13,846	\$ 13,302	\$ 14,390	\$ 14,390	\$ 13,144	\$ 14,776	\$ 16,644	\$ 167,300
Laboratory	\$ 1,995	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 23,995
Total Monthly Cost	\$ 15,139	\$ 15,144	\$ 16,232	\$ 15,144	\$ 15,144	\$ 15,846	\$ 15,302	\$ 16,390	\$ 16,390	\$ 15,144	\$ 16,776	\$ 18,644	\$ 191,295

EXHIBIT E
INVOICE FORMAT

Invoice

City of Las Vegas
400 Stewart Avenue
Las Vegas, NV 89101
ATTN: John O'Connell

Date
Project No.
Invoice No.

Project No.: XXXX.00

Name of Project:

Construction Engineering Services (date through date)

Task 100

Subtask 105	Hours	Rate	Amount
Project Manager Name	XXX	\$XXX	\$XXX
Construction Manager Subtask 110	XXX	XXX	XXX
Totals xxx			xxx

Project Manager Name	XXX	\$XXX	\$XXX
Construction Manager Subtask 110	XXX	XXX	XXX
Totals xxx			xxx

(Tasking continued as needed)

Billing limits

Task 100

Limit
Remaining

Task 105

Limit
Remaining

Adjustment

Total this Invoice: \$xxx.xx

Exhibit G
CERTIFICATE
DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity" means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) corporation – the directors and officers of the corporation; but not any branch managers of offices which are a part of the corporation; (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members.

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Las Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting Entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting Entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block 1	Contracting Entity
	Ninyo & Moore
Name	
Address	6700 Paradise Rd., #E, Las Vegas, NV 89119
Telephone	702/433-0330
	33-0269828
INORDUNS	

Block 2	Description
	Subject Matter of Contract/Agreement
	On-call material testing and construction inspection services for the Ann Road (CAM 10) detention basin
RFP #	Bid No. 05-1730-02

Block 3	Type of Business
☐	Individual
☐	Partnership
☐	Limited Liability Company
☐	Corporation

**CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS
(CONTINUED)**

Block 4 Disclosure of Ownership and Principals

In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.

	FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1.	Avram Ninyo, G.E., Principal Engineer	5710 Ruffin Road San Diego, CA 92123	858/576-1000
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

The Contracting Entity shall continue the above list on a sheet of paper entitled "Disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: _____

Block 5 Disclosure of Ownership and Principals - Alternate

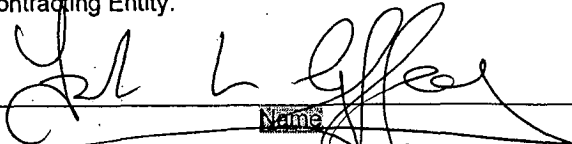
If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document _____

Date of Attached Document _____

Number of Pages _____

I certify, under penalty of perjury, that all the information provided in this Certificate is current, complete, and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity.



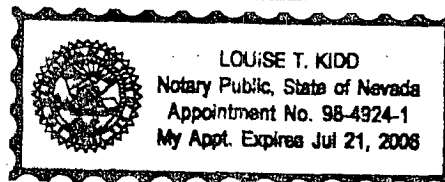
Name
9-9-2004

Date

Subscribed and sworn to before me this 9th day of

September, 2000-2004

Louise T. Kidd
Notary Public



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of an Encroachment Request from Orion Engineering and Surveying, Incorporated, on behalf of Plaster Development Company, Incorporated, owner (southwest corner of Horse Drive and Thom Boulevard) - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This request is for an approximate 5 foot wide area of landscaping on the south side of Horse Drive between Thom Boulevard and Unicorn Street consisting of trees, shrubs, ground cover, and an irrigation system for the proposed Horse and Thom subdivision. If approved, the applicant will be required to sign an Encroachment Agreement, which has conditions of maintenance liability and removal.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Copy of Encroachment Exhibit "A" (vicinity map)
2. Copy of Encroachment Exhibit "B" (southeast corner of Horse Drive and Unicorn Street)
3. Copy of Encroachment Exhibit "C" (southwest corner of Horse Drive and Thom Boulevard)
4. Copy of Encroachment Exhibit "D" (Horse Drive typical section)

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

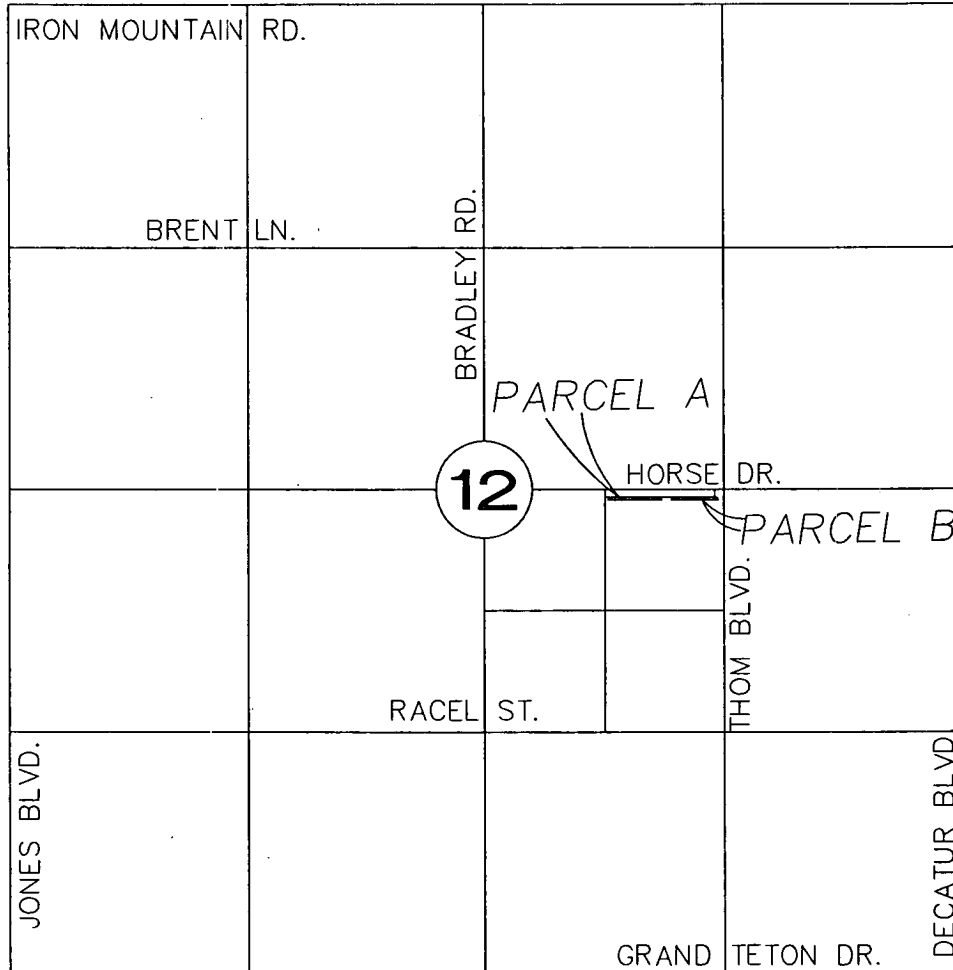
There was no related discussion.

(9:57 - 9:59)

1-1803

ENCROACHMENT PERMIT

BEING A PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF THE
OF THE NORTHWEST QUARTER (NW 1/4) OF THE SOUTHEAST QUARTER (SE 1/4)
OF SECTION 12, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M.
CITY OF LAS VEGAS, CLARK COUNTY, NEVADA

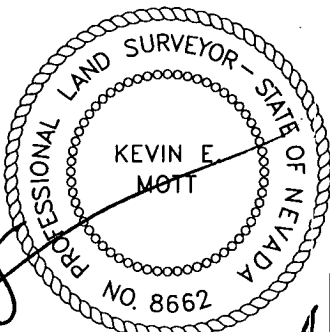


VICINITY MAP

N.T.S.

EXHIBIT "A"

SHEET 1 OF 4



09/21/2004



ORION ENGINEERING AND SURVEYING, INC.

7391 PRAIRIE FALCON ROAD SUITE 150
LAS VEGAS, NEVADA 89128
(702) 739-5921

CERTIFICATE EXPIRES 12/31/2005 NAC 625.610

FILE N: /PROJECT/053/0306/SURVEY/053.0306EP.DWG 08.12.04 PMK

FILE N: /PROJECT/053/0306/SURVEY/053.0306EP.DWG 08.12.04 PMK

NOTHING FOUND

POSITION DETERMINED BY RETRACEMENT PER FILE
85, PAGE 60 OF PARCEL MAPS. POSITION
SUPPORTED BY RIGHT OF WAY FND. ALUM. CAPS
PER FILE 85, PAGE 60 OF PARCEL MAPS.

40' PUBLIC R/W DEDICATED
PER BK.0863 DOC. NO.0822530

E 1/16
C-C
FND. PK
S.12
NAIL

S89°02'28"W-1275.18'

637.59'

N89°02'28"E-637.59'

C 1/4
S.12

POINT OF
COMMENCEMENT

40' R/W

35' BC

HORSE DRIVE

FUTURE CURB/GUTTER

244.63'

PROPERTY LINE

N89°02'28"E

SUBJECT PROPERTY
1,526 SQ.FT.

APN 125-12-701-005

EXHIBIT "B"

FUTURE CURB/GUTTER
AND SIDEWALK

PROPERTY LINE

UNICORN STREET

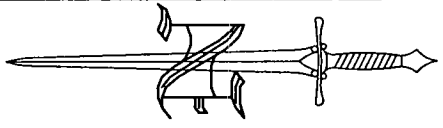
30' PUBLIC R/W
DEDICATED PER FILE 50
PAGE 20, PARCEL MAPS

PARCEL A

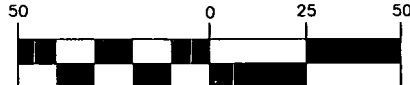
LINE TABLE		
LINE	LENGTH	BEARING
L6	40.05'	S01°57'03"W
L7	44.54'	N89°02'28"E



AREA OF ENCROACHMENT
PROPOSED LANDSCAPING AREA



GRAPHIC SCALE



(IN FEET)

1 inch = 50 ft.



ORION ENGINEERING AND SURVEYING, INC.

7391 PRAIRIE FALCON ROAD SUITE 150
LAS VEGAS, NEVADA 89128
(702) 739-5921

SHEET 2 OF 4

NOTHING FOUND

POSITION DETERMINED BY RETACEMENT PER FILE
85, PAGE 60 OF PARCEL MAPS. POSITION
SUPPORTED BY RIGHT OF WAY FND. ALUM. CAPS
PER FILE 85, PAGE 60 OF PARCEL MAPS. N89

HORSE DRIVE

40' PUBLIC R/W DEDICATED
PER BK 0863 DOC. NO. 0822

C 1/4
S.12

SUBJECT PROPERTY
1,359 SQ.FT.

EXHIBIT "C"

SHEET 3 OF 4

PARCEL B

GRAPHIC SCALE



(IN FEET)

1 inch = 50 ft.

PUBLIC R/W DEDICATED
PER BK.0863 DOC. NO.0822530

THOM BOULEVARD

PROPERTY LINE
FUTURE CURB/GUTTER
AND SIDEWALK

25.50' PUBLIC R/W DEDICATED
PER BK.0863 DOC. NO.0822530

APN 125-12-701-005



AREA OF ENCROACHMENT
PROPOSED LANDSCAPING AREA

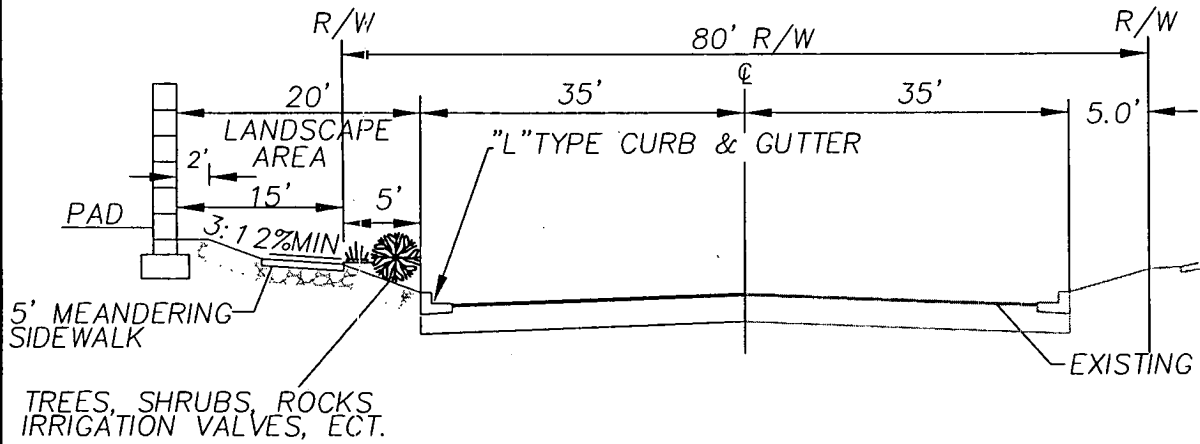
ORION ENGINEERING AND SURVEYING, INC.

7391 PRAIRIE FALCON ROAD SUITE 150
LAS VEGAS, NEVADA 89128
(702) 739-5921



FILE N: /PROJECT/053/0306/SURVEY/053.0306EP.DWG 08.12.04 PMK

TYPICAL SECTION



80' PUBLIC STREET SECTION
N.T.S. HORSE DRIVE

EXHIBIT "D"

SHEET 4 OF 4



ORION ENGINEERING AND SURVEYING, INC.

7391 PRAIRIE FALCON ROAD SUITE 150
LAS VEGAS, NEVADA 89128
(702) 739-5921

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of an Encroachment Request from PBS & J on behalf of U.S. Home Corporation, owner (southwest corner of Buffalo Drive and Craig Road) - Ward 4 (Brown)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This request is for landscaping at the southwest corner of Buffalo Drive and Craig Road consisting of trees, shrubs, ground cover and an irrigation system for the proposed Celebrate Estates subdivision. If approved, the applicant will be required to sign an Encroachment Agreement, which has conditions of maintenance, liability and removal.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

Copy of Encroachment Exhibit "A" (southwest corner of Buffalo Drive and Craig Road)

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

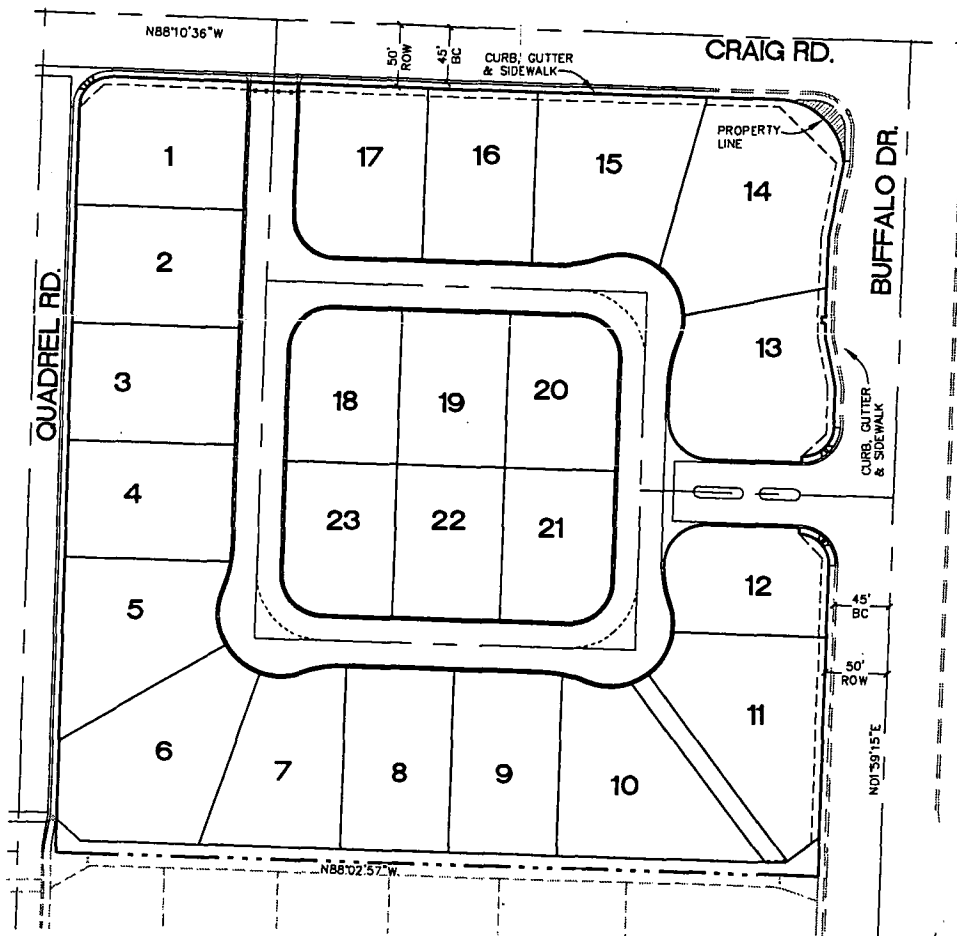
Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

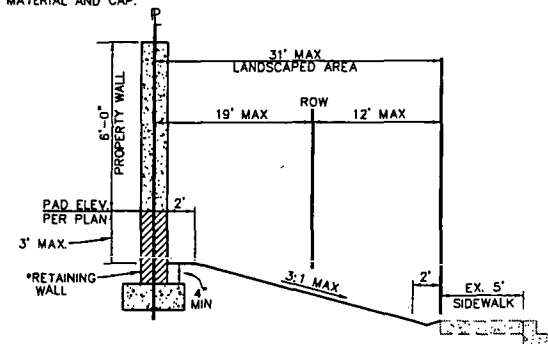
1-1803



AREA OF ENCROACHMENT
PROPOSED LANDSCAPE
AREA

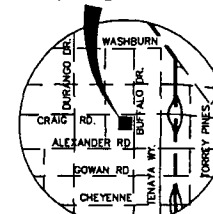
EXHIBIT "A"

DECORATIVE BLOCK WALL
WITH 20% CONTRASTING
MATERIAL AND CAP.



TYPICAL SECTION
Not to scale

PROJECT LOCATION



VICINITY MAP
N.T.S.

PBSJ &

2270 Corporate Circle
Suite 100
Henderson, Nevada 89074
Telephone: 702/263-7275
Fax: 702/263-7200

ENGINEERING • PLANNING • SURVEYING • CONSTRUCTION SERVICES

US HOME	CELEBRATE ESTATES ENCROACHMENT AGREEMENT EXHIBIT	JOB NO. 511636	DRAWN CAL	DATE 9/04
		SHEET NO. 1 OF 1	CHECKED CAL	SCALE NTS

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of an Encroachment Request from Wright Engineering on behalf of Nevada Power Company, owner (northeast corner of Fort Apache Road and Elkhorn Road) - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This request is for landscaping on the east side of Fort Apache Road and on the medians of Fort Apache Road adjacent to the site extending northward from Elkhorn Road. Landscaping on the north side of Elkhorn Road and on the medians of Elkhorn Road adjacent to the site extending eastward from Fort Apache Road. The landscaping will meet Town Center Landscaping Requirements for the proposed Elkhorn Substation. If approved, the applicant will be required to sign an Encroachment Agreement, which has conditions of maintenance, liability and removal.

RECOMMENDATION:

Approval

BACKUP DOCUMENTATION:

1. Copy of Encroachment Exhibit "A" (vicinity map)
2. Copy of Encroachment Exhibit "B" (Fort Apache Road and Elkhorn Road)
3. Copy of Encroachment Exhibit "C" (Fort Apache Road and Elkhorn Road typical sections)

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

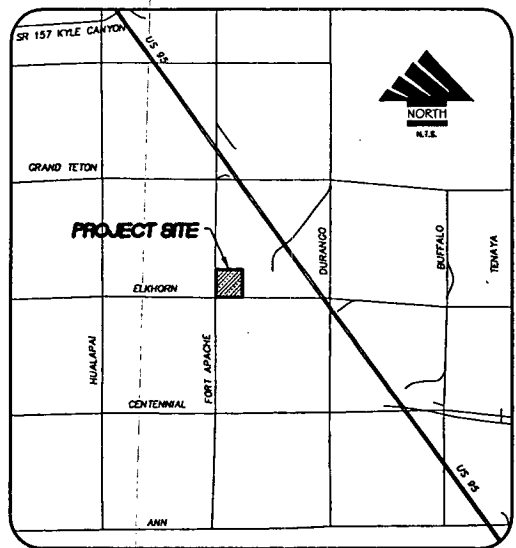
Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803



VICINITY MAP
N.T.S.

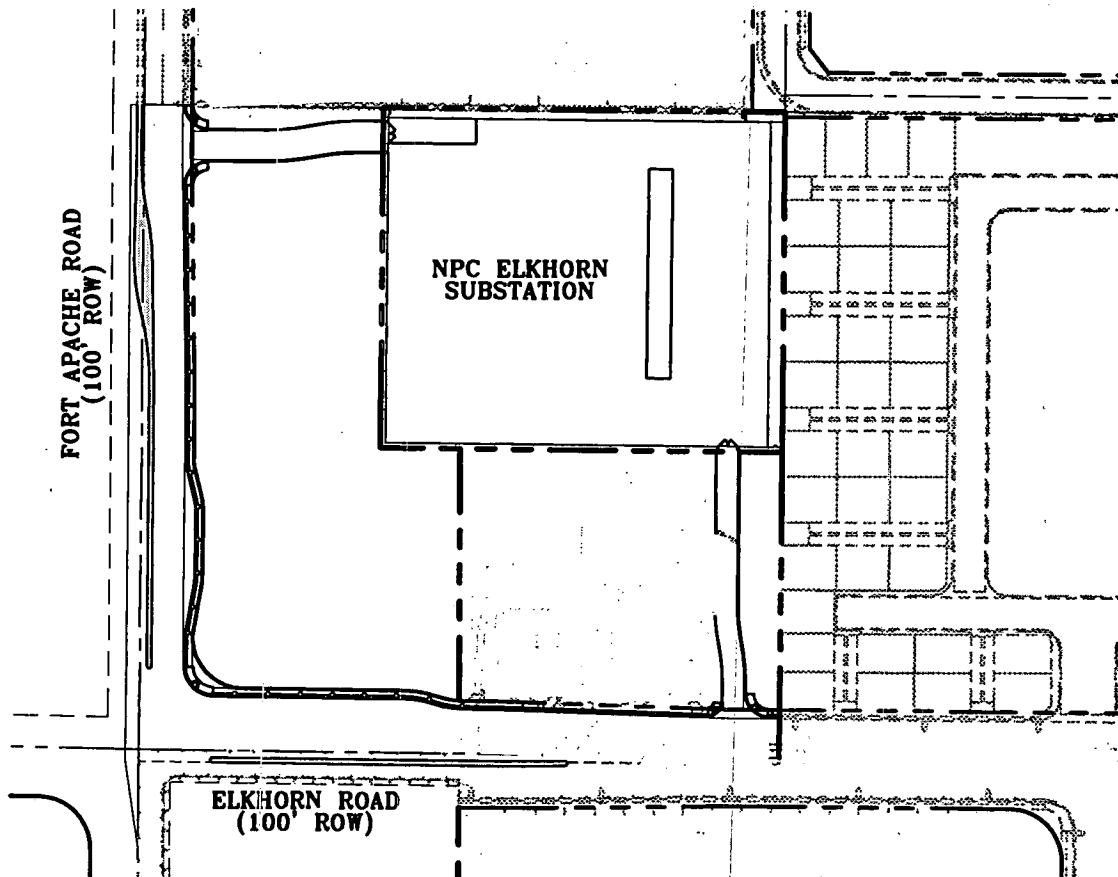


EXHIBIT "A"

ELKHORN SUBSTATION
ENCROACHMENT EXHIBIT

M:\cn24107\dwg\civil\encroachment1.dwg



WRIGHT ENGINEERS

7425 PEAK DRIVE

LAS VEGAS, NEVADA 89128

TEL (702) 933-7000 FAX (702) 933-7001

JOB NUMBER: CN24107

DRAWN BY: 00

DATED: 9/9/04

PAGE 1 OF 3

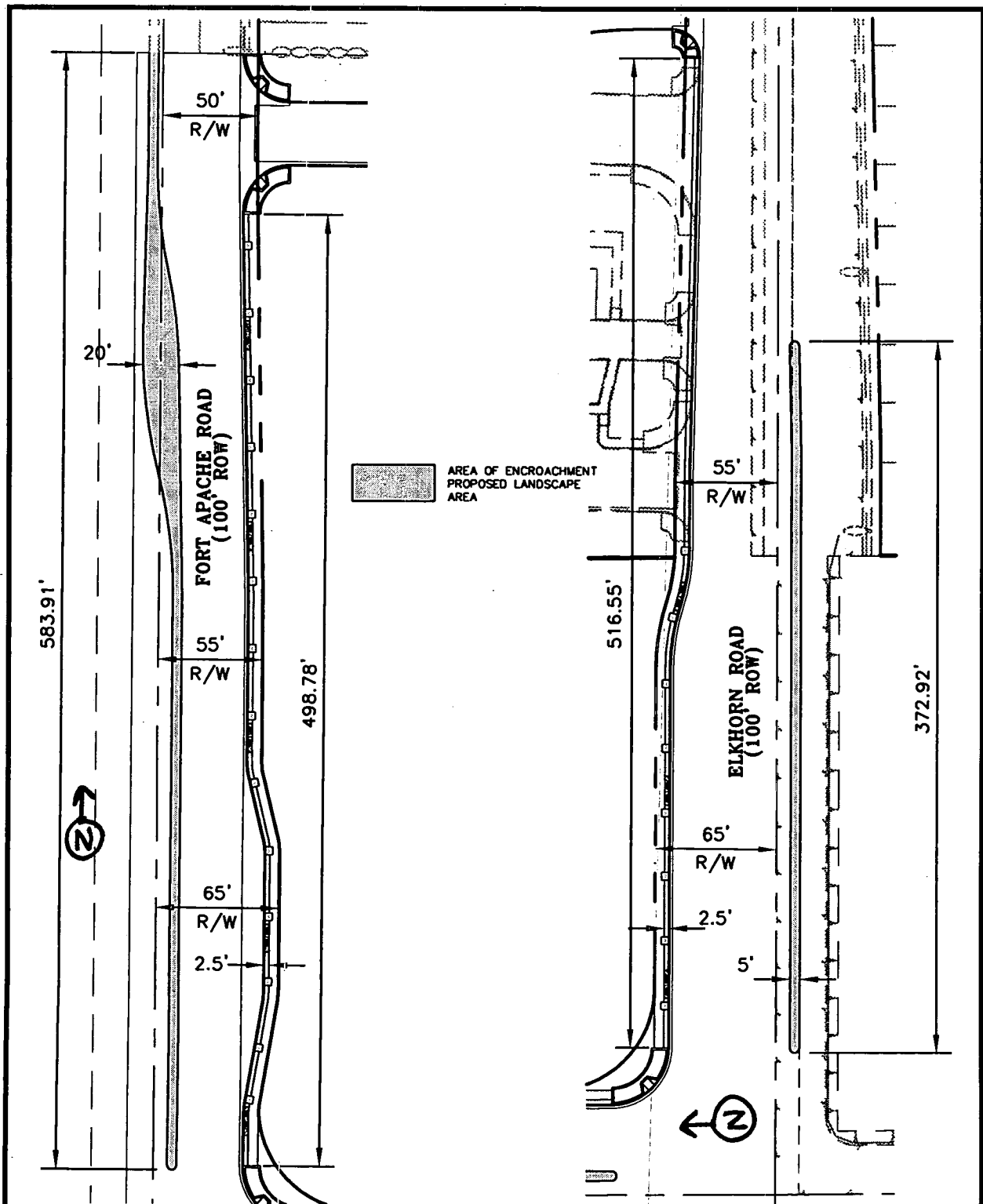


EXHIBIT "B"

ELKHORN SUBSTATION
ENCROACHMENT EXHIBIT

M:\cn24107\dwg\civil\encroachment.dwg



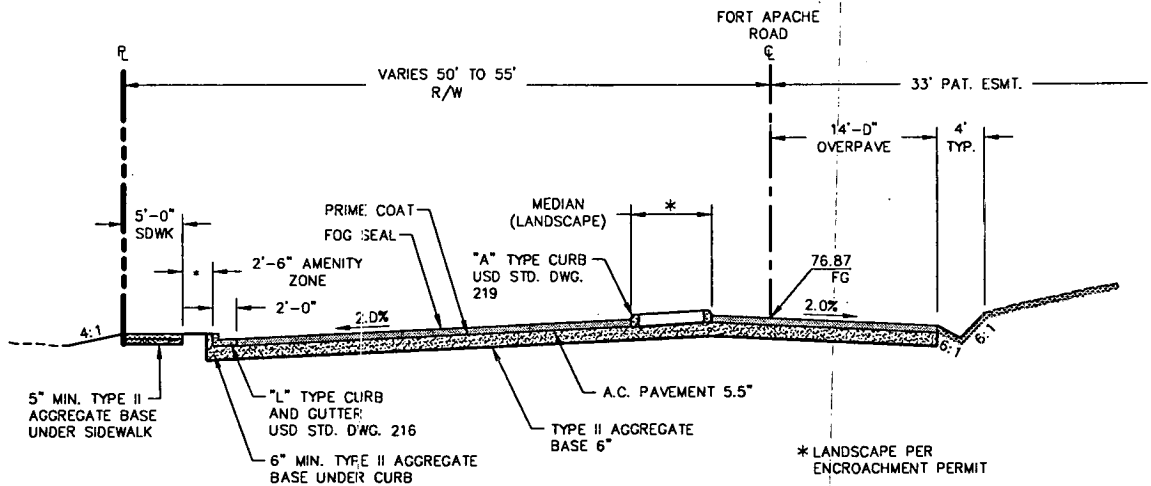
WRIGHT ENGINEERS

7425 PEAK DRIVE
LAS VEGAS, NEVADA 89128
TEL (702) 933-7000 FAX (702) 933-7001

JOB NUMBER: CN24107

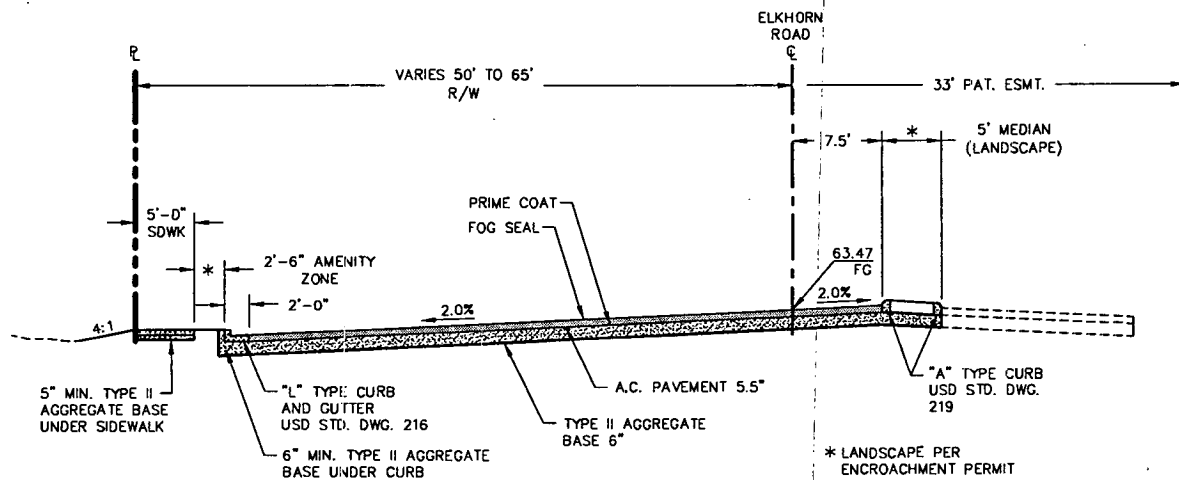
DRAWN BY: DD DATED: 9/9/04

PAGE 2 OF 3



FORT APACHE ROAD (100' ROW)

NTS



ELKHORN ROAD (100' ROW)

NTS

EXHIBIT "C"

ELKHORN SUBSTATION
ENCROACHMENT EXHIBIT

M:\cn24107\dwg\civil\encroachment\nt.dwg



WRIGHT ENGINEERS

7425 PEAK DRIVE
LAS VEGAS, NEVADA 89128
TEL (702) 933-7000 FAX (702) 933-7001

JOB NUMBER: CN24107

DRAWN BY: DD

DATED: 9/9/04

PAGE 3 OF 3

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

DIRECTOR: RICHARD GOECKE

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

Approval of a Sewer Connection and Interlocal Contract with Clark County Water Reclamation District - Wright Engineers on behalf of Carina Corporation, owner (southwest corner of Torrey Pines Drive and Rome Avenue, APN 125-23-403-003 and 125-23-403-014) - County (near Ward 6 - Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

This request is to connect 20 single-family dwellings located at the southwest corner of Torrey Pines Drive and Rome Avenue. The owner proposes to connect to and extend an 8-inch sewer line located in Rome Avenue. The Planning Department has determined the project does conform to the City's General Plan for the area; there is sufficient capacity in the City Sanitary Sewer. The applicant has signed a "Sewer Connection Agreement." This property is within the Clark County Interlocal Annexation Exceptions area and cannot be annexed to the City.

RECOMMENDATION:

Public Works recommends approval subject to conformance with all City codes and departmental standards and off-site improvements.

BACKUP DOCUMENTATION:

1. Agenda Memo
2. Interlocal Contract

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - UNANIMOUS with MONCRIEF excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

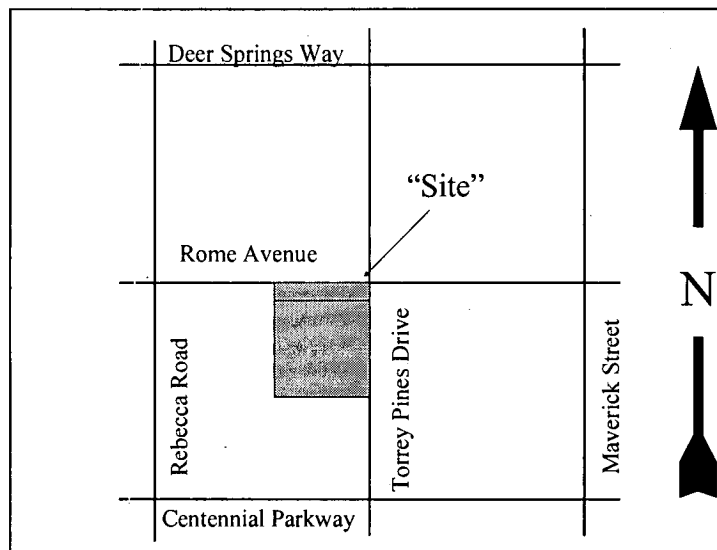
AGENDA MEMO

CITY COUNCIL MEETING DATE: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS

**ITEM DESCRIPTION: APPROVAL OF SEWER CONNECTION AND
INTERLOCAL CONTRACT WITH CLARK COUNTY WATER
RECLAMATION DISTRICT – WRIGHT ENGINEERS ON BEHALF OF
CARINA CORPORATION, OWNERS (SOUTHWEST CORNER OF
TORREY PINES DRIVE AND ROME AVENUE, APN 125-23-403-003 AND
125-23-403-014)**

VICINITY MAP



INTERLOCAL CONTRACT

THIS CONTRACT is entered into as of the 24th day of September, 2004, by and between the CLARK COUNTY WATER RECLAMATION DISTRICT ("DISTRICT") and the CITY OF LAS VEGAS ("CITY"), both political subdivisions of the State of Nevada, located within Clark County, Nevada.

WITNESSETH:

WHEREAS, NRS 277.180 provides that one or more public agencies may enter into contracts for the performance of sewer service activity or any undertaking which the agency is authorized by law to perform; and

WHEREAS, the CITY provides sewage treatment at its own facilities; and

WHEREAS, DISTRICT sewer lines are not accessible to provide service to the area as shown in Exhibit "A," owned by Carina Corporation, Inc. (approximately 10.39 acres -- vacant land; Parcel No. 125-23-403-003 & 014 which is within the boundaries of the DISTRICT and beyond the corporate limits of the CITY but which is more accessible to sewer service by the CITY; and

WHEREAS, DISTRICT and CITY are willing to enter into a CONTRACT whereby CITY will provide sewer service to that area as shown on the attached Exhibit "A."

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter set forth, the parties agree as follows:

1. CITY, at its established rates and in accordance with all CITY resolutions and policies, shall allow connection to CITY sewage collection system by, and will provide sewer service to, that area as shown on attached Exhibit "A" which is located within Clark County.

2. Upon adoption of this CONTRACT, DISTRICT will require all customers/applicants who are located within the boundaries of Exhibit "A" to pay sewer service and System Development Approval (SDA) charges directly to the CITY. CITY will issue a receipt of payment to each customer/applicant; each customer/applicant shall submit this paid receipt and copy of approved application to the DISTRICT and obtain a DISTRICT SDA for issuance of a Clark County building permit(s).

3. This agreement shall be for a term of fifty (50) years or when DISTRICT sewer service becomes available, whichever should first occur. "Available" is defined to mean a sewer service line within 400 feet of the Customer's location with capacity to handle the Customer's discharge.

4. No joint venture is contemplated or established hereby, and neither of the parties shall be deemed to be the agent of the other for any purpose by virtue of this CONTRACT.

5. This CONTRACT shall not be deemed to be for the benefit of any entity or person who is not a party hereto, and neither this CONTRACT, nor any interest therein, may be assigned without the prior written consent of the nonassigning party.

/////

/////

/////

/////

/////

/////

/////

/////

/////

6. Each party warrants to the other that they have the authority and capacity to perform the provisions hereof.

WITNESS OUR HANDS the day and year first above written.

CLARK COUNTY WATER RECLAMATION DISTRICT

By 
PETER M. ARCHULETA, General Manager

CITY OF LAS VEGAS

By 
OSCAR B. GOODMAN, Mayor

ATTEST:

By 
BARBARA JO RONEMUS, City Clerk

APPROVED AS TO FORM:

By  11/09/04
Deputy City Attorney

After all City of Las Vegas signatures have been added to this page, this original shall be returned to the following individual at Clark County Water Reclamation District:



Clark County Water
Reclamation District

The
"Clean
Water Team"

CHRISTINE DUDAS
Associate Engineer

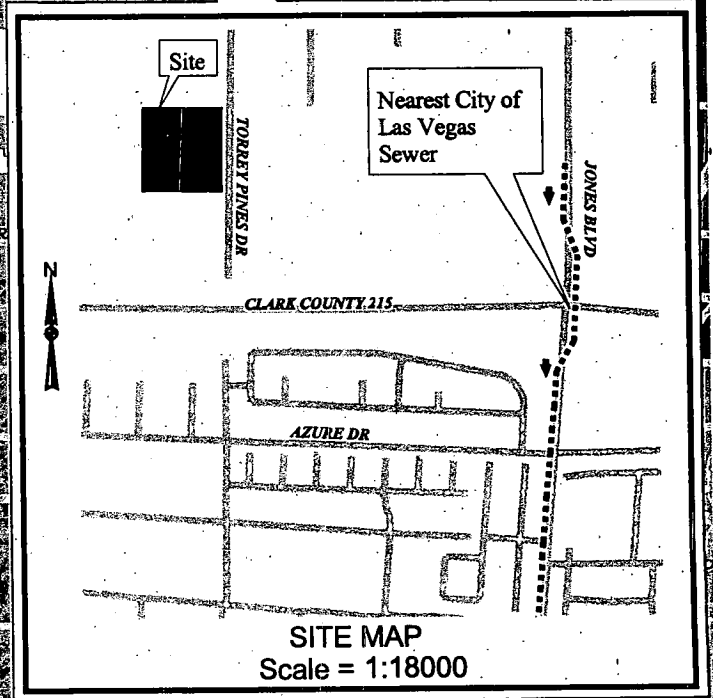
5857 E. Flamingo Road
Las Vegas, Nevada 89122
www.cleanwaterteam.com

(702) 450-4486
(702) 434-6601
Fax: (702) 434-6653
cdudas@cleanwaterteam.com

ROME BLVD/TORREY PINES DR PARCEL
 PARCEL NO. 125-23-403-003 - 014
 TOTAL PARCEL ACREAGE= 10.39 ACRES
 NEAREST DISTRICT SEWER IN
 EXCESS OF 9.5 MILES FROM SITE.

UNINCORPORATED
 COUNTY

Nearest City of
 Las Vegas Sewer



Nearest CCWRD Sewer

Scale = 1:96000



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-159-2004 - Approval of a Resolution directing the City Treasurer to prepare the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Acquisition, construction and installation of street, road, sanitary sewer, storm sewer/drainage improvements, and water main projects. Parcel is located in Summerlin Village 12 Business Park.

RECOMMENDATION:

It is recommended that the City Council adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-159-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

RESOLUTION NO. R-159-2004

A RESOLUTION DIRECTING THE CITY TREASURER OF THE CITY OF LAS VEGAS TO APPORTION THE UNCOLLECTED AMOUNT OF THE SPECIAL ASSESSMENT AGAINST ANY LOT OR PARCEL OF PROPERTY WITHIN CITY OF LAS VEGAS, NEVADA, SPECIAL IMPROVEMENT DISTRICT NO. 707 (SUMMERLIN AREA) THAT HAS BEEN DIVIDED SINCE SUCH SPECIAL ASSESSMENT WAS LEVIED THEREAGAINST AMONG THE SEVERAL PARTS INTO WHICH SUCH LOT OR PARCEL HAS BEEN DIVIDED AND TO PREPARE, SUBMIT AND FILE WITH THE CITY CLERK OF SAID CITY A REPORT OF SUCH APPORTIONMENT.

WHEREAS, the City of Las Vegas (hereinafter the "City"), in the County of Clark and State of Nevada, is organized and operating pursuant to the provisions of Chapter 517, Statutes of Nevada 1983, as the same have been amended to the date hereof, and the general laws of the State; and

WHEREAS, by Ordinance No. 3992 that was duly passed, adopted and approved by the City Council of the City (hereinafter the "City Council") on the 15th day of May, 1996, the City Council created "City of Las Vegas, Nevada, Special Improvement District No. 707 (Summerlin Area)" (hereinafter the "District") for the purposes of providing for the acquisition, construction and installation of street, road, sanitary sewer, storm sewer/drainage improvements, and water main projects (hereinafter the "Project"), by defraying the entire cost and expense of the Project by special assessments, against the assessable lots and parcels of property within the District according to the benefits that would be derived from the Project by the respective lots and parcels that were to be so assessed, all in accordance with the provisions of Chapter 271, et seq., of the Nevada Revised Statutes (hereinafter "NRS") that provide therefor; and

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1 WHEREAS, by Ordinance No. 3993 that was duly passed, adopted and approved
2 by the City Council on the 15th day of May, 1996, the City Council assessed all of the
3 costs and expenses of acquiring, constructing, and installing the Project against the
4 assessable lots and parcels of property within the District that were benefited by the
5 Project; and

6 WHEREAS, NRS 271.425 provides that if any lot or parcel of property within a
7 special improvement district, which has been created by a municipality in the State, is
8 divided after a special assessment thereupon has been levied and divided into
9 installments and before the collection of all of the installments, the governing body of the
10 municipality may require the municipal treasurer to apportion the uncollected amount of
11 such special assessment among the several parts into which such lot or parcel has been
12 divided; and

13 WHEREAS, that certain lot or parcel of property, identified by the Clark County,
14 Nevada, County Assessor's parcel number as Parcel 137-36-811-016, and is situate
15 within the District, has been divided after the special assessments were levied and
16 divided into installments, and not all of those installments have been collected or
17 apportioned among other lots and parcels that may have been created out of said Parcel
18 after the assessments were levied; and

19 WHEREAS, the City Council desires, by this Resolution, to direct the City
20 Treasurer of the City (hereinafter the "City Treasurer") to apportion the uncollected and
21 heretofore unapportioned amounts of the special assessments that have been levied
22 upon the above-described Parcel among the several parts into which said Parcel has
23 been divided.

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1 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Las
2 Vegas, Nevada, at this regular meeting thereof being held on this 3rd day of November,
3 2004, as follows:

4 SECTION 1. That the City Treasurer be, and he hereby is, authorized,
5 empowered and directed to apportion, on an equitable basis, the uncollected and
6 unapportioned amounts of the special assessments that were, by virtue of the adoption
7 by the City Council of Ordinance No. 3993, levied upon that certain lot or parcel of
8 property and is situate within the District and is identified by the Clark County, Nevada,
9 County Assessor's parcel number as Parcel 137-36-811-016, among the several parts
10 into which said Parcel has been divided.

11 SECTION 2. That the City Treasurer be, and he hereby is, further
12 authorized, empowered and directed to prepare, submit and file with the City Clerk of the
13 City (hereinafter the "City Clerk") a report of the apportionment that is required by Section
14 1 of this Resolution.

15 SECTION 3. That the City Clerk be, and she hereby is, authorized,
16 empowered and directed to furnish a copy of this Resolution to the City Treasurer.

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SECTION 4. That all resolutions, or parts thereof, that are in conflict with the provisions of this Resolution be, and they hereby are, repealed.

PASSED, ADOPTED AND APPROVED this 3rd day of November, 2004.


OSCAR B. GOODMAN, Mayor

Approved as to form:

21 OCT 04 W Z. Lamy
Date Deputy City Attorney

ATTEST:


BARBARA JO RONEMUS, City Clerk

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-160-2004 - Approval of a Resolution approving the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Acquisition, construction and installation of street, road, sanitary sewer, storm sewer/drainage improvements, and water main projects. Parcel is located in Summerlin Village 12 Business Park.

RECOMMENDATION:

It is recommended that the City Council adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-160-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

1 RESOLUTION NO. R-160-2004

2 A RESOLUTION RELATING TO CITY OF LAS VEGAS, NEVADA,
3 SPECIAL IMPROVEMENT DISTRICT NO. 707 (SUMMERLIN AREA);
4 APPROVING THE EIGHTY-FIRST ASSESSMENT LIEN
5 APPORTIONMENT REPORT WITH RESPECT TO CERTAIN LOTS AND
6 PARCELS OF PROPERTY WITHIN SAID DISTRICT; AND DIRECTING
7 THE RECORDATION OF SAID REPORT.

8 WHEREAS, the City Council of the City of Las Vegas (hereinafter the "City
9 Council" and the "City", respectively), in the County of Clark and State of Nevada, has
10 taken the requisite legal action that is preliminary to, and in the creation of, "City of Las
11 Vegas, Nevada, Special Improvement District No. 707 (Summerlin Area)" (hereinafter
12 the "District"), for the purposes of providing for the acquisition, construction and
13 installation of street, road, sanitary sewer, storm sewer/drainage improvements, and
14 water main projects (hereinafter the "Project"), and of defraying the entire cost and
15 expense of the Project, by special assessments, against the assessable lots and parcels
16 of property within the District, according to the benefits that would be derived from the
17 Project by the respective lots and parcels that were to be so assessed, all in accordance
18 with the provisions of Chapter 271, et seq., of the Nevada Revised Statutes (hereinafter
19 "NRS") that provide therefor; and

20 WHEREAS, the City Council, pursuant to NRS 271.425, has directed the City
21 Treasurer of the City (hereinafter the "City Treasurer") to apportion, on an equitable basis,
22 the uncollected and heretofore unapportioned amounts of the special assessments that
23 were levied upon that certain lot or parcel of property situate within the District and
24 identified by the Clark County, Nevada, County Assessor's parcel number as Parcel
137-36-811-016, among the several parts into which said Parcel has been divided and to

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1 prepare, submit and file with the City Clerk of the City (hereinafter the "City Clerk") a
2 report of such apportionment; and

3 WHEREAS, the City Treasurer, on the 3rd day of November, 2004, filed with the
4 City Clerk a copy of his report of such apportionment that is entitled "Eighty-First
5 Assessment Lien Apportionment Report for City of Las Vegas, Nevada, Special
6 Improvement District No. 707 (Summerlin Area)"; and

7 WHEREAS, the City Council has reviewed that Report and has found the same, in
8 all respects, to be satisfactory;

9 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Las
10 Vegas, Nevada, at this regular meeting thereof being held on this 3rd day of November,
11 2004, as follows:

12 SECTION 1. That certain document entitled "Eighty-First Assessment Lien
13 Apportionment Report for City of Las Vegas, Nevada, Special Improvement District
14 No. 707 (Summerlin Area)", a copy of which is attached as Exhibit "A" hereto, is hereby
15 approved and adopted, as and for the City's plan for the apportionment of the uncollected
16 and heretofore unapportioned amounts of the special assessments that were levied upon
17 that certain lot and parcel of property that is situate within the District and is identified by
18 the Clark County, Nevada, County Assessor's parcel number as Parcel 137-36-811-016,
19 among the several parts into which said Parcel has been divided.

20 SECTION 2. That the City Clerk is hereby authorized, empowered and
21 directed to record in the Office of the County Recorder of Clark County, Nevada, a copy
22 of said Report, together with a statement that the current payment status of any of the
23 assessments that are shown thereon may be obtained from the City Treasurer.

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1 SECTION 3. That all resolutions, or parts thereof, that are in conflict with
2 the provisions of this Resolution be, and they hereby are, repealed.

3 PASSED, ADOPTED AND APPROVED this 3rd day of November, 2004.

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6 OSCAR B. GOODMAN, Mayor

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8 Approved as to form:

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10 22 OCT 04 W 7/
11 Date Deputy City Attorney

12 ATTEST:

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14 
15 BARBARA JO RONEMUS, City Clerk

APN: 137-36-811-016

City of Las Vegas, Nevada
Special Improvement District No. 707
(Summerlin Area)

EIGHTY-FIRST ASSESSMENT LIEN APPORTIONMENT REPORT
(November 3, 2004)

RETURN TO:

City of Las Vegas
Department of Public Works
Special Improvement District - 4th Floor
400 Stewart Avenue
Las Vegas, Nevada 89101

RECEIVED
CITY CLERK

2004 NOV - 3 PM 4: 37

EIGHTY-FIRST ASSESSMENT LIEN APPORTIONMENT REPORT

The assessment that has heretofore been levied against that certain parcel of property that is identified as being Clark County Assessor's Parcel Number 137-36-811-016 in the original amount of \$53,628.57 is hereby further decreased by apportioning the assessment among the parcels that have been created out of the said parcel, as follows:

OWNER	LEGAL DESCRIPTION APN	PER PARCEL ASSESSMENT
Main Amundson Financial Services, LLC	137-36-811-020 ¹	\$ 25,633.78
10181 Park Run, LLC	137-36-811-021 ²	\$ 27,994.79
	TOTAL	\$ 53,628.57

¹part of Lot 4 as shown in Record of Survey File 130, Page 60, being further described in that certain instrument recorded in the office of the County Recorder, Clark County, Nevada in Book 20040621 as instrument 4380, on June 21, 2004

²part of Lot 4 as shown in Record of Survey File 130, Page 60, being further described in that certain instrument recorded in the office of the County Recorder, Clark County, Nevada in Book 20040928 as Instrument 453, on September 28, 2004

DATED this 3rd day of November, 2004.

Respectfully submitted,


MICHAEL K. OLSON, City Treasurer

THE CURRENT PAYMENT STATUS OF ANY OF THE FOREGOING ASSESSMENTS MAY BE OBTAINED FROM THE OFFICE OF THE CITY TREASURER OF LAS VEGAS, NEVADA.

APN: 137-36-811-020

DATED this 3 day of November, 2004.

I concur with the apportionments as stated above.

MAIN AMUNDSON FINANCIAL SERVICES LLC, a Nevada limited liability company



JAMES D. MAIN, Manager

APN: 137-36-811-021

DATED this ____ day of _____, 2004.

I concur with the apportionments as stated above.

10181 PARK RUN, LLC, a Nevada limited liability company

//NOT AVAILABLE//
SHELLI LOWE, Manager

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-161-2004 - Approval of a Resolution directing the City Treasurer to prepare the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Installation of pavement, curb and gutter, driveway approaches, traffic signals, storm drains, streetlights, sewer mains and laterals, and water mains and laterals.

RECOMMENDATION:

It is recommended that the City Council adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-161-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

RESOLUTION NO. R- 161-2004

A RESOLUTION DIRECTING THE CITY TREASURER OF THE CITY OF LAS VEGAS TO APPORTION THE UNCOLLECTED AMOUNT OF THE SPECIAL ASSESSMENT AGAINST ANY LOT OR PARCEL OF PROPERTY WITHIN CITY OF LAS VEGAS, NEVADA, SPECIAL IMPROVEMENT DISTRICT NO. 1477 (TENAYA WAY/AZURE DRIVE) THAT HAS BEEN DIVIDED SINCE SUCH SPECIAL ASSESSMENT WAS LEVIED THEREAGAINST AMONG THE SEVERAL PARTS INTO WHICH SUCH LOT OR PARCEL HAS BEEN DIVIDED AND TO PREPARE, SUBMIT AND FILE WITH THE CITY CLERK OF SAID CITY A REPORT OF SUCH APPORTIONMENT.

WHEREAS, the City of Las Vegas (hereinafter the "City"), in the County of Clark and State of Nevada, is organized and operating pursuant to the provisions of Chapter 517, Statutes of Nevada 1983, as the same have been amended to the date hereof, and the general laws of the State; and

WHEREAS, by Ordinance No. 5272 that was duly passed, adopted and approved by the City Council of the City (hereinafter the "City Council") on the 6th day of December, 2000, the City Council created "City of Las Vegas, Nevada, Special Improvement District No. 1477 (Tenaya Way/Azure Drive)" (hereinafter the "District") for the purposes of providing for the installation of pavement, curb and gutter, driveway approaches, traffic signals, storm drains, streetlights, sewer mains and laterals, and water mains and laterals (hereinafter the "Project"), by defraying the entire cost and expense of the Project by special assessments, against the assessable lots and parcels of property within each assessment unit of the District according to the benefits that would be derived from the Project by the respective lots and parcels that were to be so assessed, all in accordance with the provisions of Chapter 271 et seq., of the Nevada Revised Statutes (hereinafter "NRS") that provide therefor; and

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1 WHEREAS, by Ordinance No. 5512 that was duly passed, adopted and approved
2 by the City Council on the 18th day of September, 2002, the City Council assessed all of
3 the cost and expense of acquiring, constructing and installing the Project against the
4 assessable lots and parcels of property within the District that were benefited by the
5 Project; and

6 WHEREAS, NRS 271.425 provides that if any lot or parcel of property within a
7 special improvement district, which has been created by a municipality in the State, is
8 divided after a special assessment thereupon has been levied and divided into
9 installments and before the collection of all of the installments, the governing body of the
10 municipality may require the municipal treasurer to apportion the uncollected amount of
11 such special assessment among the several parts into which such lot or parcel has been
12 divided; and

13 WHEREAS, that certain lot and parcel of property, identified by the Clark County,
14 Nevada, County Assessor's parcel number as Parcel 125-27-113-004, and is situate
15 within the District, has been divided after the special assessments were levied and
16 divided into installments, and not all of those installments have been collected or
17 apportioned among other lots and parcels that may have been created out of said Parcel
18 after the assessments were levied; and

19 WHEREAS, the City Council desires, by this Resolution, to direct the City
20 Treasurer of the City (hereinafter the "City Treasurer") to apportion the uncollected and
21 heretofore unapportioned amounts of the special assessments that have been levied
22 upon the above-described Parcel among the several parts into which said Parcel has
23 been divided;

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1 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Las
2 Vegas, Nevada, at this regular meeting thereof being held on this 3rd day of November,
3 2004, as follows:

4 SECTION 1. That the City Treasurer be, and he hereby is, authorized,
5 empowered and directed to apportion, on an equitable basis, the uncollected and
6 unapportioned amounts of the special assessments that were, by virtue of the adoption
7 by the City Council of said Ordinance No. 5512, levied upon that certain lot and parcel of
8 property that is situate within the District and is identified by the Clark County, Nevada,
9 County Assessor's parcel number as Parcel 125-27-113-004, among the several parts
10 into which said Parcel has been divided.

11 SECTION 2. That the City Treasurer be, and he hereby is, further authorized,
12 empowered and directed to prepare, submit and file with the City Clerk of the City
13 (hereinafter the "City Clerk") a report of the apportionment that is required by Section 1 of
14 this Resolution.

15 SECTION 3. That the City Clerk be, and she hereby is, authorized, empowered
16 and directed to furnish a copy of this Resolution to the City Treasurer.

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1 SECTION 4. That all resolutions, or parts thereof, that are in conflict with the
2 provisions of this Resolution be, and they hereby are, repealed.

3 PASSED, ADOPTED AND APPROVED this 3rd day of November, 2004.

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6 OSCAR B. GOODMAN, Mayor

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8 Approved as to form:

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10 21 OCT 04 WZ 
11 Date Deputy City Attorney

12 ATTEST:

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15 BARBARA JO RONEMUS, City Clerk
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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-162-2004 - Approval of a Resolution approving the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Installation of pavement, curb and gutter, driveway approaches, traffic signals, storm drains, streetlights, sewer mains and laterals, and water mains and laterals.

RECOMMENDATION:

It is recommended that the City Council adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-162-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

1 RESOLUTION NO. R-162-2004

2 A RESOLUTION RELATING TO CITY OF LAS VEGAS, NEVADA,
3 SPECIAL IMPROVEMENT DISTRICT NO. 1477 (TENAYA WAY/AZURE
4 DRIVE); APPROVING THE FOURTH ASSESSMENT LIEN
5 APPORTIONMENT REPORT WITH RESPECT TO CERTAIN LOTS AND
6 PARCELS OF PROPERTY WITHIN SAID DISTRICT; AND DIRECTING
7 THE RECORDATION OF SAID REPORT.

8 WHEREAS, the City Council of the City of Las Vegas (Hereinafter the "City
9 Council" and the "City", respectively), in the County of Clark and State of Nevada, has
10 taken the requisite legal action that is preliminary to, and in the creation of, "City of Las
11 Vegas, Nevada, Special Improvement District No. 1477 (Tenaya Way/Azure Drive)"
12 (hereinafter the "District"), for the purposes of providing for the installation of pavement,
13 curb and gutter, driveway approaches, traffic signals, storm drains, streetlights, sewer
14 mains and laterals, and water mains and laterals (hereinafter the "Project"), by defraying
15 the entire cost and expense of the Project, by special assessments, against the
16 assessable lots and parcels of property within the District according to the benefits that
17 would be derived from the Project by the respective lots and parcels that were to be so
18 assessed, all in accordance with the provisions of Chapter 271 et seq., of the Nevada
19 Revised Statutes (hereinafter "NRS") that provide therefor; and

20 WHEREAS, the City Council, pursuant to NRS 271.425, has directed the City
21 Treasurer of the City (hereinafter the "City Treasurer") to apportion, on an equitable basis,
22 the uncollected and heretofore unapportioned amounts of the special assessments that
23 were levied upon that certain lot and parcel of property situate within the District and
24 identified by the Clark County, Nevada, County Assessor's parcel number as Parcel
125-27-113-004, among the several parts into which said Parcel has been divided, and to

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1 prepare, submit and file with the City Clerk of the City (hereinafter the "City Clerk") a
2 report of such apportionment; and

3 WHEREAS, the City Treasurer, on the 3rd day of November, 2004, filed with the
4 City Clerk a copy of his report of such apportionment that is entitled "Fourth Assessment
5 Lien Apportionment Report for City of Las Vegas, Nevada, Special Improvement District
6 No. 1477 (Tenaya Way/Azure Drive)"; and

7 WHEREAS, the City Council has reviewed that Report and has found the same, in
8 all respects, to be satisfactory;

9 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Las
10 Vegas, Nevada, at this regular meeting thereof being held on this 3rd day of November,
11 2004, as follows:

12 SECTION 1. That certain document entitled "Fourth Assessment Lien
13 Apportionment Report for City of Las Vegas, Nevada, Special Improvement District
14 No. 1477 (Tenaya Way/Azure Drive)", a copy of which is attached as Exhibit "A", is
15 hereby approved and adopted, as and for the City's plan for the apportionment of the
16 uncollected and heretofore unapportioned amounts of the special assessments that were
17 levied upon that certain lot and parcel of property that is situate within the District and is
18 identified by the Clark County, Nevada, County Assessor's parcel number as Parcel
19 125-27-113-004, among the several parts into which said Parcel has been divided.

20 SECTION 2. That the City Clerk is hereby authorized, empowered and directed to
21 record in the Office of the County Recorder of Clark County, Nevada, a copy of said
22 Report, together with a statement that the current payment status of any of the
23 assessments that are shown thereon may be obtained from the City Treasurer.

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1 SECTION 3. That all resolutions, or parts thereof, that are in conflict with the
2 provisions of this Resolution be, and they hereby are, repealed.

3 PASSED, ADOPTED AND APPROVED this 3rd day of November, 2004.

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6 OSCAR B. GOODMAN, Mayor

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8 Approved as to form:

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10 21 OCT 04 W F Henry
11 Date Deputy City Attorney

12 ATTEST:

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15 BARBARA JO RONEMUS, City Clerk
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APN: 125-27-113-004

City of Las Vegas, Nevada
Special Improvement District No. 1477
(Tenaya & Azure Re-alignment)

FOURTH ASSESSMENT LIEN APPORTIONMENT REPORT
(November 3, 2004)

RETURN TO:

City of Las Vegas
Department of Public Works
Special Improvement District – 4th Floor
400 Stewart Avenue
Las Vegas, Nevada 89101

RECEIVED
CITY CLERK

2004 NOV - 3 PM 4: 37

FOURTH ASSESSMENT LIEN APPORTIONMENT REPORT

The assessment that has heretofore been levied against that certain parcel of property that is identified by the Clark County, Nevada, County Assessor's parcel number as Parcel 125-27-113-004 in the amount of \$615,848.13, is hereby apportioned among the parcels that have been created out of the said Parcel, as follows:

Current Owner	APN	New Assessment
Centennial 95 LP	125-27-113-006 ¹	\$ 277,469.61
Tenaya Village Center LLC	125-27-113-007 ²	\$ 338,378.52
	TOTAL	\$ 615,848.13

LEGAL DESCRIPTION:

¹All of Lot 1 of Montecito East, A Commercial Subdivision, Book 113 of Plats, Page 26, recorded in the Office of the County Recorder, Clark County, Nevada in Book 20031008 as Instrument 2936 recorded on October 8, 2003, excepting therefrom:

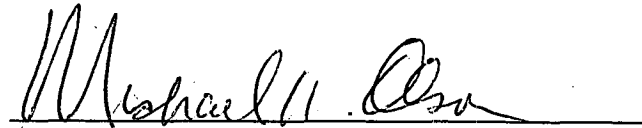
Pad A of Record of Survey File 135, Page 1 as recorded in the Office of the County Recorder, Clark County, Nevada in Book 20031226 as Instrument 463 recorded on December 26, 2003 and

Lot 1A of Record of Survey File 136, Page 33 as recorded in the Office of the County Recorder, Clark County, Nevada in Book 20040303 as Instrument 2520 recorded on March 3, 2004.

²All of Lot 1A of Record of Survey File 136, Page 33 as recorded in the Office of the County Recorder, Clark County, Nevada in Book 20040303 as Instrument 2520 recorded on March 3, 2004.

DATED this 3rd day of November, 2004.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Michael K. Olson", written over a horizontal line.

MICHAEL K. OLSON, City Treasurer

THE CURRENT PAYMENT STATUS OF ANY OF THE FOREGOING ASSESSMENTS MAY BE OBTAINED FROM THE OFFICE OF THE CITY TREASURER OF LAS VEGAS, NEVADA.

APN: 125-27-113-006

DATED this 16 day of October, 2004.

I concur with the apportionments as stated above.

CENTENNIAL 95 LIMITED PARTNERSHIP

BY: LAGUNA CONSULTANTS, LLC, Its General Partner by Frank Nielsen, Its Manager



FRANK NIELSEN, Manager

APN: 125-27-113-007

DATED this 18 day of October, 2004.

I concur with the apportionments as stated above.

TENAYA VILLAGE CENTER LLC

BY: THE MONTECITO COMPANIES, LLC, Its Manager by Frank Nielson, Its Manager

A handwritten signature in black ink, appearing to be 'Frank Nielson', written over a horizontal line.

FRANK NIELSEN, Manager

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-163-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement Districts 404, 707, 808, and 809 and providing other matters properly relating thereto - Wards 2 and 4 (Wolfson and Brown)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

NRS 271.545 states that when an assessment or installment becomes delinquent, the City shall direct the City Treasurer to give notice of the sale of the property or properties subject to the lien of a delinquent installment.

RECOMMENDATION:

It is recommended that the City Council Adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-163-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

RESOLUTION NO. R-163-2004

A RESOLUTION DIRECTING THE CITY TREASURER TO GIVE NOTICE OF THE SALE OF PROPERTIES SUBJECT TO THE LIEN OF A DELINQUENT ASSESSMENT; AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, the City has heretofore created Special Improvement District Nos. 404, 707, 808 and 809 (the "Districts"); and

WHEREAS, the City Council has directed and hereby reaffirms its direction to the City Treasurer to collect and enforce the assessments in the Districts in the manner provided by the Consolidated Local Improvements Law; and

WHEREAS, the assessment installments on certain properties in the Districts have not been made and are delinquent; and

WHEREAS, the City Council desires that the City Treasurer proceed with a notice of sale of the delinquent property as provided in Nevada Revised Statutes ("NRS") ' 271.545.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAS VEGAS, NEVADA:

Section 1. The City Council hereby directs the City Treasurer to give notice of the sale of the properties subject to the lien of delinquent assessments in the Districts. The City Council hereby exercises its option to cause the whole amount of the unpaid principal of the assessments to become due and payable as provided in NRS ' 271.410. The sale shall take place at 2:00 p.m. on January 25, 2005 in the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart Avenue, Las Vegas, Nevada, which the Council hereby finds is a convenient location.

Section 2. The notice of sale shall be substantially as follows:

(Form of Notice of Sale)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on January 25, 2005, at the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart Avenue, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments in the City's Special Assessment District Nos. 404, 707, 808 and 809 to the City of Las Vegas:

<u>Name of Owner</u>	<u>Description of Property</u>	<u>District No.</u>	<u>Total Amount Due to Date of Sale*</u>

[insert in notice as published as mailed a list containing the information described in the above table headings for each delinquent parcel.]

*Includes whole amount of unpaid assessment, accrued and delinquent interest to January 25, 2005, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS ' 271.555 to NRS ' 271.575. The sale shall be continued from day to day as provided in NRS ' 271.555. The property sold is subject to redemption as provided in NRS ' 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS ' 271.595.

The City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to the above parcels, as provided in NRS ' 271.410. As provided in that section, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made.

A property owner may obtain from the Las Vegas City Treasurer the amount that he/she is required

to pay to the City in order to be restored to the right to pay his/her assessments in installments pursuant to NRS ' 271.410(2).

+**PLEASE TAKE NOTICE** that according to records available to the City of Las Vegas, you are the owner of or have an interest in a mortgage, deed of trust, or other lien or other interest in one of the properties listed above. The City intends to conduct a sale of these properties in accordance with the provisions of the above notice and Nevada Revised Statutes. The sale is being held because the special assessments levied against the subject property have not been paid. **Your ownership of or mortgage, deed of trust, other lien or other interest in the property could be adversely affected by the sale.** Under Nevada law, deeds to property sold, which are issued after the period of redemption specified in NRS ' 271.595, convey the entire fee simple title to the property described, stripped of all liens and claims except the liens of other special assessments and general taxes. See NRS ' 271.600.+

IN WITNESS WHEREOF, I have affixed my signature as of November 3, 2004.

/s/ Michael K. Olson
City Treasurer

*Insert in mailed notice only.

(End of Form of Notice of Sale)

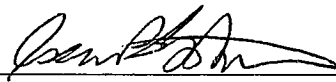
Section 3. The Notice provided in Section 2 above shall be published once a week for 3 consecutive weeks prior to the date of sale and shall be mailed by first class mail, postage prepaid, at least 20 days before the sale to each owner of a parcel which is subject to sale as provided in the Notice, and to each person who has a property interest in any of that property that is recorded, if that property interest could be adversely affected by the sale. The City Clerk is directed to make such publication and mailing. An affidavit of publication is hereby required to be filed with the City Clerk. The City Clerk shall also make out an affidavit that the mailing as described above has been made and file that affidavit in his/her records.

Section 4. The City Treasurer is directed to obtain the names and addresses of the property for which there is a delinquent assessment from the records of the County Assessor or such other source or sources as the City Clerk deems reliable. The list of names and addresses must have been revised within 12 months prior to the date of sale.

Section 5. The officers of the City are hereby authorized to take all action necessary to effectuate the provisions of this resolution.

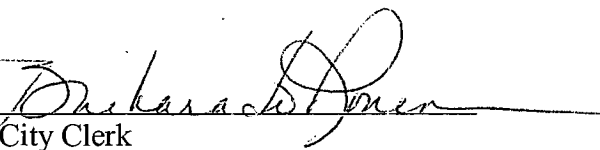
Section 6. This resolution is effective on passage and approval.

PASSED, ADOPTED AND APPROVED this November 3, 2004.

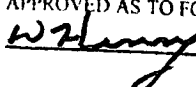


Mayor

(SEAL)



City Clerk

APPROVED AS TO FORM
 2106704

Date

STATE OF NEVADA)
 :ss.
CITY OF LAS VEGAS)

I, Barbara Jo Ronemus, the duly chosen, qualified and acting City Clerk of Las Vegas (the "City"), in the State of Nevada, do hereby certify:

1. The foregoing pages are a true and correct copy of a resolution (the "Resolution") passed and adopted by the Council at a meeting of the Council held on November 3, 2004.

2. The adoption of the Resolution was duly moved and seconded and the Resolution was adopted by an affirmative vote of a majority of the members of the Council as follows:

Those Voting Aye:	Oscar Goodman
	Gary Reese
	Larry Brown
	Lawrence Weekly
	Michael Mack
	Steve Wolfson

Those Voting Nay:	NONE

Those Absent:	Janet Moncrief

3. The members of the Council were present at such meeting and voted on the passage of such resolution as set forth in such minutes.

4. The Resolution was approved and authenticated by the signature of the Mayor, sealed with the City seal, attested by the City Clerk and recorded in the minutes of the Council.

5. All members of the Council were given due and proper notice of the meeting. Pursuant to NRS 241.020, Nevada Revised Statutes, written notice of the meeting was given no later than 9:00 a.m. on the third working day before the meeting including the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice not later than 9:00 a.m. on the third working day before the meeting at the principal office of the Council, or if there is no principal office, at the building in which the meeting is to be held, and at least three (3) other separate, prominent places within the jurisdiction of the Council, to wit:

- (a) Court Clerk's Bulletin Board
City Hall Plaza
Las Vegas, Nevada
- (b) City Clerk's Bulletin Board
City Hall Plaza, 2nd Floor Skybridge
Las Vegas, Nevada
- (c) Las Vegas-Clark County Library
833 Las Vegas Boulevard North
Las Vegas, Nevada
- (d) Clark County Government Center
500 S. Grand Central Parkway
Las Vegas, Nevada
- (e) Grant Sawyer Building
555 E. Washington Avenue
Las Vegas, Nevada

and

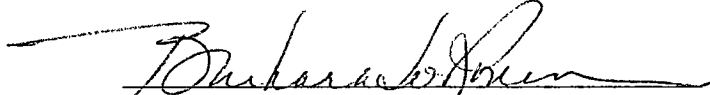
- (b) By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Council in the same manner in which notice is required to be mailed to a member of the Council. Such notice was delivered to the postal service no later than 9:00 a.m. on the third working day prior to the meeting.

6. A copy of the notice of each meeting was posted on the City's website no later than 9:00 a.m. on the third working day prior to each meeting.

7. Upon request, the Council provides at no charge, at least one copy of the agenda for its public meetings, any proposed resolution which will be discussed at the public meeting, and any other supporting materials provided to the Council for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

8. A copy of the notice so given of the meeting of the Council held on November 3, 2004 is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City this November 3, 2004.


City Clerk

(SEAL)

EXHIBIT A
(Attach Notice and Agenda of Meeting)



CITY COUNCIL AGENDA

COUNCIL CHAMBERS • 400 STEWART AVENUE • PHONE 229-6011

CITY OF LAS VEGAS INTERNET ADDRESS: <http://www.lasvegasnevada.gov>

OSCAR B. GOODMAN, MAYOR (At-Large) • COUNCILMAN GARY REESE, MAYOR PRO TEM (Ward 3)

COUNCIL MEMBERS: LARRY BROWN (Ward 4), LAWRENCE WEEKLY (Ward 5),

MICHAEL MACK (Ward 6), JANET MONCRIEF (Ward 1), STEVE WOLFSON (Ward 2)

Facilities are provided throughout City Hall for the convenience of persons with disabilities. For meetings held in the Council Chambers, sound equipment is available for persons with hearing impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

NOVEMBER 3, 2004

Morning Session begins at 9:00 a.m.

Afternoon Session begins at 1:00 p.m.

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2, AND ARE CLOSED CAPTIONED FOR OUR HEARING IMPAIRED VIEWERS. THE COUNCIL MEETING, AS WELL AS ALL OTHER KCLV PROGRAMMING, CAN BE VIEWED ON THE INTERNET AT www.kclv.tv. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 AND THE WEB THE WEDNESDAY OF THE MEETING AT 8:00 PM, AND ALSO ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 1:00 PM.

DUPLICATE AUDIO TAPES MAY BE AVAILABLE AT A COST OF \$3.00 PER TAPE AND DUPLICATE VIDEO TAPES MAY BE AVAILABLE AT A COST OF \$5.00 PER TAPE THROUGH THE CITY CLERK'S OFFICE.

NOTE: CELLULAR PHONES ARE TO BE TURNED OFF DURING THE COUNCIL MEETING.

CEREMONIAL MATTERS

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
- INVOCATION - DR. ANNE JONES-ANDERSON, SENIOR PASTOR, LIFE CHRISTIAN CENTER
- PLEDGE OF ALLEGIANCE
- RECOGNITION OF THE CITIZEN OF THE MONTH
- RECOGNITION OF EAGLE SCOUT WILLIAM TOMPKINS
- RECOGNITION OF NATIVE AMERICAN HERITAGE MONTH
- RECOGNITION OF CITY EMPLOYEE JOHN CHAMBERS FOR THE MERITORIOUS SERVICE AWARD
- RECOGNITION OF OUTSTANDING COMMUNITY LEADERSHIP

BUSINESS ITEMS - MORNING

1. Any items from the morning session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time
2. Approval of the Final Minutes by reference of the regular City Council Meeting of August 18, 2004

CONSENT AGENDA

MATTERS LISTED ON THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE AND HAVE BEEN RECOMMENDED FOR APPROVAL BY THE SUBMITTING DEPARTMENTS. ALL ITEMS ON THE CONSENT AGENDA MAY BE APPROVED IN A SINGLE MOTION. HOWEVER, IF A COUNCIL MEMBER SO REQUESTS, ANY CONSENT ITEM MAY BE MOVED TO THE DISCUSSION PORTION OF THE AGENDA AND OTHER ACTION, INCLUDING POSTPONEMENT OR DENIAL OF THE ITEM, MAY TAKE PLACE.

FINANCE & BUSINESS SERVICES - CONSENT

3. Approval of Service and Material Checks/Payroll Checks/Wire Transfers/Other Checks and Investments
4. Approval of a Special Event License for F. L. O. C. K. (For the Love of Cats & Kittens), Location: Charleston Heights Art Center, 800 South Brush Street, Date: November 17, 2004, Type: Special Event Beer/Wine/Cooler, Event: Wine & Cheese Art Auction, Responsible Person in Charge: Brian Adams - Ward 1 (Moncrief)
5. Approval of a Special Event License for Dino's Lounge, Location: The Funk House, 1228 South Casino Center Boulevard, Dates: December 3, 2004 and January 7, 2005, Type: Special Event Beer/Wine/Cooler, Event: First Friday, Responsible Person in Charge: Kristin Bartolo - Ward 1 (Moncrief)
6. Approval of a new Beer/Wine/Cooler Off-sale License, Nakata Trading, Inc., dba Nakata Market of Japan, 2350 South Rainbow Boulevard, Suite 6, Kumiko A. Nakata, Pres, Secy, Treas, 100% - Ward 1 (Moncrief)
7. Approval of Change of Business Name for a Beer/Wine/Cooler On-sale License, American Capital Investments, dba From: Southern Comfort Cafe & Catering, To: Soul 2 Soul Bistro, 2101 North Rainbow Boulevard, Suite 102, Jeffrey E. Campbell, Dir, Pres, Secy, Treas, 100% - Ward 6 (Mack)
8. Approval of Change of Ownership and Business Name for a Tavern License subject to Health Dept. regulations, From: Artisan Cafe, LLC, dba Aruba Hotel Lounge (Non-operational), Audrey N. DaSilva, Mgr, Mmbr, 100%, Douglas B. DaSilva, Principal, To: Thunderbird Bar & Lounge, LLC, dba Thunderbird Lounge, 1215 Las Vegas Boulevard South, Venkat R. Vangala, Mgr, Mmbr and Nirupama R. Vangala, Mmbr, 100% jointly as husband and wife - Ward 3 (Reese)
9. Approval of a new Burglar Alarm Service, Ultimate Electronics, Inc., dba Ultimate Electronics, 741 South Rainbow Boulevard, William J. Pearse, Dir, Chairman, 12.3%, David J. Workman, Dir, Pres, CEO, Alan E. Kessock, Dir, CFO, Gerard P. Demple, Sr VP - Ward 1 (Moncrief)
10. Approval of Franchise Managers for a Beer/Wine/Cooler Off-sale License, 7-Eleven of Nevada, Inc., dba 7-Eleven Food Store 22416F, 901 North Rancho Drive, Jatinder K. Singh, Franchise Manager, Veena Singh, Franchise Manager - Ward 5 (Weekly)
11. Approval of revision to purchase order 219386 for Installation, Maintenance and Support of Access Control System Hardware and Software - Detention and Enforcement - Award to: DIEBOLD, INC. (\$361,150 - Various Funds)
12. Approval of revision to award of Bid No. 010095 for Various Electrical Supplies - Various Departments - Award to: GRAYBAR ELECTRIC, STANDARD WHOLESALE SUPPLY, LAS VEGAS WINLECTRIC, JCH WHOLESALE ELECTRIC and APPLIED INDUSTRIAL CONTROLS (\$200,000 - Various Funds)
13. Approval of award of Contract No. 050120 for Work Environment and Work Processes Consulting Services - Department of Public Works - Award recommended to: THE APQC CONSULTING GROUP (\$131,000 - Sanitation Enterprise Fund)
14. Approval of revision to award of Bid No. 010039 for Various Plumbing Supplies - Various Departments - Award to: STANDARD WHOLESALE SUPPLY and KELLYS PIPE & SUPPLY (\$125,000 - Various Funds)
15. Approval of issuance of a purchase order for Water Champ Submersible Chemical Induction Units - Department of Public Works - Award recommended to: CHEMICAL INJECTION TECHNOLOGY (\$35,000 - Sanitation Enterprise Fund)

FINANCE & BUSINESS SERVICES - CONSENT

16. Approval of the issuance of a Purchase Order for the transport of a historic railroad cottage located at 604 South 4th Street. Award recommended to: BLAND-FORD, INC. - Department of Public Works (\$29,800 Various Funds) - Ward 1 (Moncrief)
17. Approval of award of Bid No. 050091-GL, Annual Requirements Contract for Security Guard Services - Department of Detention and Enforcement - Award recommended to: ANDY FRAIN SERVICES, INC. (Estimated annual amount of \$375,000 - Various Funds)
18. Approval of disqualification of contractor from the Qualified Contractor List for the period through February 3, 2006 pursuant to City of Las Vegas Contractor Qualification Policy and Procedure for On-Site Public Works Projects - Department of Finance and Business Services - Disqualification of: Darby Neagle Enterprises

FIRE & RESCUE - CONSENT

19. Approval of a Memorandum of Understanding between the City of Las Vegas and the Salvation Army for the transfer of U.S. Department of Homeland Security grant funds in the amount of \$1,700 for the Salvation Army's mass feeding support services - All Wards
20. Approval of a Mutual Aid Agreement with Nellis Air Force Base for fire protection and hazardous material incident response - All Wards
21. Approval of an Interlocal Agreement between the City of Las Vegas and Clark County for the receipt of the Federal Fiscal Year (FFY) 04 Urban Area Security Initiative Program funding in the amount of \$1,158,732 - All Wards

HUMAN RESOURCES - CONSENT

22. Approval to renew the contract with Lumenos as provider for Consumer Driven Health Care as an option to the City Health Insurance Plan (CHIP) and Health Plan of Nevada (HPN) (\$580,000 - Self-insurance internal service fund)
23. Approval to renew the contract with Vision Service Plan (VSP) (\$35,000 - Self-insurance internal services fund)
24. Approval to renew the contract with Harmony Health Care (\$8,500 - Self-insurance internal services fund)
25. Approval to renew the contract with Catalyst Rx for prescription drug management services (\$6,000 - Self-insurance internal services fund)
26. Approval to contract with Health Plan of Nevada (HPN) for Health Maintenance Organization (HMO) services (\$954,000 - Self-insurance internal services fund)
27. Approval to renew contract with Marsh USA Inc. for insurance consulting services
28. Approval to contract with Beech Street Preferred Provider Organization (PPO) network (\$20,000 - Self-insurance internal service fund)
29. Approval to renew the contract with Diversified Dental Services, Inc. (\$19,250 - Self-insurance internal services fund)
30. Approval to renew the contract with BenefitElect for Flex Plan Administration services

LEISURE SERVICES - CONSENT

31. Approval of grant award in the amount of \$1,000 (Mini-Grant Number 2004-43) from the Nevada Humanities Committee to the City of Las Vegas Cultural Affairs Division to support poetry readings - Ward 1 (Moncrief)

LEISURE SERVICES - CONSENT

32. Approval of a proposed "Tournament Fee" for private sports tournaments using City athletic fields (estimated \$200,000 revenue increase - General Fund) - All Wards

NEIGHBORHOOD SERVICES - CONSENT

33. Approval of a Deferred Loan Agreement expending \$36,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1132 South 15th Street, Mario Macias, owner - Ward 3 (Reese)
34. Approval of a Deferred Loan Agreement expending \$35,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1320 Gold Avenue, Gloria Schuler White, owner - Ward 5 (Weekly)

PUBLIC WORKS - CONSENT

35. Approval to file a Right-of-Way Grant with the Bureau of Land Management for roadway, sanitary sewer, drainage and streetscape amenity purposes on portions of land lying within Section 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located on the south side of the Dorrell Lane alignment east of the Shaumber Road alignment and approximately 660 feet west of the Hualapai Way alignment; and the east side of the Shaumber Road alignment between the alignments of Dorrell Lane and Deer Springs Road, APNs 126-24-301-013 and -701-014 - Ward 6 (Mack)
36. Approval to file a Temporary Use Permit with the Bureau of Land Management for drainage on portions of land lying within Sections 13 and 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located between Hualapai Way and Puli Road on the east and west and by Grand Teton Drive and the Clark County Beltway on the north and south, APNs 126-13-501-002, -401-014, -701-006, 126-24-301-013 and -701-014 - Ward 6 (Mack)
37. Approval to appraise and purchase or condemn a right-of-way parcel for advanced acquisition along the west side of the Martin L. King Boulevard corridor, north of Alta Drive, APN 139-33-202-005 (\$1,750,000 - Regional Transportation Commission [RTC]) - Ward 5 (Weekly)
38. Approval of a Dedication document to Clark County, a political subdivision of the State of Nevada, for portions of the Southwest Quarter of Section 10, Township 21 South, Range 62 East, Mount Diablo Meridian, for driveway and pedestrian access easement purposes located at the Water Pollution Control Facility on the south side of Vegas Valley Drive, east of Stephanie Street, APN 161-10-401-004 - County (near Ward 3 - Reese)
39. Approval of a Professional Services Agreement with Ninyo & Moore for Materials Testing and Inspection Services on the CAM 10 (Ann Road) Detention Basin project (\$240,000 - Clark County Regional Flood Control District [CCRFCD]) - Wards 4 and 6 (Brown and Mack)
40. Approval of an Encroachment Request from Orion Engineering and Surveying, Incorporated, on behalf of Plaster Development Company, Incorporated, owner (southwest corner of Horse Drive and Thom Boulevard) - Ward 6 (Mack)
41. Approval of an Encroachment Request from PBS & J on behalf of U.S. Home Corporation, owner (southwest corner of Buffalo Drive and Craig Road) - Ward 4 (Brown)
42. Approval of an Encroachment Request from Wright Engineering on behalf of Nevada Power Company, owner (northeast corner of Fort Apache Road and Elkhorn Road) - Ward 6 (Mack)
43. Approval of a Sewer Connection and Interlocal Contract with Clark County Water Reclamation District - Wright Engineers on behalf of Carina Corporation, owner (southwest corner of Torrey Pines Drive and Rome Avenue, APN 125-23-403-003 and 125-23-403-014) - County (near Ward 6 - Mack)

RESOLUTIONS - CONSENT

44. R-159-2004 - Approval of a Resolution directing the City Treasurer to prepare the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
45. R-160-2004 - Approval of a Resolution approving the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
46. R-161-2004 - Approval of a Resolution directing the City Treasurer to prepare the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
47. R-162-2004 - Approval of a Resolution approving the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
48. R-163-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement Districts 404, 707, 808, and 809 and providing other matters properly relating thereto - Wards 2 and 4 (Wolfson and Brown)
49. R-164-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement District 505 and multi districts and providing other matters properly relating thereto - All Wards

REAL ESTATE COMMITTEE - CONSENT

50. Approval to negotiate purchase and/or initiate condemnation of, APNs 139-34-512-002 and -003 located at 321 and 329 North Las Vegas Boulevard, APNs 139-34-512-016 and -017 located at 405 and 409 North 6th Street, APN 139-34-512-021 located at 325 North 6th Street, APN 139-34-512-022 located at 323 North 6th Street and, APN 139-34-512-023 located at 319 North 6th Street for right-of-way and/or City Hall Expansion purposes - Ward 5 (Weekly)

DISCUSSION / ACTION ITEMS

ADMINISTRATIVE SERVICES - DISCUSSION

51. Report and possible action on the status of federal lands issues at the 108th Congress

FINANCE & BUSINESS SERVICES - DISCUSSION

52. Discussion and possible action regarding a renewal of the City's Franchise Agreement with Nevada Power Company (NPC) - All Wards
53. ABEYANCE ITEM - Discussion and possible action regarding an Appeal of Denial for a Child Care Facility License, Sheila Logan, dba Love All Kidz Daycare, 6309 Guadalupe Avenue, Sheila Logan 100% - Ward 6 (Mack)
54. Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business, Young Il Kong, dba Grand Master Kong Taekwon-Do, 1780 North Buffalo Drive, Suite 105, Young I. Kong, 100% - Ward 4 (Brown)
55. Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License, Sabah Shoshani, dba Bells Market, 720 West Owens Avenue, Sabah H. Shoshani, 100% - Ward 5 (Weekly)

FINANCE & BUSINESS SERVICES - DISCUSSION

56. ABEYANCE ITEM - Discussion and possible action regarding a new Auctioneer License, J. P. King Auction Company, Inc., dba J. P. King Auction Company, Inc., 108 Fountain Avenue, Gadsden, Alabama, Jerry C. King, Dir, Pres, Auctioneer, 25%, James S. King, Dir, Executive VP, Auctioneer, 25%, Christie K. Ray, Dir, Secy, Auctioneer, 25% - Alabama

RECOMMENDING COMMITTEE REPORT - DISCUSSION

BILLS ELIGIBLE FOR ADOPTION AT THIS MEETING

57. Bill No. 2004-68 - Annexation No. ANX-4777 - Property location: At and near the southeast corner of Iron Mountain Road and Maverick Street; Petitioned by: Quarterhorse Falls Estates, LLC; Acreage: 15.79 acres; Zoned: R-E (County zoning), R-E (City equivalent). Sponsored by: Councilman Michael Mack
58. Bill No. 2004-70 - Annexation No. ANX-4957 - Property location: On the north side of Ann Road, east and west of Mustang Road (aka Mustang Street); Petitioned by: Matrix Development Corporation, et al.; Acreage: 10.69 acres; Zoned: R-E (County zoning), U (R) and U (RE) (City equivalents). Sponsored by: Councilman Michael Mack

BILLS ELIGIBLE FOR ADOPTION AT A LATER MEETING

THERE IS NO PUBLIC COMMENT ON THESE ITEMS AND NO ACTION WILL BE TAKEN BY THE COUNCIL AT THIS MEETING, EXCEPT THOSE ITEMS WHICH MAY BE STRICKEN OR TABLED. PUBLIC TESTIMONY TAKES PLACE AT THE RECOMMENDING COMMITTEE MEETING HELD FOR THAT PURPOSE.

59. Bill No. 2004-69 - Establishes new solid waste and recycling regulations. Proposed by: Mark R. Vincent, Director of Finance and Business Services

NEW BILLS - DISCUSSION

THERE IS NO PUBLIC COMMENT ON THESE ITEMS. NEW BILLS ARE READ INTO THE RECORD AND REFERRED TO RECOMMENDING COMMITTEE FOR A SEPARATE HEARING TO RECEIVE PUBLIC TESTIMONY BEFORE ACTION BY THE COUNCIL AT A LATER MEETING. EXCEPTION: EMERGENCY BILLS OR THOSE ITEMS TO BE STRICKEN OR TABLED.

60. Bill No. 2004-71 - Expands the boundaries of the Live/Work Overlay District to include the Las Vegas Medical District, and allows medical office uses within the Overlay District. Proposed by: Robert S. Genzer, Director of Planning and Development
61. Bill No. 2004-72 - Revises the standards for converting public streets into private streets in existing subdivisions. Sponsored by: Councilwoman Janet Moncrief

1:00 P.M. - AFTERNOON SESSION

BUSINESS ITEMS - AFTERNOON

62. Any items from the afternoon session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time

HEARINGS - DISCUSSION

63. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 1625 Curtis Drive. PROPERTY OWNERS: DANIEL & DOROTHY CRUZ - Ward 3 (Reese)
64. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 717 W. Washington Avenue. PROPERTY OWNERS: CLARENCE & JUANITA RAY FAMILY - Ward 5 (Weekly)
65. Public hearing to consider the report of expenses to recover costs for abatement of nuisance/litter located at 2824 Sing Song Way. PROPERTY OWNER: STANDARD FEDERAL BANK C/O ABN AMRO MORTGAGE/ATLANTIC MORTGAGE - Ward 5 (Weekly)
66. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 704 W. Wilson Avenue. PROPERTY OWNERS: KARL BUTLER - Ward 5 (Weekly)
67. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building/demolition at 212 W. St. Louis Avenue. PROPERTY OWNERS: BARBARA HANSEN - Ward 1 (Moncrief)
68. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 210 W. Monroe Avenue. PROPERTY OWNERS: ARNOLD MARTIR - Ward 5 (Weekly)

PLANNING & DEVELOPMENT

The items listed below, where appropriate, have been reviewed by the various City departments relative to requirements for storm drainage and flood control, connection to sanitary sewer, traffic circulation, and building and fire regulations. Their comments and/or recommendations and requirements have been incorporated into the action.

PLANNING & DEVELOPMENT - DISCUSSION

69. ROC-5401 - PUBLIC HEARING - APPLICANT/OWNER: RICHMOND AMERICAN HOMES NEVADA - Request for a Review of Condition Number 2 of an approved Site Development Plan Review (SDR-2772) TO CLARIFY WHICH LOTS ARE LIMITED TO SINGLE STORY DWELLINGS for an approved 34 lot single family development on 5.50 acres adjacent to the north side of Alexander Road, approximately 335 feet west of Vegas Vista Trail (APN 137-01-801-007), PD (Planned Development) Zone, Ward 4 (Brown). Staff recommends APPROVAL
70. MOD-5125 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Major Modification to the Grand Teton Village Master Plan TO CHANGE THE LAND USE DESIGNATION FROM: P (PUBLIC FACILITIES) TO: L (LOW DENSITY RESIDENTIAL); TO AMEND TABLE 1 (SECTION 2.2) TO REFLECT CHANGES TO THE LAND USE CATEGORIES AND NUMBER OF RESIDENTIAL UNITS; TO AMEND FIGURES 2 AND 3 AND TO AMEND SECTIONS 2.3.5, 5.3.2 AND 6.1 REGARDING COMMON OPEN SPACE on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
71. WVR-5127 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Waiver of Title 18.12.160 TO ALLOW APPROXIMATELY 91 FEET BETWEEN STREET INTERSECTIONS WHERE 125 FEET IS THE MINIMUM DISTANCE REQUIRED FOR INTERSECTIONS OF STREETS PROVIDING SERVICE INTERNALLY WITHIN A SUBDIVISION in conjunction with a proposed 51-lot single-family residential development on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

72. SDR-5126 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Site Development Plan Review FOR A PROPOSED 51-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

73. VAC-4071 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: WRG DESIGN, INC. - OWNER: PALM MORTUARY, INC. - Petition to Vacate Deer Springs Way between Jones Boulevard and Maverick Street; and Maverick Street between Deer Springs Way and Rome Boulevard, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (5-0 vote) recommends APPROVAL

74. VAC-4998 - PUBLIC HEARING - APPLICANT: KB HOME - OWNER: BRIAN AND JULIE LEE, ET AL - Petition to Vacate U. S. Government Patent Reservations and Bureau of Land Management Easements generally located south of Alexander Road, east of Cliff Shadows Parkway, Ward 4 (Brown). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

75. VAC-5011 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate a portion of Del Juan Street between Jo Marcy Drive and Gilcrease Avenue, and U.S. Government Patent Reservations generally located south of Jo Marcy Drive, west of Del Juan Street, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

76. VAC-5012 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate Jo Marcy Drive and Gilcrease Avenue west of Hualapai Way, and U.S. Government Patent Reservations generally located adjacent to the southwest corner of Jo Marcy Drive and Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

77. VAC-5013 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate U.S. Government Patent Reservations generally located north of Dorrell Lane, west of Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

78. VAC-5019 - PUBLIC HEARING - OWNER/APPLICANT: DR HORTON, INC. - Petition to Vacate Chieftain Street north of Gilcrease Avenue, and Jo Marcy Drive east of Tee Pee Lane, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

79. VAC-5024 - PUBLIC HEARING - APPLICANT: KB HOME NEVADA, INC. - OWNER: CLIFF'S EDGE, LLC, ET AL - Petition to Vacate U.S. Government Patent Reservations generally located east of Puli Road, between Grand Teton Drive and Jo Marcy Drive, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

80. VAC-5025 - PUBLIC HEARING - APPLICANT/OWNER: CLIFFS EDGE, LLC - Petition to Vacate U.S. Government Patent Reservations adjacent to the north side of Elkhorn Road between Puli Road and Shaumber Road, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

81. VAC-5043 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDING CORP. - Petition to Vacate a U.S. Government Patent Reservation generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL

82. VAC-5044 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDINGS CORP. - Petition to Vacate unused public rights-of-way generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

83. VAR-5086 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION, INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Variance TO ALLOW A ZERO-FOOT FRONT YARD AND ZERO-FOOT SIDE YARD SETBACK WHERE 10 FEET IS THE MINIMUM REQUIRED on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

84. SDR-5085 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Site Development Plan Review and Waivers of the Perimeter and Parking Lot Landscape Requirements FOR A PROPOSED 28,600 SQUARE FOOT OFFICE/WAREHOUSE on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

85. SUP-4807 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 51 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

86. SUP-4809 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

87. SUP-4830 - PUBLIC HEARING - APPLICANT/OWNER: TWIN LAKES BAPTIST CHURCH - Appeal filed by the applicant from the Denial by the Planning Commission on a request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT BY 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN adjacent to the northwest corner of Westcliff Drive and Rainbow Boulevard (APN 138-27-802-004), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation] under Resolution of Intent to C-1 (Limited Commercial), Ward 2 (Wolfson). The Planning Commission (6-1 vote) and staff recommend DENIAL

88. SUP-5028 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Special Use Permit FOR A PROPOSED 73-STORY MIXED-USE DEVELOPMENT at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

89. VAC-5029 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Petition to Vacate Cincinnati Avenue east of Las Vegas Boulevard, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

90. SDR-5027 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Site Development Review and Waivers of Downtown Centennial Plan Standards for streetscaping, building setbacks, and reflective glazing FOR A 73-STORY, 863-FOOT TALL, 1,300,000 SQUARE-FOOT MIXED USE DEVELOPMENT CONSISTING OF 951 CONDOMINIUM UNITS AND 41,000 SQUARE FEET OF COMMERCIAL USES on 2.17 acres at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

91. SUP-5065 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: GEORGE FILIOS TRUST R-501 - Request for a Special Use Permit FOR A PROPOSED SERVICE STATION WITH GAS PUMPS adjacent to the southwest corner of Decatur Boulevard and Rome Boulevard (APN 125-24-802-010), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

92. VAC-5069 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Petition to Vacate Turkey Lane between Thom Boulevard and Decatur Boulevard, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

93. SDR-5050 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Request for a Site Development Plan Review and Waivers of Building Placement and Foundation Landscaping Standards FOR A PROPOSED 365,700 SQUARE-FOOT SHOPPING CENTER on 35.00 acres adjacent to the northwest corner of Decatur Boulevard and the Las Vegas Beltway (APN 125-24-802-001, 002, 003, 004, 007, 010 and 011), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

94. SUP-5067 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: GWHC OF NEVADA, LLC - Request for a Special Use Permit and Waivers of Separation Distance Standards, to allow a 780-foot distance from a parcel with a similar use where 1,000 feet is the minimum required, to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards, to allow 1,482 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 8450 West Sahara Avenue, Suite 114 (APN 163-04-406-004), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-1 vote) recommends APPROVAL

95. SUP-5072 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: CHARLESTON HEIGHTS DEVELOPMENT COMPANY - Request for a Special Use Permit and Waivers of the Separation Distance Standards to allow a zero-foot distance from a parcel with a similar use where 1,000 feet is the minimum required; to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards to allow 800 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 6708 West Cheyenne Avenue (APN 138-10-816-007), C-1 (Limited Commercial) Zone, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (4-2-1 vote) recommends APPROVAL

96. SUP-5105 - PUBLIC HEARING - APPLICANT: HEADLIFTERS MINISTRIES - OWNER: DELUXE INVESTMENTS, INC. - Appeal filed by the Applicant from the Denial by the Planning Commission of a request for a Special Use Permit and a Waiver of the 6,500 square-foot minimum lot requirement FOR A PROPOSED TRANSITIONAL LIVING GROUP HOME on 0.14 acres at 2805 Howard Drive (APN 162-01-710-014) R-1 (Single-Family Residential) Zone, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend DENIAL

97. SUP-5228 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Special Use Permit FOR AN EXISTING ANIMAL HOSPITAL, CLINIC, OR SHELTER WITH OUTSIDE PENS AND A PROPOSED ADDITION TO THE HOSPITAL at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

98. SDR-5094 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Site Development Plan Review and a Waiver of perimeter landscaping standards FOR A PROPOSED 2,890 SQUARE-FOOT ADDITION TO AN EXISTING ANIMAL HOSPITAL WITH OUTSIDE PENS on 2.18 acres at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

99. ZON-5087 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC. - Request for a Rezoning FROM: R-E (RESIDENCE ESTATES) AND U (UNDEVELOPED) [PCD (PLANNED COMMUNITY DEVELOPMENT) GENERAL PLAN DESIGNATION] TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

100. SDR-5089 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC. - Request for a Site Development Review FOR A PROPOSED 51-LOT SINGLE-FAMILY DEVELOPMENT on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), R-E (Residence Estates) and U (Undeveloped) Zones [PCD (Planned Community Development)] [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

101. GPA-5264 - PUBLIC HEARING - APPLICANT: CITY OF LAS VEGAS - Request to Amend the Land Use Classifications of the Las Vegas 2020 Master Plan to include mixed-use development in the SC (Service Commercial), GC (General Commercial) and LI/R (Light Industry/Research) categories, All Wards. The Planning Commission (5-1-1 vote) and staff recommend DENIAL
102. GPA-5060 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: SC (SERVICE COMMERCIAL) TO: M (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
103. ZON-5062 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Rezoning FROM: C-2 (GENERAL COMMERCIAL) TO: R-3 (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
104. SDR-5063 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Site Development Plan Review FOR A PROPOSED 52-UNIT APARTMENT COMPLEX on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), C-2 (General Commercial) Zone [PROPOSED: R-3 (Medium Density Residential), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
105. GPA-5082 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: L (LOW DENSITY RESIDENTIAL) TO: SC (SERVICE COMMERCIAL) on 1.58 acres and TO: MLA (MEDIUM-LOW ATTACHED DENSITY RESIDENTIAL) on 4.4 acres south of Bonanza Road and east of Pecos Road (APN 140-31-121-003), Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
106. VAC-5101 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Petition to Vacate a portion of a 10-foot wide public drainage easement and ingress/egress easements generally located south of Bonanza Road, east of Pecos Road, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
107. GPA-5097 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: LI/R (LIGHT INDUSTRIAL/RESEARCH) TO: SC (SERVICE COMMERCIAL) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
108. ZON-5103 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Rezoning FROM: M (Industrial) TO: C-1 (Limited Commercial) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
109. SUP-5107 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Special Use Permit FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
110. SDR-5104 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTER - Request for a Site Development Plan Review and a Waiver to allow 75 percent lot coverage area where 50 percent is the maximum allowed FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT CONTAINING 700 RESIDENTIAL UNITS AND 20,000 SQUARE FEET OF RETAIL USES adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

111. GPA-5120 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request to amend a portion of the Southwest Sector Plan of the General Plan FROM: GC (GENERAL COMMERCIAL) TO: ML (MEDIUM-LOW DENSITY RESIDENTIAL) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
112. ZON-5121 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Rezoning FROM: U (UNDEVELOPED) [GC (GENERAL COMMERCIAL) GENERAL PLAN DESIGNATION] UNDER RESOLUTION OF INTENT TO C-2 (GENERAL COMMERCIAL) TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
113. VAR-5124 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Variance TO ALLOW 0.44 ACRES OF OPEN SPACE WHERE 0.66 ACRES IS THE MINIMUM REQUIRED FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), GC (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
114. SDR-5122 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Site Development Plan Review FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), U (Undeveloped) Zone [GC (General Commercial) General Plan Designation] under Resolution of Intent to C-2 (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission recommends APPROVAL

SET DATE

115. SET DATE ON ANY APPEALS FILED OR REQUIRED PUBLIC HEARINGS FROM THE CITY PLANNING COMMISSION MEETINGS, CENTENNIAL HILLS ARCHITECTURAL REVIEW COMMITTEE AND DANGEROUS BUILDING OR NUISANCE/LITTER ABATEMENTS

CITIZENS PARTICIPATION

PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE CITY COUNCIL. NO SUBJECT MAY BE ACTED UPON BY THE CITY COUNCIL UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge
Court Clerk's Office Bulletin Board, City Hall Plaza
Las Vegas Library, 833 Las Vegas Boulevard North
Clark County Government Center, 500 S. Grand Central Parkway
Grant Sawyer Building, 555 E. Washington Avenue

EXHIBIT B

(Attach Affidavit of Publication of Notice of Sale)

EXHIBIT C

STATE OF NEVADA)
 : ss.
COUNTY OF CLARK)

AFFIDAVIT OF MAILING
NOTICE OF SALE
DISTRICTS 404, 707 808& 809

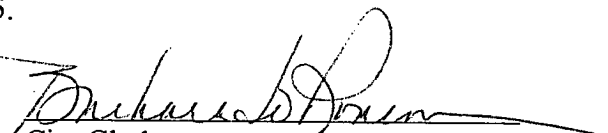
The undersigned, Barbara Jo Ronemus, City Clerk of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

1. Pursuant to Section 3 of the resolution attached hereto, as evidenced by the affidavit attached as Exhibit 1 hereto, I caused to be mailed a Notice in substantially the form attached hereto as Exhibit 2 to the persons described in paragraph 2 hereof on January 5, 2005, being at least 20 days before the sale, which was held on January 25, 2005.

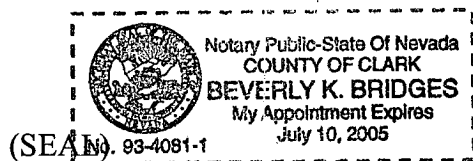
2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has a property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

3. Receipts from the certified mailing and this affidavit will be retained in the records of the City for Districts 404, 707, 808 and 809 until all of the assessments for those Districts and all bonds pertaining thereto have been paid in full.

Dated this 26th day of January, 2005.


City Clerk

SUBSCRIBED AND SWORN TO before me this 26th day of January, 2005, by Barbara Jo Ronemus, City Clerk, City of Las Vegas, Nevada.



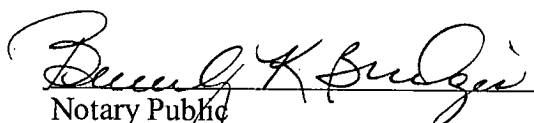

Notary Public

EXHIBIT 1

STATE OF NEVADA)
 :ss.
COUNTY OF CLARK)

AFFIDAVIT OF MAILING
NOTICE OF SALE

The undersigned Keith B. Davis, the President of Assessment Management Group of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

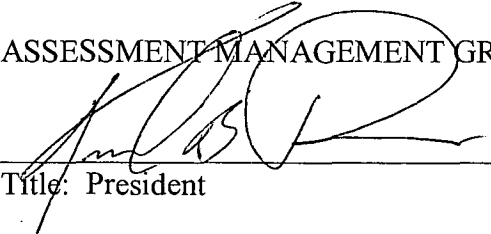
1. Pursuant to Section 3 of the resolution attached hereto, I mailed a Notice in substantially the form attached on the attachment hereto marked Exhibit 2 to the persons described in paragraph 2 hereof on January 5, 2005, being at least 20 days before the sale, which was held on January 25, 2005.

2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

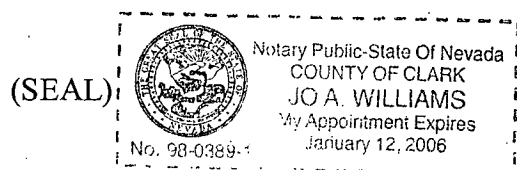
3. Receipts from the certified mailing and this affidavit will be retained in the records of the City for Districts 404, 707, 808 and 809 until all of the assessments for those Districts and all bonds pertaining thereto have been paid in full.

Dated this 25th day of January, 2005.

ASSESSMENT MANAGEMENT GROUP


Title: President

SUBSCRIBED AND SWORN TO before me this 25th day of January, 2005, by Keith B. Davis, President of Assessment Management Group.



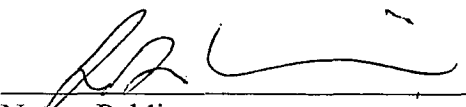

Notary Public

EXHIBIT 2

(Attach Copy of Notice as Mailed)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on Tuesday, January 25, 2005, at the Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments in the City's Special Assessment Districts Nos. 404, 707 and 808 to the City of Las Vegas:

Name of Owner	Description of Property	Total Amount Due Prior to 1/25/05	*Total Amount Due on Date of Sale
WONG JACKEY LAP KI District: 404	137-25-615-011 929 MIDPRIDE ST SYCAMORE RIDGE UNIT 1, PLAT BOOK 70 PAGE 50 LOT 214 BLOCK C	\$614.95	\$2,166.96
PARSON KRISTI SMITH CARSON III District: 404	137-25-617-003 809 LEXINGTON CROSS DR WESTRIDGE AT SUMMERLIN PHASE 1, PLAT BOOK 71 PAGE 2 LOT 3 BLOCK 1	\$745.84	\$2,926.24
KIM HUN KEE District: 404	137-25-618-018 932 AUTUMN ROYAL LA SYCAMORE RIDGE UNIT 3, PLAT BOOK 71 PAGE 30 LOT 135 BLOCK C	\$614.95	\$2,166.96
RED HAWK PROPERTIES L L C District: 404	138-19-812-017 HILLS VILLAGE CENTER AT SUMMERLIN, PLAT BOOK 53 PAGE 41 PT LOT 2	\$5,700.41	\$35,375.78
BOWEN MICHAEL J District: 404	138-30-317-049 720 PEACHY CANYON CI UT 201 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 201 BLDG 8	\$449.43	\$1,206.82
PHILLIPS WILLIAM R. & EDITH G District: 404	138-30-317-079 704 PEACHY CANYON CI UT 203 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 203 BLDG 12	\$449.43	\$1,206.82
WALL ROBERT C District: 404	138-30-317-125 669 PEACHY CANYON CI UT 201 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 201 BLDG 19	\$332.70	\$1,090.09
MARIANI MARIO & WENDY MARIANI NATALIE A District: 404	138-30-317-153 721 PEACHY CANYON CI UT 203 SOUTH HALF PARCEL H VILLAGE 3, PLAT BOOK 78 PAGE 57 UNIT 203 BLDG 23	\$364.56	\$1,121.95
HARDY MICHELLE District: 404	138-30-412-006 9612 GRAND ISLE LN SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #1, PLAT BOOK 74 PAGE 36 LOT 6 BLOCK A	\$1,406.77	\$6,760.03

ALLEN FAMILY TRUST District: 404	138-30-712-021 705 CANYON GREENS DR SUMMERLIN VILLAGE 3 CUSTOM LOTS UNIT #1, PLAT BOOK 74 PAGE 36 LOT 29 BLOCK A	\$1,432.30	\$6,908.11
FORSYTHE STEVEN J District: 404	138-17-418-020 2405 JUNIPER CANYON CT WILLOW TREE #3 BY LEWIS HOMES, PLAT BOOK 55 PAGE 87 LOT 169 BLOCK D	\$722.08	\$2,742.84
WOOD JAMES E JR District: 404	138-18-813-003 2417 SUNNY HEIGHTS DR SERENATA AT THE HILLS AT SUMMERLIN UNIT 1 AMD, PLAT BOOK 53 PAGE 36 LOT 3 BLOCK 1	\$706.62	\$2,785.58
KUNSKI ALAN S District: 404	138-18-815-021 2404 STERLING HEIGHTS DR AMARANTE AT SUMMERLIN, PLAT BOOK 50 PAGE 95 LOT 32 BLOCK A	\$676.16	\$2,481.42
SOUMI ED District: 404	138-18-816-073 2408 RICE FLOWER CI PANORAMA POINTE, PLAT BOOK 48 PAGE 26 LOT 119 BLOCK 3	\$657.68	\$2,376.22
DEVINS RYAN District: 404	138-19-611-004 2109 WHITEBIRCH LN CHERRY CREEK, PLAT BOOK 49 PAGE 70 LOT 17 BLOCK 3	\$762.78	\$2,974.52
GRIGORIAN VAL District: 404	138-20-111-016 9201 SPRUCE MOUNTAIN WY EVERGREEN IN THE HILLS AT SUMMERLIN, PLAT BOOK 48 PAGE 6 LOT 157 BLOCK A	\$871.00	\$3,590.69
CAMPANELLA GARY P District: 404	138-20-216-020 2053 GLENVIEW DR CNTRY CLUB HILLS AMD, PLAT BOOK 53 PAGE 47 LOT 81 BLOCK 2	\$521.58	\$5,585.13
POWERS THOMAS F POWERS LINDA M District: 404	138-20-414-037 1704 BAYONNE DR COUNTRY CLUB HILLS 2 IN THE HILLS AT SUMMERLIN UNIT 1, PLAT BOOK 59 PAGE 92 LOT 64 BLOCK B	\$1,522.49	\$7,299.63
BERNSTEIN NANCY District: 404	138-21-316-003 8217 TAOS PASEO AV TAOS EST, PLAT BOOK 60 PAGE 71 LOT 3 BLOCK A	\$953.75	\$4,061.83
MCLAURINE YUEN District: 404	138-21-413-032 1701 CRYSTAL CREEK CI TAMARISK PHASE 1, PLAT BOOK 56 PAGE 100 LOT 101 BLOCK 4	\$570.60	\$2,057.77
M M B HOLDINGS L L C District: 404	138-21-812-029 7816 CALICO FLOWER AV VALENCIA PHASE 1, PLAT BOOK 54 PAGE 60 LOT 102 BLOCK 4	\$1,130.35	\$2,859.28

GUERGOV VALERI I POPSTOYANOVA VESSELA District: 404	138-21-816-040 1600 GHOST FLOWER CT VALENCIA PHASE 2, PLAT BOOK 58 PAGE 3 LOT 40 BLOCK 2	\$364.33	\$706.28
DEVIN IRYNA District: 404	138-21-819-016 7632 ROCKFIELD DR PLATEAU_PHASE 3, PLAT BOOK 59 PAGE 3 LOT 31 BLOCK 3	\$622.52	\$2,176.11
EL BAKKAR MAHMOUD ABDULLAH GHASSAN District: 404	138-30-513-048 1353 FOX ACRES DR MONTAIRE_PHASE 3, PLAT BOOK 58 PAGE 11 LOT 47 BLOCK 5	\$868.50	\$3,733.53
MILLER DEREK & ANN District: 404	137-24-517-003 2208 MENIFEE CT CANTABRIA UNIT ONE, PLAT BOOK 70 PAGE 69 LOT 3 BLOCK A	\$922.41	\$3,925.27
HULSE JASON A District: 404	137-24-715-010 1929 VERBANIA DR INDIAN HILLS_UNIT 1, PLAT BOOK 69 PAGE 12 LOT 51 BLOCK 2	\$618.57	\$2,175.05
COLQUITT RICHARD D JR & DINA District: 404	137-24-811-024 10340 MOUNTAIN LODGE PL ASPENGLIN IN THE CROSSING AT SUMMERLIN_UNIT #1, PLAT BOOK 66 PAGE 23 LOT 28 BLOCK B	\$653.81	\$2,377.99
YONO STEVE M & LAURA L District: 404	137-25-113-031 1204 VENTURA HILLS ST DISCOVERY HILLS UNIT 3, PLAT BOOK 72 PAGE 52 LOT 54 BLOCK D	\$918.17	\$3,615.21
FRIEL KEVIN District: 404	137-25-514-095 10108 OAKMOOR PL WEST HILLS, PLAT BOOK 65 PAGE 76 LOT 112 BLOCK 3	\$692.03	\$2,598.06
ST CYR ISABELLE PROULX District: 404	137-25-521-062 1511 CARDINAL PEAK LN_UT 203 RED BLUFFS AT THE CROSSING_UNIT 2, PLAT BOOK 88 PAGE 45 UNIT 832 BLDG 8	\$477.95	\$1,222.28
CARLOS VIRGILIA B & JESUS S District: 404	137-25-612-056 10213 SAN GIANO PL SAN MARINO, PLAT BOOK 68 PAGE 29 LOT 55 BLOCK A	\$627.36	\$2,225.63
MORALES JOSE M & REYNA G District: 404	138-19-117-015 2233 TIMBER ROSE DR COUNTRY ROSE EST AT THE TRAILS_ UNIT #2, PLAT BOOK 71 PAGE 96 LOT 135 BLOCK D	\$782.40	\$3,118.62
TAYLOR MARK District: 404	138-19-212-010 2128 TIMBER ROSE DR COUNTRY ROSE EST AT THE TRAILS_ UNIT 1, PLAT BOOK 64 PAGE 89 LOT 10 BLOCK A	\$781.47	\$3,113.21

CASTELLANOS JAVIER N District: 404	138-19-214-018 2108 STARLINE MEADOW PL HIGHLINE AT THE TRAILS UNIT 2, PLAT BOOK 65 PAGE 66 LOT 103 BLOCK 2	\$332.07	\$1,803.36
SYLVESTER JEFFREY R & KIMBERLEE District: 404	138-19-215-026 2005 SLOW WIND ST QUARTER ACRES AT SUMMERLIN VILLAGE 7 THE TRAILS UNIT #2C, PLAT BOOK 66 PAGE 14 LOT 42 BLOCK 2	\$453.39	\$3,932.53
SPEELMAN LISA A District: 404	138-19-218-069 2016 ARBOR FOREST ST CANYON OAKS, PLAT BOOK 69 PAGE 77 LOT 55 BLOCK D	\$815.15	\$3,307.34
BLASZCZAK BRIAN & MOLLY District: 404	138-19-219-006 2200 TIMBER ROSE DR COUNTRY ROSE EST AT THE TRAILS UNIT #2, PLAT BOOK 71 PAGE 96 LOT 13 BLOCK A	\$782.40	\$3,118.62
NOLAN RAYMOND PAUL & HOLLY District: 404	138-19-315-022 1909 SIERRA OAKS LN LAPAZ, PLAT BOOK 65 PAGE 53 LOT 22 BLOCK B	\$745.21	\$2,904.46
BELL CHERYL HYLTON STACI District: 404	138-19-319-165 9901 TRAILWOOD DR UT 1072 PACIFIC HOMES AT THE TRAILS, PLAT BOOK 68 PAGE 38 UNIT 3401 BLDG 34	\$455.23	\$1,091.22
HANKS RICHARD R & EDITH A District: 404	138-19-321-014 1832 SPRING SUMMIT LN MOUNTAIN GATE WEST, PLAT BOOK 69 PAGE 66 LOT 15 BLOCK A	\$389.58	\$2,428.54
THARAVANITH PHICHA District: 404	138-19-322-064 9808 LENOX CREST PL SIERRA RIDGE 2, PLAT BOOK 69 PAGE 93 LOT 64 BLOCK C	\$662.51	\$2,428.04
WEERTS DAN District: 404	138-19-324-024 9901 TRAILWOOD DR UT 2127 PT PACIFIC HOMES AT THE TRAILS AMD, PLAT BOOK 83 PAGE 41 UNIT 2826 BLDG 28	\$443.23	\$1,164.92
GOMOLLA JAMES C & CYNTHIA R District: 404	138-19-413-032 1613 CLARK POINT CT SEQUOIA PHASE 1, PLAT BOOK 64 PAGE 39 LOT 94 BLOCK 3	\$644.22	\$2,322.65
WALKER STACEY District: 404	138-19-413-033 1609 CLARK POINT CT SEQUOIA PHASE 1, PLAT BOOK 64 PAGE 39 LOT 95 BLOCK 3	\$644.22	\$2,322.65
ADAMS PAUL L District: 404	138-19-415-027 9737 PANORAMA CLIFF DR SEQUOIA PHASE 2, PLAT BOOK 65 PAGE 13 LOT 134 BLOCK 2	\$644.22	\$2,322.65

EPERSON IRENE & RUSSELL District: 404	138-19-415-058 1704 SNOW FLAT CT SEQUOIA PHASE 2, PLAT BOOK 65 PAGE 13 LOT 82 BLOCK 3	\$644.22	\$2,322.65
PITCHIOS CAROL M District: 404	138-21-716-011 7705 ALLERTON AV BUENA VISTA UNIT 2, PLAT BOOK 63 PAGE 43 LOT 11 BLOCK 5	\$351.66	\$1,569.87
SEILER ANNETTE M District: 404	138-30-114-034 10100 JACOB PL _UT 204 RED BLUFFS AT THE CROSSING_ UNIT 1, PLAT BOOK 77 PAGE 15 UNIT 2112 BLDG 21	\$447.95	\$1,192.27
KALLAS NICK District: 404	138-30-615-039 808 BOW CREEK LA SANTA BARBARA AT SUMMERLIN_ UNIT 2, PLAT BOOK 67 PAGE 37 LOT 133 BLOCK 3	\$548.74	\$1,779.12
SENETHAVILAY PHOUNGEUNE District: 404	138-30-618-024 9129 MALIBU BREEZE PL _UT 103 TERRACES 2 IN THE HILLS AT SUMMERLIN AMD, PLAT BOOK 77 PAGE 17 UNIT 5104 BLDG 5	\$601.85	\$2,078.71
ROSALES LUIS A GARCIA-PALACIOS NUBIA District: 404	138-30-622-001 1104 STORKE LN SANTA BARBARA AT SUMMERLIN_ UNIT 1 AMD, PLAT BOOK 77 PAGE 60 LOT 41 BLOCK 7	\$549.09	\$1,774.83
LANZONE ALDA K District: 404	138-30-622-006 1124 STORKE LA SANTA BARBARA AT SUMMERLIN_ UNIT 1 AMD, PLAT BOOK 77 PAGE 60 LOT 46 BLOCK 7	\$550.10	\$1,780.48
AMOROSO VAUGHN P & ELSA P District: 707	137-23-811-124 11056 WHOOPING CRANE LN FALLBROOK, PLAT BOOK 82 PAGE 99 LOT 67 BLOCK 2	\$855.74	\$4,757.13
CLARK MARCUS E & NICOLE M District: 707	137-23-813-006 11240 ROSE REFLET PL BROOKFIELD, PLAT BOOK 84 PAGE 100 LOT 56 BLOCK 1	\$869.35	\$4,865.29
MARLER BURK D District: 707	137-24-413-030 1716 OAK COUNTRY LA OAK HILLS AT SUMMERLIN_ PHASE 1, PLAT BOOK 80 PAGE 2 LOT 74 BLOCK 3	\$905.61	\$5,153.40
DAS SINDHU District: 707	137-24-413-036 1701 TIMBER COVE CT OAK HILLS AT SUMMERLIN_ PHASE 1, PLAT BOOK 80 PAGE 2 LOT 80 BLOCK 3	\$905.61	\$5,153.40

JAKOBSON MARK & ANAT District: 707	137-24-417-026 1801 OAK MOSS PL OAK HILLS AT SUMMERLIN PHASE 2, PLAT BOOK 84 PAGE 22 LOT 139 BLOCK 4	\$905.61	\$5,153.40
CONDO CAPERS II L L C District: 707	137-25-115-009 1508 REMEMBRANCE HILL ST ARBOR GROVE UNIT 1, PLAT BOOK 77 PAGE 37 LOT 5 BLOCK E	\$858.62	\$4,780.04
BUSHELL ROGER W & MARILEN A District: 707	137-25-117-008 1401 WOODMORE ST WESTBROOK PHASE 1, PLAT BOOK 83 PAGE 86 LOT 8 BLOCK 1	\$939.40	\$5,422.14
HEDAYATI 2003 REVOCABLE TR AGMT District: 707	137-25-121-006 1217 WOODMORE ST WEST BROOK PHASE 2, PLAT BOOK 90 PAGE 53 LOT 15 BLOCK 1	\$942.93	\$5,450.09
MANDEL STEVEN District: 707	137-25-415-002 10725 TURQUOISE VALLEY DR CHARDONNAY #52 BY LEWIS HOMES, PLAT BOOK 79 PAGE 53 LOT 72 BLOCK D	\$863.43	\$4,818.08
WHITE INES ANA WEBER WEBER-WHITE INES A District: 707	137-25-419-068 225 SILVER CASTLE ST CHARDONNAY #41 BY LEWIS HOMES, PLAT BOOK 80 PAGE 47 LOT 510 BLOCK D	\$808.31	\$4,380.04
RODIS FAMILY REVOCABLE TR AGMT District: 707	137-25-816-005 113 N ROYAL ASCOT DR PARCEL O SUMMERLIN VILLAGE 3 PHASE 1, PLAT BOOK 79 PAGE 96 LOT 77 BLOCK A	\$1,629.02	\$12,370.06
SINGER STEPHANIE District: 707	137-25-820-018 124 N RING DOVE DR TALON POINTE UNIT 2 SUMMERLIN VILLAGE 3 PARCEL N, PLAT BOOK 86 PAGE 12 LOT 25 BLOCK 1	\$1,310.49	\$8,371.57
MONTEZ RONALD F II & WENDI District: 707	137-26-513-127 1417 DREAM BRIDGE DR BROOKFIELD PARCEL U, PLAT BOOK 84 PAGE 100 LOT 138 BLOCK 4	\$869.35	\$4,865.29
SAMPSON EVANS C & MARITZA E District: 707	137-26-513-144 1332 SWANBROOKE DR BROOKFIELD PARCEL U, PLAT BOOK 84 PAGE 100 LOT 155 BLOCK 4	\$866.95	\$4,852.27
LIMON JOHN P & TINA M. District: 707	137-26-614-024 11160 SHADOW NOOK CT ARBOR VIEW, PLAT BOOK 88 PAGE 16 LOT 24 BLOCK 1	\$1,212.72	\$7,594.42
ROBBINS SCOTT & ANABELLA District: 707	137-26-713-012 10908 SUTTER HILLS AV NAPA HILLS BY LEWIS HOMES UNIT 2, PLAT BOOK 85 PAGE 33 LOT 17 BLOCK 1	\$773.12	\$4,100.34

HOLMES LARRY District: 707	137-26-713-029 10913 CALISTOGA SPRINGS CT NAPA HILLS BY LEWIS HOMES UNIT 2, PLAT BOOK 85 PAGE 33 LOT 166 BLOCK 3	\$784.90	\$4,194.12
OSBOURNE KYONG District: 707	137-35-616-035 561 POPLAR LEAF ST ASPEN MEADOWS UNIT TWO, PLAT BOOK 98 PAGE 81 LOT 86 BLOCK 3	\$751.47	\$3,928.36
CUETO EUGENIA V & MARLINDO G District: 707	137-35-712-036 11008 CHERWELL CT SUMMERLIN PARCEL MM UNIT 2, PLAT BOOK 92 PAGE 97 LOT 45 BLOCK 1	\$1,151.83	\$7,110.29
STEWART DENA L District: 707	137-36-113-086 10524 AUTUMN PINE AV UT 102 SILVER PINES CONDO AMD, PLAT BOOK 82 PAGE 36 UNIT 102 BLDG 7	\$486.64	\$1,823.54
NUNEZ HECTOR E DENUNEZ SANDRA A District: 707	137-36-214-022 10617 MOON FLOWER ARBOR PL ROSEWOOD BY PARDEE PHASE 2, PLAT BOOK 85 PAGE 7 LOT 34 BLOCK 1	\$685.10	\$4,790.46
LEE CHAE KWANG District: 707	137-36-214-023 10613 MOON FLOWER ARBOR PL ROSEWOOD BY PARDEE PHASE 2, PLAT BOOK 85 PAGE 7 LOT 33 BLOCK 1	\$386.12	\$4,491.48
DANILOF NELU HO LYDIA M District: 707	137-36-411-053 10620 AMBER RIDGE DR UT 103 AMBER RIDGE CONDO IN THE ARBORS SUMMERLIN VILLAGE 11 12 PCL KK, PLAT BOOK 86 PAGE 13 UNIT 103 BLDG 8	\$474.46	\$2,589.86
THOMPSON MARTINE C & MICHAEL R District: 707	137-36-713-003 617 POINT RIDGE PL SCARLETT CANYON AT SUMMERLIN, PLAT BOOK 80 PAGE 44 LOT 33 BLOCK 1	\$1,313.46	\$8,395.02
CARROLL FAMILY EXEMPTION TRUST District: 707	137-36-714-004 10218 BIRCH BLUFF LA COTTONWOOD TERRACE PHASE 1, PLAT BOOK 89 PAGE 31 LOT 73 BLOCK 3	\$717.85	\$3,661.20
COUNSEL ANTHONY L District: 808	137-26-316-012 73 TWILIGHT ROSE ST VILLAGE 20 SUMMERLIN PARCEL T & U UNIT 3, PLAT BOOK 106 PAGE 56 LOT 91 BLOCK 2	\$1,739.66	\$12,170.68
BEAVOR CHRISTOPHER L District: 808	137-26-318-013 60 CHAPMAN HEIGHTS ST VILLAGE 20 SUMMERLIN PARCEL T & U UNIT 5, PLAT BOOK 110 PAGE 22 LOT 40 BLOCK 1	\$671.34	\$11,102.36
FOX JASON M District: 808	137-26-411-037 193 POPOLO DR MONTEROSSA UNIT 1, PLAT BOOK 101 PAGE 54 LOT 38 BLOCK A	\$1,530.97	\$10,455.84

LOHMEIER MARK District: 808	137-34-513-039 11745 LILY RUBIN AV CANTERRA AT THE VISTAS_UNIT 2, PLAT BOOK 107 PAGE 47 LOT 64 BLOCK 2	\$1,438.64	\$9,696.89
SULLIVAN MICHELE District: 808	137-34-811-025 928 PURDY LODGE ST SOMERSET UNIT 3, PLAT BOOK 109 PAGE 36 LOT 150 BLOCK C	\$522.38	\$5,836.20
FLEENOR JERRY A & JENNIFER N District: 808	137-35-217-053 11509 SLEEPY HEAVEN PL HILLSTONE UNIT #1 AT THE SUMMERLIN VISTAS, PLAT BOOK 107 PAGE 84 LOT 88 BLOCK B	\$1,315.49	\$8,684.96
JUE JACK & GILBERT District: 808	137-35-311-019 741 ANACAPRI ST CAPRI UNIT_1 AT THE VISTAS, PLAT BOOK 107 PAGE 63 LOT 135 BLOCK B	\$1,117.63	\$7,059.05
VANNUCCI ROBERT & NANCY District: 808	137-35-321-011 916 VISCANIO PL MIRAMONTE AT SUMMERLIN, PLAT BOOK 112 PAGE 75 LOT 11 BLOCK A	\$1,863.01	\$13,184.38
SULLIVAN MICHELE S District: 808	137-35-512-019 11237 PLAYA CARIBE AV SAN MARCOS_UNIT 1, PLAT BOOK 101 PAGE 26 LOT 19 BLOCK 2	\$1,261.88	\$8,244.63
TEYLAN EDUARDO R & JOSEFINA District: 808	137-35-514-038 449 CROCUS HILL ST SAN MARCOS_UNIT 2, PLAT BOOK 105 PAGE 62 LOT 98 BLOCK 6	\$1,261.88	\$8,244.62
EWA DARLENE K District: 808	137-35-619-049 572 SICILIANO ST PORTOFINO_PHASE 3, PLAT BOOK 102 PAGE 2 LOT 80 BLOCK 1	\$1,511.37	\$7,516.14

* Includes whole amount of unpaid assessment, accrued and delinquent interest to January 25, 2005, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS § 271.555 to NRS § 271.575. The sale shall be continued from day to day as provided in NRS § 271.555. The property sold is subject to redemption as provided in NRS 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS § 271.595.

The City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to the above parcels, as provided in NRS § 271.410. As provided in that section, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he / she is required to pay to the City in order to be restored to the right to pay his / her assessments in installments pursuant to NRS § 271.410(2).

****For additional information or questions, please call (702) 796-0082. Updated notices of sale will be posted on WWW.AMGNV.COM.**

IN WITNESS WHEREOF, I have affixed my signature on this November 3, 2004

/s/ Michael K. Olson
City Treasurer

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☒ **CONSENT** ☐ **DISCUSSION**

SUBJECT:

RESOLUTIONS:

R-164-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement District 505 and multi districts and providing other matters properly relating thereto - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

NRS 271.545 states that when an assessment or installment becomes delinquent, the City shall direct the City Treasurer to give notice of the sale of the property or properties subject to the lien of a delinquent installment or the entire assessment if the governing body has exercised its option to cause the whole amount of the unpaid principal to become due and payable.

RECOMMENDATION:

It is recommended that the City Council adopt this Resolution.

BACKUP DOCUMENTATION:

Resolution No. R-164-2004

MOTION:

REESE - APPROVED Items 3, 4, 6-31 and 33-49 as recommended - **UNANIMOUS** with **MONCRIEF** excused

Items 5 and 32: APPROVED under separate actions (see individual items)

Item 50: STRICKEN under separate action (see individual item)

MINUTES:

There was no related discussion.

(9:57 - 9:59)

1-1803

RESOLUTION NO. R-164-2004

**A RESOLUTION DIRECTING THE CITY TREASURER TO
GIVE NOTICE OF THE SALE OF PROPERTIES SUBJECT
TO THE LIEN OF A DELINQUENT ASSESSMENT IN
CERTAIN DISTRICTS; AND PROVIDING OTHER
MATTERS PROPERLY RELATING THERETO.**

WHEREAS, the City has heretofore created the Special Improvement Districts identified in the Notice below (the "Districts"); and

WHEREAS, the City Council has directed and hereby reaffirms its direction to the City Treasurer to collect and enforce the assessments in the Districts in the manner provided by the Consolidated Local Improvements Law; and

WHEREAS, the assessment installments on certain properties in the Districts have not been made and are delinquent; and

WHEREAS, the City Council desires that the City Treasurer proceed with a notice of sale of the delinquent property as provided in Nevada Revised Statutes ("NRS") ' 271.545.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAS VEGAS, NEVADA:

Section 1. The City Council hereby directs the City Treasurer to give notice of the sale of the properties subject to the lien of delinquent assessments in the Districts. The City Council hereby exercises its option to cause the whole amount of the unpaid principal of the assessments to become due and payable as provided in NRS ' 271.410 to the extent provided in the notice as set forth in Section 2. The sale shall take place at 2:00 p.m. on December 7, 2004 in the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart Avenue, Las Vegas, Nevada, which the Council hereby finds is a convenient location.

Section 2. The notice of sale shall be substantially as follows:

(Form of Notice of Sale)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 pm. on December 7, 2004, at the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart Avenue, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments to the City of Las Vegas in the following Special Assessment Districts:

<u>Name of Owner</u>	<u>Description</u> of <u>Property</u>	<u>District No.</u>	Total Amount Due to Date of <u>Sale</u>

[insert in notice as published as mailed a list containing the information described in the above table headings for each delinquent parcel.]

*(Applicable to parcels with a single * in District 505 only): Includes amount of unpaid delinquent assessment installment, accrued and delinquent interest to December 7, 2004, penalties and collection costs, including attorney fees.

**(Applicable to all parcels in District 505 that do not have a single * above and all other parcels in Districts other than District No. 505): Includes full amount of unpaid assessment, accrued and delinquent interest to December 7, 2004, penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS ' 271.555 to NRS ' 271.575. The sale shall be continued from day to day as provided in NRS ' 271.555. The property sold is subject to redemption as provided in NRS ' 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS ' 271.595.

As provided in NRS ' 271.410, the City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to all of the above parcels except those parcels in District No. 505 designated with a single * above. As provided in NRS ' 271.410 , at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he is required to pay to the City in order to be restored to the right to pay his/her assessments in installments pursuant to NRS ' 271.410(2).

+Please take Notice that according to records available to the City of Las Vegas, you are the owner of or have an interest in a mortgage, deed of trust, or other lien or other interest in one of the properties listed above. The City intends to conduct a sale of these properties in accordance with the provisions of the above notice and Nevada Revised Statutes. The sale is being held because the special assessments levied against the subject property have not been paid. Your ownership of or mortgage, deed of trust, other lien or other interest in the property could be adversely affected by the sale. Under Nevada law, deeds to property sold, which are issued after the period of redemption specified in NRS ' 271.595, convey the entire fee simple title to the property described, stripped of all liens and claims except the liens of other special assessments and general taxes. See NRS ' 271.600.+

IN WITNESS WHEREOF, I have affixed my signature as of November 3, 2004.

/s/ Michael K. Olson
City Treasurer

*Insert in mailed notice only.

(End of Form of Notice of Sale)

Section 3. The notice provided in Section 2 above shall be published once a week for 3 consecutive weeks prior to the date of sale and shall be mailed by first class mail, postage prepaid, at least 20 days before the sale to each owner of a parcel which is subject to sale as provided in the notice, and to each person who has a property interest in any of that property that is recorded, if that property interest could be adversely affected by the sale. The City Clerk is directed to make such publication and mailing. An affidavit of publication is hereby required to be filed with the City Clerk. The City Clerk shall also make out an affidavit that the mailing as described above has been made and file that affidavit in his/her records.

Section 4. The City Treasurer is directed to obtain the names and addresses of the property for which there is a delinquent assessment from the records of the County Assessor or such other source or sources as the City Clerk deems reliable. The list of names and addresses must have been revised within 12 months prior to the date of sale.

Section 5. The officers of the City are hereby authorized to take all action necessary to effectuate the provisions of this resolution.

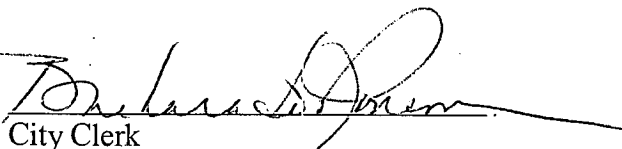
Section 6. This resolution is effective on passage and approval.

PASSED, ADOPTED AND APPROVED November 3, 2004.

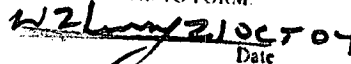


Mayor

(SEAL)



City Clerk

APPROVED AS TO FORM:

Date

STATE OF NEVADA)
):ss
CITY OF LAS VEGAS)

I, Barbara Jo Ronemus, the duly chosen, qualified and acting City Clerk of Las Vegas (the "City"), in the State of Nevada, do hereby certify:

1. The foregoing pages are a true and correct copy of a resolution (the "Resolution") passed and adopted by the Council at a meeting of the Council held on November 3, 2004.

2. The adoption of the Resolution was duly moved and seconded and the Resolution was adopted by an affirmative vote of a majority of the members of the Council as follows:

Those Voting Aye:	Oscar Goodman Gary Reese Larry Brown Lawrence Weekly Michael Mack Steve Wolfson

Those Voting Nay:	NONE

Those Absent:	Janet Moncrief

3. The members of the Council were present at such meeting and voted on the passage of such resolution as set forth in such minutes.

4. The Resolution was approved and authenticated by the signature of the Mayor, sealed with the City seal, attested by the City Clerk and recorded in the minutes of the Council.

5. All members of the Council were given due and proper notice of the meeting. Pursuant to NRS ' 241.020, Nevada Revised Statutes, written notice of the meeting was given no later than 9:00 a.m. on the third working day before the meeting including the notice the time, place, location, and agenda of the meeting:

(a) By posting a copy of the notice not later than 9:00 a.m. on the third working day before the meeting at the principal office of the Council, or if there is no

principal office, at the building in which the meeting is to be held, and at least three (3) other separate, prominent places within the jurisdiction of the Council, to wit:

- (a) Court Clerk's Bulletin Board
City Hall Plaza
Las Vegas, Nevada
- (b) City Clerk's Bulletin Board
City Hall Plaza, 2nd Floor Skybridge
Las Vegas, Nevada
- (c) Las Vegas-Clark County Library
833 Las Vegas Boulevard North
Las Vegas, Nevada
- (d) Clark County Government Center
500 S. Grand Central Parkway
Las Vegas, Nevada
- (e) Grant Sawyer Building
555 E. Washington Avenue
Las Vegas, Nevada

and

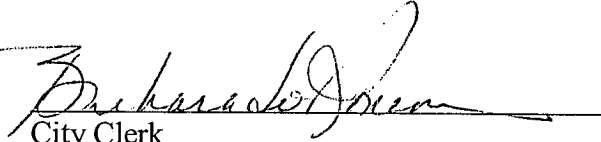
(b) By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Council in the same manner in which notice is required to be mailed to a member of the Council. Such notice was delivered to the postal service no later than 9:00 a.m. on the third working day prior to the meeting.

6. A copy of the notice of each meeting was posted on the City's website no later than 9:00 a.m. on the third working day prior to each meeting.

7. Upon request, the Council provides at no charge, at least one copy of the agenda for its public meetings, any proposed resolution which will be discussed at the public meeting, and any other supporting materials provided to the Council for an item on the agenda, except for certain confidential materials and materials pertaining to closed meetings, as provided by law.

8. A copy of the notice so given of the meeting of the Council held on November 3, 2004 is attached to this certificate as Exhibit A.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the City this
November 3, 2004.


City Clerk

(SEAL)

EXHIBIT A

(Attach Notice and Agenda of Meeting)



CITY COUNCIL AGENDA

COUNCIL CHAMBERS • 400 STEWART AVENUE • PHONE 229-6011

CITY OF LAS VEGAS INTERNET ADDRESS: <http://www.lasvegasnevada.gov>

OSCAR B. GOODMAN, MAYOR (At-Large) • COUNCILMAN GARY REESE, MAYOR PRO TEM (Ward 3)

COUNCIL MEMBERS: LARRY BROWN (Ward 4), LAWRENCE WEEKLY (Ward 5),

MICHAEL MACK (Ward 6), JANET MONCRIEF (Ward 1), STEVE WOLFSON (Ward 2)

Facilities are provided throughout City Hall for the convenience of persons with disabilities. For meetings held in the Council Chambers, sound equipment is available for persons with hearing impairments. If you need an accommodation to attend and participate in this meeting, please call the City Clerk's office at 229-6311 and advise of your need at least 48 hours in advance of the meeting. The City's TDD number is 386-9108.

NOVEMBER 3, 2004

Morning Session begins at 9:00 a.m.

Afternoon Session begins at 1:00 p.m.

ALL ITEMS ON THIS AGENDA ARE SCHEDULED FOR ACTION UNLESS SPECIFICALLY NOTED OTHERWISE.

THESE PROCEEDINGS ARE BEING PRESENTED LIVE ON KCLV, CABLE CHANNEL 2, AND ARE CLOSED CAPTIONED FOR OUR HEARING IMPAIRED VIEWERS. THE COUNCIL MEETING, AS WELL AS ALL OTHER KCLV PROGRAMMING, CAN BE VIEWED ON THE INTERNET AT www.kclv.tv. THE PROCEEDINGS WILL BE REBROADCAST ON KCLV CHANNEL 2 AND THE WEB THE WEDNESDAY OF THE MEETING AT 8:00 PM, AND ALSO ON FRIDAY AT 4:00 AM, SATURDAY AT 7:00 PM, SUNDAY AT 7:00 AM AND THE FOLLOWING MONDAY AT 1:00 PM.

DUPLICATE AUDIO TAPES MAY BE AVAILABLE AT A COST OF \$3.00 PER TAPE AND DUPLICATE VIDEO TAPES MAY BE AVAILABLE AT A COST OF \$5.00 PER TAPE THROUGH THE CITY CLERK'S OFFICE.

NOTE: CELLULAR PHONES ARE TO BE TURNED OFF DURING THE COUNCIL MEETING.

CEREMONIAL MATTERS

- CALL TO ORDER
- ANNOUNCEMENT RE: COMPLIANCE WITH OPEN MEETING LAW
- INVOCATION - DR. ANNE JONES-ANDERSON, SENIOR PASTOR, LIFE CHRISTIAN CENTER
- PLEDGE OF ALLEGIANCE
- RECOGNITION OF THE CITIZEN OF THE MONTH
- RECOGNITION OF EAGLE SCOUT WILLIAM TOMPKINS
- RECOGNITION OF NATIVE AMERICAN HERITAGE MONTH
- RECOGNITION OF CITY EMPLOYEE JOHN CHAMBERS FOR THE MERITORIOUS SERVICE AWARD
- RECOGNITION OF OUTSTANDING COMMUNITY LEADERSHIP

BUSINESS ITEMS - MORNING

1. Any items from the morning session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time
2. Approval of the Final Minutes by reference of the regular City Council Meeting of August 18, 2004

CONSENT AGENDA

MATTERS LISTED ON THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE AND HAVE BEEN RECOMMENDED FOR APPROVAL BY THE SUBMITTING DEPARTMENTS. ALL ITEMS ON THE CONSENT AGENDA MAY BE APPROVED IN A SINGLE MOTION. HOWEVER, IF A COUNCIL MEMBER SO REQUESTS, ANY CONSENT ITEM MAY BE MOVED TO THE DISCUSSION PORTION OF THE AGENDA AND OTHER ACTION, INCLUDING POSTPONEMENT OR DENIAL OF THE ITEM, MAY TAKE PLACE.

FINANCE & BUSINESS SERVICES - CONSENT

3. Approval of Service and Material Checks/Payroll Checks/Wire Transfers/Other Checks and Investments
4. Approval of a Special Event License for F. L. O. C. K. (For the Love of Cats & Kittens), Location: Charleston Heights Art Center, 800 South Brush Street, Date: November 17, 2004, Type: Special Event Beer/Wine/Cooler, Event: Wine & Cheese Art Auction, Responsible Person in Charge: Brian Adams - Ward 1 (Moncrief)
5. Approval of a Special Event License for Dino's Lounge, Location: The Funk House, 1228 South Casino Center Boulevard, Dates: December 3, 2004 and January 7, 2005, Type: Special Event Beer/Wine/Cooler, Event: First Friday, Responsible Person in Charge: Kristin Bartolo - Ward 1 (Moncrief)
6. Approval of a new Beer/Wine/Cooler Off-sale License, Nakata Trading, Inc., dba Nakata Market of Japan, 2350 South Rainbow Boulevard, Suite 6, Kumiko A. Nakata, Pres, Secy, Treas, 100% - Ward 1 (Moncrief)
7. Approval of Change of Business Name for a Beer/Wine/Cooler On-sale License, American Capital Investments, dba From: Southern Comfort Cafe & Catering, To: Soul 2 Soul Bistro, 2101 North Rainbow Boulevard, Suite 102, Jeffrey E. Campbell, Dir, Pres, Secy, Treas, 100% - Ward 6 (Mack)
8. Approval of Change of Ownership and Business Name for a Tavern License subject to Health Dept. regulations, From: Artisan Cafe, LLC, dba Aruba Hotel Lounge (Non-operational), Audrey N. DaSilva, Mgr, Mmbr, 100%, Douglas B. DaSilva, Principal, To: Thunderbird Bar & Lounge, LLC, dba Thunderbird Lounge, 1215 Las Vegas Boulevard South, Venkat R. Vangala, Mgr, Mmbr and Nirupama R. Vangala, Mmbr, 100% jointly as husband and wife - Ward 3 (Reese)
9. Approval of a new Burglar Alarm Service, Ultimate Electronics, Inc., dba Ultimate Electronics, 741 South Rainbow Boulevard, William J. Pearse, Dir, Chairman, 12.3%, David J. Workman, Dir, Pres, CEO, Alan E. Kessock, Dir, CFO, Gerard P. Demple, Sr VP - Ward 1 (Moncrief)
10. Approval of Franchise Managers for a Beer/Wine/Cooler Off-sale License, 7-Eleven of Nevada, Inc., dba 7-Eleven Food Store 22416F, 901 North Rancho Drive, Jatinder K. Singh, Franchise Manager, Veena Singh, Franchise Manager - Ward 5 (Weekly)
11. Approval of revision to purchase order 219386 for Installation, Maintenance and Support of Access Control System Hardware and Software - Detention and Enforcement - Award to: DIEBOLD, INC. (\$361,150 - Various Funds)
12. Approval of revision to award of Bid No. 010095 for Various Electrical Supplies - Various Departments - Award to: GRAYBAR ELECTRIC, STANDARD WHOLESALE SUPPLY, LAS VEGAS WINLECTRIC, JCH WHOLESALE ELECTRIC and APPLIED INDUSTRIAL CONTROLS (\$200,000 - Various Funds)
13. Approval of award of Contract No. 050120 for Work Environment and Work Processes Consulting Services - Department of Public Works - Award recommended to: THE APQC CONSULTING GROUP (\$131,000 - Sanitation Enterprise Fund)
14. Approval of revision to award of Bid No. 010039 for Various Plumbing Supplies - Various Departments - Award to: STANDARD WHOLESALE SUPPLY and KELLYS PIPE & SUPPLY (\$125,000 - Various Funds)
15. Approval of issuance of a purchase order for Water Champ Submersible Chemical Induction Units - Department of Public Works - Award recommended to: CHEMICAL INJECTION TECHNOLOGY (\$35,000 - Sanitation Enterprise Fund)

FINANCE & BUSINESS SERVICES - CONSENT

16. Approval of the issuance of a Purchase Order for the transport of a historic railroad cottage located at 604 South 4th Street. Award recommended to: BLAND-FORD, INC. - Department of Public Works (\$29,800 Various Funds) - Ward 1 (Moncrief)
17. Approval of award of Bid No. 050091-GL, Annual Requirements Contract for Security Guard Services - Department of Detention and Enforcement - Award recommended to: ANDY FRAIN SERVICES, INC. (Estimated annual amount of \$375,000 - Various Funds)
18. Approval of disqualification of contractor from the Qualified Contractor List for the period through February 3, 2006 pursuant to City of Las Vegas Contractor Qualification Policy and Procedure for On-Site Public Works Projects - Department of Finance and Business Services - Disqualification of: Darby Neagle Enterprises

FIRE & RESCUE - CONSENT

19. Approval of a Memorandum of Understanding between the City of Las Vegas and the Salvation Army for the transfer of U.S. Department of Homeland Security grant funds in the amount of \$1,700 for the Salvation Army's mass feeding support services - All Wards
20. Approval of a Mutual Aid Agreement with Nellis Air Force Base for fire protection and hazardous material incident response - All Wards
21. Approval of an Interlocal Agreement between the City of Las Vegas and Clark County for the receipt of the Federal Fiscal Year (FFY) 04 Urban Area Security Initiative Program funding in the amount of \$1,158,732 - All Wards

HUMAN RESOURCES - CONSENT

22. Approval to renew the contract with Lumenos as provider for Consumer Driven Health Care as an option to the City Health Insurance Plan (CHIP) and Health Plan of Nevada (HPN) (\$580,000 - Self-insurance internal service fund)
23. Approval to renew the contract with Vision Service Plan (VSP) (\$35,000 - Self-insurance internal services fund)
24. Approval to renew the contract with Harmony Health Care (\$8,500 - Self-insurance internal services fund)
25. Approval to renew the contract with Catalyst Rx for prescription drug management services (\$6,000 - Self-insurance internal services fund)
26. Approval to contract with Health Plan of Nevada (HPN) for Health Maintenance Organization (HMO) services (\$954,000 - Self-insurance internal services fund)
27. Approval to renew contract with Marsh USA Inc. for insurance consulting services
28. Approval to contract with Beech Street Preferred Provider Organization (PPO) network (\$20,000 - Self-insurance internal service fund)
29. Approval to renew the contract with Diversified Dental Services, Inc. (\$19,250 - Self-insurance internal services fund)
30. Approval to renew the contract with BenefitElect for Flex Plan Administration services

LEISURE SERVICES - CONSENT

31. Approval of grant award in the amount of \$1,000 (Mini-Grant Number 2004-43) from the Nevada Humanities Committee to the City of Las Vegas Cultural Affairs Division to support poetry readings - Ward 1 (Moncrief)

LEISURE SERVICES - CONSENT

32. Approval of a proposed "Tournament Fee" for private sports tournaments using City athletic fields (estimated \$200,000 revenue increase - General Fund) - All Wards

NEIGHBORHOOD SERVICES - CONSENT

33. Approval of a Deferred Loan Agreement expending \$36,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1132 South 15th Street, Mario Macias, owner - Ward 3 (Reese)
34. Approval of a Deferred Loan Agreement expending \$35,000 of HOME Investment Partnership Program (HOME) funds for housing rehabilitation activities at 1320 Gold Avenue, Gloria Schuler White, owner - Ward 5 (Weekly)

PUBLIC WORKS - CONSENT

35. Approval to file a Right-of-Way Grant with the Bureau of Land Management for roadway, sanitary sewer, drainage and streetscape amenity purposes on portions of land lying within Section 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located on the south side of the Dorrell Lane alignment east of the Shaumber Road alignment and approximately 660 feet west of the Hualapai Way alignment; and the east side of the Shaumber Road alignment between the alignments of Dorrell Lane and Deer Springs Road, APNs 126-24-301-013 and -701-014 - Ward 6 (Mack)
36. Approval to file a Temporary Use Permit with the Bureau of Land Management for drainage on portions of land lying within Sections 13 and 24, Township 19 South, Range 59 East, Mount Diablo Meridian, generally located between Hualapai Way and Puli Road on the east and west and by Grand Teton Drive and the Clark County Beltway on the north and south, APNs 126-13-501-002, -401-014, -701-006, 126-24-301-013 and -701-014 - Ward 6 (Mack)
37. Approval to appraise and purchase or condemn a right-of-way parcel for advanced acquisition along the west side of the Martin L. King Boulevard corridor, north of Alta Drive, APN 139-33-202-005 (\$1,750,000 - Regional Transportation Commission [RTC]) - Ward 5 (Weekly)
38. Approval of a Dedication document to Clark County, a political subdivision of the State of Nevada, for portions of the Southwest Quarter of Section 10, Township 21 South, Range 62 East, Mount Diablo Meridian, for driveway and pedestrian access easement purposes located at the Water Pollution Control Facility on the south side of Vegas Valley Drive, east of Stephanie Street, APN 161-10-401-004 - County (near Ward 3 - Reese)
39. Approval of a Professional Services Agreement with Ninyo & Moore for Materials Testing and Inspection Services on the CAM 10 (Ann Road) Detention Basin project (\$240,000 - Clark County Regional Flood Control District [CCRFCD]) - Wards 4 and 6 (Brown and Mack)
40. Approval of an Encroachment Request from Orion Engineering and Surveying, Incorporated, on behalf of Plaster Development Company, Incorporated, owner (southwest corner of Horse Drive and Thom Boulevard) - Ward 6 (Mack)
41. Approval of an Encroachment Request from PBS & J on behalf of U.S. Home Corporation, owner (southwest corner of Buffalo Drive and Craig Road) - Ward 4 (Brown)
42. Approval of an Encroachment Request from Wright Engineering on behalf of Nevada Power Company, owner (northeast corner of Fort Apache Road and Elkhorn Road) - Ward 6 (Mack)
43. Approval of a Sewer Connection and Interlocal Contract with Clark County Water Reclamation District - Wright Engineers on behalf of Carina Corporation, owner (southwest corner of Torrey Pines Drive and Rome Avenue, APN 125-23-403-003 and 125-23-403-014) - County (near Ward 6 - Mack)

RESOLUTIONS - CONSENT

44. R-159-2004 - Approval of a Resolution directing the City Treasurer to prepare the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
45. R-160-2004 - Approval of a Resolution approving the Eighty-First Assessment Lien Apportionment Report for Special Improvement District No. 707 - Summerlin Area (Levy Assessments) - Ward 2 (Wolfson)
46. R-161-2004 - Approval of a Resolution directing the City Treasurer to prepare the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
47. R-162-2004 - Approval of a Resolution approving the Fourth Assessment Lien Apportionment Report for Special Improvement District No. 1477 - Tenaya Way/Azure Drive (Levy Assessments) - Ward 6 (Mack)
48. R-163-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement Districts 404, 707, 808, and 809 and providing other matters properly relating thereto - Wards 2 and 4 (Wolfson and Brown)
49. R-164-2004 - Approval of a Resolution directing the City Treasurer to give notice of the sale of properties subject to the lien of a delinquent assessment in Special Improvement District 505 and multi districts and providing other matters properly relating thereto - All Wards

REAL ESTATE COMMITTEE - CONSENT

50. Approval to negotiate purchase and/or initiate condemnation of, APNs 139-34-512-002 and -003 located at 321 and 329 North Las Vegas Boulevard, APNs 139-34-512-016 and -017 located at 405 and 409 North 6th Street, APN 139-34-512-021 located at 325 North 6th Street, APN 139-34-512-022 located at 323 North 6th Street and, APN 139-34-512-023 located at 319 North 6th Street for right-of-way and/or City Hall Expansion purposes - Ward 5 (Weekly)

DISCUSSION / ACTION ITEMS

ADMINISTRATIVE SERVICES - DISCUSSION

51. Report and possible action on the status of federal lands issues at the 108th Congress

FINANCE & BUSINESS SERVICES - DISCUSSION

52. Discussion and possible action regarding a renewal of the City's Franchise Agreement with Nevada Power Company (NPC) - All Wards
53. ABEYANCE ITEM - Discussion and possible action regarding an Appeal of Denial for a Child Care Facility License, Sheila Logan, dba Love All Kidz Daycare, 6309 Guadalupe Avenue, Sheila Logan 100% - Ward 6 (Mack)
54. Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business, Young Il Kong, dba Grand Master Kong Taekwon-Do, 1780 North Buffalo Drive, Suite 105, Young I. Kong, 100% - Ward 4 (Brown)
55. Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License, Sabah Shoshani, dba Bells Market, 720 West Owens Avenue, Sabah H. Shoshani, 100% - Ward 5 (Weekly)

FINANCE & BUSINESS SERVICES - DISCUSSION

56. ABEYANCE ITEM - Discussion and possible action regarding a new Auctioneer License, J. P. King Auction Company, Inc., dba J. P. King Auction Company, Inc., 108 Fountain Avenue, Gadsden, Alabama, Jerry C. King, Dir, Pres, Auctioneer, 25%, James S. King, Dir, Executive VP, Auctioneer, 25%, Christie K. Ray, Dir, Secy, Auctioneer, 25% - Alabama

RECOMMENDING COMMITTEE REPORT - DISCUSSION

BILLS ELIGIBLE FOR ADOPTION AT THIS MEETING

57. Bill No. 2004-68 - Annexation No. ANX-4777 - Property location: At and near the southeast corner of Iron Mountain Road and Maverick Street; Petitioned by: Quarterhorse Falls Estates, LLC; Acreage: 15.79 acres; Zoned: R-E (County zoning), R-E (City equivalent). Sponsored by: Councilman Michael Mack
58. Bill No. 2004-70 - Annexation No. ANX-4957 - Property location: On the north side of Ann Road, east and west of Mustang Road (aka Mustang Street); Petitioned by: Matrix Development Corporation, et al.; Acreage: 10.69 acres; Zoned: R-E (County zoning), U (R) and U (RE) (City equivalents). Sponsored by: Councilman Michael Mack

BILLS ELIGIBLE FOR ADOPTION AT A LATER MEETING

THERE IS NO PUBLIC COMMENT ON THESE ITEMS AND NO ACTION WILL BE TAKEN BY THE COUNCIL AT THIS MEETING, EXCEPT THOSE ITEMS WHICH MAY BE STRICKEN OR TABLED. PUBLIC TESTIMONY TAKES PLACE AT THE RECOMMENDING COMMITTEE MEETING HELD FOR THAT PURPOSE.

59. Bill No. 2004-69 - Establishes new solid waste and recycling regulations. Proposed by: Mark R. Vincent, Director of Finance and Business Services

NEW BILLS - DISCUSSION

THERE IS NO PUBLIC COMMENT ON THESE ITEMS. NEW BILLS ARE READ INTO THE RECORD AND REFERRED TO RECOMMENDING COMMITTEE FOR A SEPARATE HEARING TO RECEIVE PUBLIC TESTIMONY BEFORE ACTION BY THE COUNCIL AT A LATER MEETING. EXCEPTION: EMERGENCY BILLS OR THOSE ITEMS TO BE STRICKEN OR TABLED.

60. Bill No. 2004-71 - Expands the boundaries of the Live/Work Overlay District to include the Las Vegas Medical District, and allows medical office uses within the Overlay District. Proposed by: Robert S. Genzer, Director of Planning and Development
61. Bill No. 2004-72 - Revises the standards for converting public streets into private streets in existing subdivisions. Sponsored by: Councilwoman Janet Moncrief

1:00 P.M. - AFTERNOON SESSION

BUSINESS ITEMS - AFTERNOON

62. Any items from the afternoon session that the Council, staff and/or the applicant wish to be stricken or held in abeyance to a future meeting may be brought forward and acted upon at this time

HEARINGS - DISCUSSION

63. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 1625 Curtis Drive. PROPERTY OWNERS: DANIEL & DOROTHY CRUZ - Ward 3 (Reese)
64. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 717 W. Washington Avenue. PROPERTY OWNERS: CLARENCE & JUANITA RAY FAMILY - Ward 5 (Weekly)
65. Public hearing to consider the report of expenses to recover costs for abatement of nuisance/litter located at 2824 Sing Song Way. PROPERTY OWNER: STANDARD FEDERAL BANK C/O ABN AMRO MORTGAGE/ATLANTIC MORTGAGE - Ward 5 (Weekly)
66. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 704 W. Wilson Avenue. PROPERTY OWNERS: KARL BUTLER - Ward 5 (Weekly)
67. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building/demolition at 212 W. St. Louis Avenue. PROPERTY OWNERS: BARBARA HANSEN - Ward 1 (Moncrief)
68. Public hearing to consider the report of expenses to recover costs for abatement of dangerous building at 210 W. Monroe Avenue. PROPERTY OWNERS: ARNOLD MARTIR - Ward 5 (Weekly)

PLANNING & DEVELOPMENT

The items listed below, where appropriate, have been reviewed by the various City departments relative to requirements for storm drainage and flood control, connection to sanitary sewer, traffic circulation, and building and fire regulations. Their comments and/or recommendations and requirements have been incorporated into the action.

PLANNING & DEVELOPMENT - DISCUSSION

69. ROC-5401 - PUBLIC HEARING - APPLICANT/OWNER: RICHMOND AMERICAN HOMES NEVADA - Request for a Review of Condition Number 2 of an approved Site Development Plan Review (SDR-2772) TO CLARIFY WHICH LOTS ARE LIMITED TO SINGLE STORY DWELLINGS for an approved 34 lot single family development on 5.50 acres adjacent to the north side of Alexander Road, approximately 335 feet west of Vegas Vista Trail (APN 137-01-801-007), PD (Planned Development) Zone, Ward 4 (Brown). Staff recommends APPROVAL
70. MOD-5125 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Major Modification to the Grand Teton Village Master Plan TO CHANGE THE LAND USE DESIGNATION FROM: P (PUBLIC FACILITIES) TO: L (LOW DENSITY RESIDENTIAL); TO AMEND TABLE 1 (SECTION 2.2) TO REFLECT CHANGES TO THE LAND USE CATEGORIES AND NUMBER OF RESIDENTIAL UNITS; TO AMEND FIGURES 2 AND 3 AND TO AMEND SECTIONS 2.3.5, 5.3.2 AND 6.1 REGARDING COMMON OPEN SPACE on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL
71. WVR-5127 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Waiver of Title 18.12.160 TO ALLOW APPROXIMATELY 91 FEET BETWEEN STREET INTERSECTIONS WHERE 125 FEET IS THE MINIMUM DISTANCE REQUIRED FOR INTERSECTIONS OF STREETS PROVIDING SERVICE INTERNALLY WITHIN A SUBDIVISION in conjunction with a proposed 51-lot single-family residential development on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

72. SDR-5126 - PUBLIC HEARING - APPLICANT: PERMA-BILT HOMES - OWNER: SCC-CANYON II, LLC - Request for a Site Development Plan Review FOR A PROPOSED 51-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 10.32 acres adjacent to the south side of Gilcrease Avenue, approximately 660 feet east of Hualapai Way (APN portion of 125-18-201-010), U (Undeveloped) Zone [PR-OS (Parks/Recreation/Open Space) General Plan Designation] under Resolution of Intent to PD (Planned Development) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

73. VAC-4071 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: WRG DESIGN, INC. - OWNER: PALM MORTUARY, INC. - Petition to Vacate Deer Springs Way between Jones Boulevard and Maverick Street; and Maverick Street between Deer Springs Way and Rome Boulevard, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (5-0 vote) recommends APPROVAL

74. VAC-4998 - PUBLIC HEARING - APPLICANT: KB HOME - OWNER: BRIAN AND JULIE LEE, ET AL - Petition to Vacate U. S. Government Patent Reservations and Bureau of Land Management Easements generally located south of Alexander Road, east of Cliff Shadows Parkway, Ward 4 (Brown). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

75. VAC-5011 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate a portion of Del Juan Street between Jo Marcy Drive and Gilcrease Avenue, and U.S. Government Patent Reservations generally located south of Jo Marcy Drive, west of Del Juan Street, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

76. VAC-5012 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate Jo Marcy Drive and Gilcrease Avenue west of Hualapai Way, and U.S. Government Patent Reservations generally located adjacent to the southwest corner of Jo Marcy Drive and Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

77. VAC-5013 - PUBLIC HEARING - APPLICANT: WOODSIDE HOMES - OWNER: DANVILLE LAND INVESTMENTS, LIMITED LIABILITY COMPANY - Petition to Vacate U.S. Government Patent Reservations generally located north of Dorrell Lane, west of Hualapai Way, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

78. VAC-5019 - PUBLIC HEARING - OWNER/APPLICANT: DR HORTON, INC. - Petition to Vacate Chieftain Street north of Gilcrease Avenue, and Jo Marcy Drive east of Tee Pee Lane, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

79. VAC-5024 - PUBLIC HEARING - APPLICANT: KB HOME NEVADA, INC. - OWNER: CLIFF'S EDGE, LLC, ET AL - Petition to Vacate U.S. Government Patent Reservations generally located east of Puli Road, between Grand Teton Drive and Jo Marcy Drive, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

80. VAC-5025 - PUBLIC HEARING - APPLICANT/OWNER: CLIFFS EDGE, LLC - Petition to Vacate U.S. Government Patent Reservations adjacent to the north side of Elkhorn Road between Puli Road and Shaumber Road, Ward 6 (Mack). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

81. VAC-5043 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDING CORP. - Petition to Vacate a U.S. Government Patent Reservation generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL

82. VAC-5044 - PUBLIC HEARING - APPLICANT/OWNER: BEAZER HOMES HOLDINGS CORP. - Petition to Vacate unused public rights-of-way generally located north of Farm Road, east of Puli Road, Ward 6 (Mack). The Planning Commission (5-0-2 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

83. VAR-5086 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION, INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Variance TO ALLOW A ZERO-FOOT FRONT YARD AND ZERO-FOOT SIDE YARD SETBACK WHERE 10 FEET IS THE MINIMUM REQUIRED on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

84. SDR-5085 - PUBLIC HEARING - APPLICANT: PRECISION CONSTRUCTION INC. - OWNER: J. EMMETT SULLIVAN AND BECKY PATRICIA SULLIVAN - Request for a Site Development Plan Review and Waivers of the Perimeter and Parking Lot Landscape Requirements FOR A PROPOSED 28,600 SQUARE FOOT OFFICE/WAREHOUSE on 1.38 acres at 1821 Western Avenue (APN: 162-04-703-005 and 006), M (Industrial) Zone, Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

85. SUP-4807 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 51 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

86. SUP-4809 - ABEYANCE ITEM - PUBLIC HEARING - APPLICANT: ORION OUTDOOR MEDIA - OWNER: G G P IVANHOE II, INC. - Request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT X 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN at 4300 Meadows Lane (APN 139-31-510-016), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

87. SUP-4830 - PUBLIC HEARING - APPLICANT/OWNER: TWIN LAKES BAPTIST CHURCH - Appeal filed by the applicant from the Denial by the Planning Commission on a request for a Special Use Permit FOR A 40 FOOT HIGH, 14 FOOT BY 48 FOOT OFF-PREMISE ADVERTISING (BILLBOARD) SIGN adjacent to the northwest corner of Westcliff Drive and Rainbow Boulevard (APN 138-27-802-004), U (Undeveloped) Zone [SC (Service Commercial) General Plan Designation] under Resolution of Intent to C-1 (Limited Commercial), Ward 2 (Wolfson). The Planning Commission (6-1 vote) and staff recommend DENIAL

88. SUP-5028 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Special Use Permit FOR A PROPOSED 73-STORY MIXED-USE DEVELOPMENT at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

89. VAC-5029 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Petition to Vacate Cincinnati Avenue east of Las Vegas Boulevard, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

90. SDR-5027 - PUBLIC HEARING - APPLICANT: JMA ARCHITECTURE STUDIO - OWNER: RINKAI AMERICA, INC. - Request for a Site Development Review and Waivers of Downtown Centennial Plan Standards for streetscaping, building setbacks, and reflective glazing FOR A 73-STORY, 863-FOOT TALL, 1,300,000 SQUARE-FOOT MIXED USE DEVELOPMENT CONSISTING OF 951 CONDOMINIUM UNITS AND 41,000 SQUARE FEET OF COMMERCIAL USES on 2.17 acres at 2423 and 2417 Las Vegas Boulevard (APN 162-04-813-070 and 071; 162-03-410-008), C-2 (General Commercial) Zone, Ward 3 (Reese). The Planning Commission (6-0-1 vote) and staff recommend APPROVAL

91. SUP-5065 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: GEORGE FILIOS TRUST R-501 - Request for a Special Use Permit FOR A PROPOSED SERVICE STATION WITH GAS PUMPS adjacent to the southwest corner of Decatur Boulevard and Rome Boulevard (APN 125-24-802-010), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

92. VAC-5069 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Petition to Vacate Turkey Lane between Thom Boulevard and Decatur Boulevard, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

93. SDR-5050 - PUBLIC HEARING - APPLICANT: SHADOW MOUNTAIN MARKETPLACE, LIMITED LIABILITY COMPANY - OWNER: NAMCO FINANCIAL, INC., ET AL - Request for a Site Development Plan Review and Waivers of Building Placement and Foundation Landscaping Standards FOR A PROPOSED 365,700 SQUARE-FOOT SHOPPING CENTER on 35.00 acres adjacent to the northwest corner of Decatur Boulevard and the Las Vegas Beltway (APN 125-24-802-001, 002, 003, 004, 007, 010 and 011), R-E (Residence Estates) Zone under Resolution of Intent to C-1 (Limited Commercial) Zone, Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

94. SUP-5067 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: GWHC OF NEVADA, LLC - Request for a Special Use Permit and Waivers of Separation Distance Standards, to allow a 780-foot distance from a parcel with a similar use where 1,000 feet is the minimum required, to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards, to allow 1,482 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 8450 West Sahara Avenue, Suite 114 (APN 163-04-406-004), C-1 (Limited Commercial) Zone, Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-1 vote) recommends APPROVAL

95. SUP-5072 - PUBLIC HEARING - APPLICANT: PDC AUTO TITLE LOAN - OWNER: CHARLESTON HEIGHTS DEVELOPMENT COMPANY - Request for a Special Use Permit and Waivers of the Separation Distance Standards to allow a zero-foot distance from a parcel with a similar use where 1,000 feet is the minimum required; to allow a zero-foot distance from residential uses where 200 feet is the minimum required; and a Waiver of floor area standards to allow 800 square feet where 1,500 square feet is the minimum required FOR A PROPOSED AUTO TITLE LOAN BUSINESS at 6708 West Cheyenne Avenue (APN 138-10-816-007), C-1 (Limited Commercial) Zone, Ward 6 (Mack). Staff recommends DENIAL. The Planning Commission (4-2-1 vote) recommends APPROVAL

96. SUP-5105 - PUBLIC HEARING - APPLICANT: HEADLIFTERS MINISTRIES - OWNER: DELUXE INVESTMENTS, INC. - Appeal filed by the Applicant from the Denial by the Planning Commission of a request for a Special Use Permit and a Waiver of the 6,500 square-foot minimum lot requirement FOR A PROPOSED TRANSITIONAL LIVING GROUP HOME on 0.14 acres at 2805 Howard Drive (APN 162-01-710-014) R-1 (Single-Family Residential) Zone, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend DENIAL

97. SUP-5228 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Special Use Permit FOR AN EXISTING ANIMAL HOSPITAL, CLINIC, OR SHELTER WITH OUTSIDE PENS AND A PROPOSED ADDITION TO THE HOSPITAL at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

98. SDR-5094 - PUBLIC HEARING - APPLICANT: GARTH W. LAMB - OWNER: GARTH W. LAMB AND SHARI L. HUMBLE-LAMB - Request for a Site Development Plan Review and a Waiver of perimeter landscaping standards FOR A PROPOSED 2,890 SQUARE-FOOT ADDITION TO AN EXISTING ANIMAL HOSPITAL WITH OUTSIDE PENS on 2.18 acres at 5000 North Jones Boulevard (APN 125-36-302-005), R-E (Residence Estates), Ward 6 (Mack). The Planning Commission (7-0 vote) and staff recommend APPROVAL

99. ZON-5087 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC - Request for a Rezoning FROM: R-E (RESIDENCE ESTATES) AND U (UNDEVELOPED) [PCD (PLANNED COMMUNITY DEVELOPMENT) GENERAL PLAN DESIGNATION] TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

100. SDR-5089 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: SANDCASTLE ENTERPRISES, INC - Request for a Site Development Review FOR A PROPOSED 51-LOT SINGLE-FAMILY DEVELOPMENT on 6.3 acres adjacent to the southeast corner of Farm Road and Tule Springs Road (APN 125-16-301-004, 008 and a portion of 125-16-301-001, 002), R-E (Residence Estates) and U (Undeveloped) Zones [PCD (Planned Community Development)] [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre), Ward 6 (Mack). The Planning Commission (5-1-1 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

101. GPA-5264 - PUBLIC HEARING - APPLICANT: CITY OF LAS VEGAS - Request to Amend the Land Use Classifications of the Las Vegas 2020 Master Plan to include mixed-use development in the SC (Service Commercial), GC (General Commercial) and LI/R (Light Industry/Research) categories, All Wards. The Planning Commission (5-1-1 vote) and staff recommend DENIAL
102. GPA-5060 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: SC (SERVICE COMMERCIAL) TO: M (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
103. ZON-5062 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Rezoning FROM: C-2 (GENERAL COMMERCIAL) TO: R-3 (MEDIUM DENSITY RESIDENTIAL) on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
104. SDR-5063 - PUBLIC HEARING - APPLICANT: GREYMOUTH HOLDINGS, LIMITED LIABILITY COMPANY - OWNER: MARX FAMILY TRUST - Request for a Site Development Plan Review FOR A PROPOSED 52-UNIT APARTMENT COMPLEX on 2.48 acres adjacent to the northeast corner of Searles Avenue and 23rd Street (APN 139-26-508-016), C-2 (General Commercial) Zone [PROPOSED: R-3 (Medium Density Residential), Ward 5 (Weekly). The Planning Commission (7-0 vote) and staff recommend APPROVAL
105. GPA-5082 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: L (LOW DENSITY RESIDENTIAL) TO: SC (SERVICE COMMERCIAL) on 1.58 acres and TO: MLA (MEDIUM-LOW ATTACHED DENSITY RESIDENTIAL) on 4.4 acres south of Bonanza Road and east of Pecos Road (APN 140-31-121-003), Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
106. VAC-5101 - PUBLIC HEARING - APPLICANT: NESHAMINY CONSULTING, INC. - OWNER: BON BON, LLC - Petition to Vacate a portion of a 10-foot wide public drainage easement and ingress/egress easements generally located south of Bonanza Road, east of Pecos Road, Ward 3 (Reese). The Planning Commission (7-0 vote) and staff recommend APPROVAL
107. GPA-5097 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request to Amend a portion of the Southeast Sector Plan of the General Plan FROM: LI/R (LIGHT INDUSTRIAL/RESEARCH) TO: SC (SERVICE COMMERCIAL) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
108. ZON-5103 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Rezoning FROM: M (Industrial) TO: C-1 (Limited Commercial) on 5.25 acres adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
109. SUP-5107 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTERS - Request for a Special Use Permit FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL
110. SDR-5104 - PUBLIC HEARING - APPLICANT: HIGHRISE PARTNERS LIMITED, LLC - OWNER: SCANDIA FAMILY FUN CENTER - Request for a Site Development Plan Review and a Waiver to allow 75 percent lot coverage area where 50 percent is the maximum allowed FOR A PROPOSED 50-STORY, 560-FOOT TALL MIXED-USE DEVELOPMENT CONTAINING 700 RESIDENTIAL UNITS AND 20,000 SQUARE FEET OF RETAIL USES adjacent to the northwest corner of Rancho Drive and Sirius Avenue (APN 162-08-702-002), M (Industrial) Zone [PROPOSED: C-1 (Limited Commercial) Zone], Ward 1 (Moncrief). The Planning Commission (7-0 vote) and staff recommend APPROVAL

PLANNING & DEVELOPMENT - DISCUSSION

111. GPA-5120 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request to amend a portion of the Southwest Sector Plan of the General Plan FROM: GC (GENERAL COMMERCIAL) TO: ML (MEDIUM-LOW DENSITY RESIDENTIAL) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
112. ZON-5121 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Rezoning FROM: U (UNDEVELOPED) [GC (GENERAL COMMERCIAL) GENERAL PLAN DESIGNATION] UNDER RESOLUTION OF INTENT TO C-2 (GENERAL COMMERCIAL) TO: R-PD8 (RESIDENTIAL PLANNED DEVELOPMENT - 8 UNITS PER ACRE) on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
113. VAR-5124 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Variance TO ALLOW 0.44 ACRES OF OPEN SPACE WHERE 0.66 ACRES IS THE MINIMUM REQUIRED FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), GC (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission (6-0-1 vote) recommends APPROVAL
114. SDR-5122 - PUBLIC HEARING - APPLICANT: RICHMOND AMERICAN HOMES - OWNER: RONALD MICH'L AND CAROLYN MICH'L, ET AL - Request for a Site Development Plan Review FOR A PROPOSED 40-LOT SINGLE-FAMILY RESIDENTIAL DEVELOPMENT on 5.00 acres adjacent to the southeast corner of Charleston Boulevard and Lindell Road (APN 163-01-501-001 and 002), U (Undeveloped) Zone [GC (General Commercial) General Plan Designation] under Resolution of Intent to C-2 (General Commercial) Zone [PROPOSED: R-PD8 (Residential Planned Development - 8 Units per Acre)], Ward 1 (Moncrief). Staff recommends DENIAL. The Planning Commission recommends APPROVAL

SET DATE

115. SET DATE ON ANY APPEALS FILED OR REQUIRED PUBLIC HEARINGS FROM THE CITY PLANNING COMMISSION MEETINGS, CENTENNIAL HILLS ARCHITECTURAL REVIEW COMMITTEE AND DANGEROUS BUILDING OR NUISANCE/LITTER ABATEMENTS

CITIZENS PARTICIPATION

PUBLIC COMMENT DURING THIS PORTION OF THE AGENDA MUST BE LIMITED TO MATTERS WITHIN THE JURISDICTION OF THE CITY COUNCIL. NO SUBJECT MAY BE ACTED UPON BY THE CITY COUNCIL UNLESS THAT SUBJECT IS ON THE AGENDA AND IS SCHEDULED FOR ACTION. IF YOU WISH TO BE HEARD, COME TO THE PODIUM AND GIVE YOUR NAME FOR THE RECORD. THE AMOUNT OF DISCUSSION ON ANY SINGLE SUBJECT, AS WELL AS THE AMOUNT OF TIME ANY SINGLE SPEAKER IS ALLOWED, MAY BE LIMITED

THIS MEETING HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

City Clerk's Bulletin Board, City Hall Plaza, 2nd Floor Skybridge
Court Clerk's Office Bulletin Board, City Hall Plaza
Las Vegas Library, 833 Las Vegas Boulevard North
Clark County Government Center, 500 S. Grand Central Parkway
Grant Sawyer Building, 555 E. Washington Avenue

EXHIBIT B

(Attach Affidavit of Publication of Notice of Sale)

RECEIVED
CITY CLERK

2004 DEC 10 A 10:46

AFFP DISTRICT COURT
Clark County, Nevada

AFFIDAVIT OF PUBLICATION

STATE OF NEVADA)
COUNTY OF CLARK)

SS:

Donna Stark, being 1st duly sworn, deposes and says:

That she is the Legal Clerk for the Las Vegas Review-Journal and the Las Vegas Sun, daily newspapers regularly issued, published and circulated in the City of Las Vegas, County of Clark, State of Nevada, and that the advertisement, a true copy attached for,

LV CITY CLERK
3702595

2296311LV

was continuously published in said Las Vegas Review Journal and/or Las Vegas Sun in 3 edition(s) of said newspaper issued from 11/17/2004 to 12/02/2004, on the following days: NOV. 17, 24, . DEC. 2, 2004

Signed: _____

Donna Stark

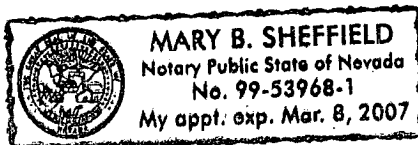
SUBSCRIBED AND SWORN BEFORE ME THIS THE _____

3

day of December 2004

Mary B. Sheffield

Notary Public



*BLANKER LUIS District: 505 (7301)	125-16-613-034 7729 DONALD NELSON AV ORCHARD VALLEY AT ELKHORN SPRINGS UNIT 3 PLAT BOOK 83 PAGE 27 LOT 2 BLOCK 1	\$733.79	\$733.79
*DOWNS CATHERINE E District: 505 (7301)	125-16-613-037 7728 DONALD NELSON AV ORCHARD VALLEY AT ELKHORN SPRINGS UNIT 3 PLAT BOOK 83 PAGE 27 LOT 17 BLOCK 3	\$733.79	\$733.79
*ROOD JANE L District: 505 (7301)	125-16-712-029 7713 SILVER MALLARD AV MEADOWS AT ELKHORN SPRINGS UNIT 1 PLAT BOOK 74 PAGE 80 LOT 62 BLOCK B	\$460.70	\$460.70
*LIENING DEBORAH S District: 505 (7301)	125-16-815-073 7905 MOUNTAIN POINT AV BRIARHILL UNIT 1 PLAT BOOK 74 PAGE 48 LOT 29 BLOCK 1	\$417.33	\$417.33
*CHANG EDDIE WOO LINA C District: 505 (7301)	125-16-816-011 7905 DUTCH CANYON AV BRIARHILL UNIT 2 PLAT BOOK 76 PAGE 19 LOT 11 BLOCK 1	\$684.44	\$684.44
*ROSE CHRISTINA M & CHRISTINE M District: 505 (7301)	125-16-816-027 7308 LOST SHADOW CT BRIARHILL UNIT 2 PLAT BOOK 76 PAGE 19 LOT 82 BLOCK 2	\$471.28	\$471.28
*TAYLOR GEOFF & HEATHER FUTTER AMBER District: 505 (7301)	125-16-816-067 7353 MISTY GLOW CT BRIARHILL UNIT 2 PLAT BOOK 76 PAGE 19 LOT 111 BLOCK 2	\$683.90	\$683.90
*ROSS SEAN District: 505 (7301)	125-16-820-004 7216 GOLDEN FALCON ST NORTHERN LIGHTS AT ELKHORN SPRINGS UNIT 3 PLAT BOOK 83 PAGE 23 LOT 65 BLOCK C	\$684.10	\$684.10
*BOZZO KRISTY District: 505 (7301)	125-16-821-061 7237 EAGLE CREST ST EAGLE HGTS PLAT BOOK 83 PAGE 53 LOT 61 BLOCK D	\$588.98	\$588.98

* (Applicable to parcels with a single * in District 505 only): Includes amount of unpaid delinquent assessment installment, accrued and delinquent interest to December 7, 2004, penalties and collection costs, including attorney fees.

** (Applicable to all parcels in District 505 that do not have a single * above and all other parcels in Districts other than District No. 505): Includes full amount of unpaid delinquent assessment, accrued and delinquent interest to December 7, 2004 penalties and collection costs, including attorney fees.

Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS § 271.555 to NRS § 271.575. The sale shall be continued from day to day as provided in NRS § 271.555. The property sold is subject to redemption as provided in NRS § 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS § 271.595.

As provided in NRS § 271.410, the City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to all of the above parcels except those parcels in District No. 505 designated with a single * above. As provided in NRS § 271.410, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he is required to pay to the City in order to be restored to the right to pay his/her assessments in installments pursuant to NRS § 271.410(2).

***For additional information or questions, please call (702) 796-0082. Updated notices of sale will be posted on WWW.AMGV.COM.

IN WITNESS WHEREOF, I have affixed my signature as of this 3rd day of November 04.

/s/ Michael K. Olson City Treasurer

PUB: November 17, 24, December 2, 2004 LV Review Journal

EXHIBIT C

STATE OF NEVADA)
 : ss.
COUNTY OF CLARK)

AFFIDAVIT OF MAILING
NOTICE OF SALE

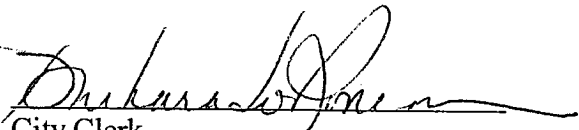
The undersigned, Barbara Jo Ronemus, City Clerk of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

1. Pursuant to Section 3 of the resolution attached hereto, as evidenced by the affidavit attached as Exhibit 1 hereto, I caused to be mailed a notice in substantially the form attached hereto as Exhibit 2 to the persons described in paragraph 2 hereof on November 16, 2004, being at least 20 days before the sale, which was held on December 7, 2004.

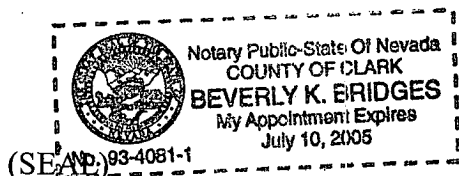
2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has a property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

3. Receipts from the certified mailing and this affidavit will be retained in the records of the City for the Districts identified in the Notice until all of the assessments for those Districts and all bonds pertaining thereto have been paid in full.

Dated this January 26, 2005.


City Clerk

SUBSCRIBED AND SWORN TO before me this January 26, 2005, by Barbara Jo Ronemus, City Clerk, City of Las Vegas, Nevada.



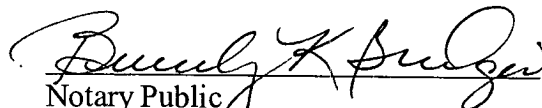

Notary Public

EXHIBIT 1

STATE OF NEVADA)
 :ss
COUNTY OF CLARK)

AFFIDAVIT OF MAILING
NOTICE OF SALE

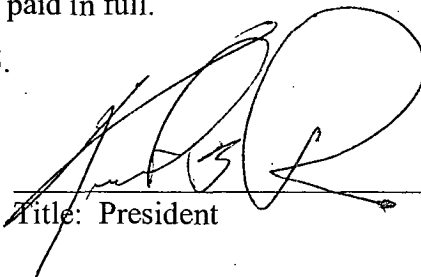
The undersigned Keith B. Davis, the President of Assessment Management Group of the City of Las Vegas, Nevada, hereby swears on oath or affirmation:

1. Pursuant to Section 3 of the resolution attached hereto, I mailed a notice in substantially the form attached on the attachment hereto marked Exhibit 2 to the persons described in paragraph 2 hereof on November 16, 2004, being at least 20 days before the sale, which was held on December 7, 2004.

2. The Notice was mailed by certified mail to each owner of a parcel which was subject to the sale, and to each person who has property interest in any of the property subject to the sale that is recorded in the records of the County Recorder.

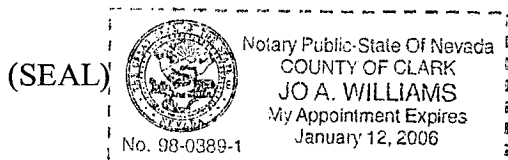
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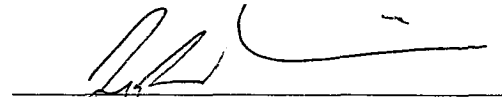
Dated this 25th day of January, 2005.



Title: President

SUBSCRIBED AND SWORN TO before me this 25th day of January, 2005 by Keith B. Davis, President of Assessment Management Group.





Notary Public

EXHIBIT II

(Attach copy of Notice as Mailed)

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on December 7, 2004, at the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments to the City of Las Vegas in the following Special Assessment Districts:

Name of Owner	Description of Property	Amount Due Before 12/07/04 to Cure Default Prior to Sale	Total Amount Due on Date of Sale
**BARRETT PATSY G &/OR DON KENNETH District: 1463 (7052)	139-28-110-003 2000 GOLDHILL AV BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 6 BLOCK 9	\$1,001.69	\$5,459.73
**HARRIS WILBER & BARBARA A District: 1463 (7052)	139-28-110-020 1320 SHARON RD BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 12 BLOCK 10	\$964.02	\$5,185.09
**SCHRYNER SCOTT & KELLY District: 1463 (7052)	139-28-110-024 1311 SHARON RD BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 14 BLOCK 2	\$916.54	\$4,838.66
**JORDON CHARLES R & BARBARA A District: 1463 (7052)	139-28-210-028 1230 SHARON RD BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 15 BLOCK 10	\$1,001.69	\$5,459.73
**FORD ROBERT EARL JR District: 1463 (7052)	139-28-210-029 1231 SHARON RD BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 16 BLOCK 2	\$1,001.69	\$5,459.73
**MCADAMS VERONICA TRUST District: 1463 (7052)	139-28-210-050 1100 COMSTOCK DR BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 1 BLOCK 1	\$1,001.69	\$5,459.73
**USAND PETER & COURTNEY District: 1463 (7052)	139-28-210-058 1135 COMSTOCK DR BONANZA VILLAGE TRACT PLAT BOOK 2 PAGE 69 LOT 20 BLOCK 5	\$999.89	\$5,446.60
**MEEHAN DAVE District: 1479 (7057)	139-35-314-012 1601 CARSON AV MAYFAIR TRACT #1 PLAT BOOK 2 PAGE 30 LOT 27 BLOCK 1	\$546.27	\$1,032.80

**CARBAJAL ERIBERTO & SANTOS CARBAJAL ARMIDA District: 1479 (7057)	139-35-314-016 136 S 16TH ST MAYFAIR TRACT #1 PLAT BOOK 2 PAGE 30 LOT 23 BLOCK 1	\$546.27	\$1,032.80
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**GOMEZ GENOVEVA District: 1479 (7057)	139-35-412-069 252 EARL ST MAYFAIR TRACT #1 PLAT BOOK 2 PAGE 30 LOT 18 BLOCK 5	\$546.27	\$1,032.80
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*LUDWIG KRISTIN S District: 505 (7301)	125-16-411-025 8008 REVOLVER AV ELKHORN SPRINGS PARCEL 3A PLAT BOOK 64 PAGE 34 LOT 58 BLOCK 4	\$540.24	\$540.24
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*LIENING DEBORAH S District: 505 (7301)	125-16-815-073 7905 MOUNTAIN POINT AV BRIARHILL_UNIT 1 PLAT BOOK 74 PAGE 48 LOT 29 BLOCK 1	\$417.33	\$417.33
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*(Applicable to parcels with a single * in District 505 only): Includes amount of unpaid delinquent assessment installment, accrued and delinquent interest to December 7, 2004, penalties and collection costs, including attorney fees.

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Each property described above will be sold to satisfy the total amount due thereon as is stated above, to the first person at the sale offering to pay the amount due on that property as is listed above. The sale shall be held, and purchasers at the sale shall receive certificates of sale, as provided in NRS § 271.555 to NRS § 271.575. The sale shall be continued from day to day as provided in NRS § 271.555. The property sold is subject to redemption as provided in NRS § 271.595. If not redeemed as provided in that Section, after expiration of the period of redemption, the City Treasurer will issue a deed to the property on demand of the certificate holder in the manner provided in NRS § 271.595.

As provided in NRS § 271.410, the City Council has exercised its option to have the whole amount of the unpaid principal of the assessment be due and payable immediately with respect to all of the above parcels except those parcels in District No. 505 designated with a single * above. As provided in NRS § 271.410, at any time prior to the date of sale the owner may pay the amount of delinquent installments with accrued interest, all penalties and costs of collection accrued including but not necessarily limited to any attorneys fees, and shall thereupon be restored the right to thereafter pay in installments in the same manner as if default had not been made. A property owner may obtain from the Las Vegas City Treasurer the amount that he is required to pay to the City in order to be restored to the right to pay his/her assessments in installments pursuant to NRS § 271.410(2).

***For additional information or questions, please call (702) 796-0082. Updated notices of sale will be posted on WWW.AMGNV.COM.

IN WITNESS WHEREOF, I have affixed my signature as of this 3rd day of November 04.

/s/ Michael K. Olson
City Treasurer

Notice is hereby given that the City Treasurer of the City of Las Vegas will at the hour of 2:00 p.m. on December 7, 2004, at the City Council Chambers, Las Vegas City Hall Complex, 400 Stewart, Las Vegas, Nevada, sell the following parcels which are delinquent in the payment of assessments to the City of Las Vegas in the following Special Assessment Districts:

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***For additional information or questions, please call (702) 796-0082. Updated notices of sale will be posted on WWW.AMGNV.COM.

IN WITNESS WHEREOF, I have affixed my signature as of this 3rd day of November 04.

/s/ Michael K. Olson
City Treasurer

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: PUBLIC WORKS**DIRECTOR: RICHARD GOECKE**☒ **CONSENT** ☐ **DISCUSSION****SUBJECT:**

REPORT FROM REAL ESTATE COMMITTEE - Councilwoman Moncrief and Councilman Wolfson

Approval to negotiate purchase and/or initiate condemnation of, APNs 139-34-512-002 and -003 located at 321 and 329 North Las Vegas Boulevard, APNs 139-34-512-016 and -017 located at 405 and 409 North 6th Street, APN 139-34-512-021 located at 325 North 6th Street, APN 139-34-512-022 located at 323 North 6th Street and, APN 139-34-512-023 located at 319 North 6th Street for right-of-way and/or City Hall Expansion purposes - Ward 5 (Weekly)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The City is currently in design work for expansion of the City Hall Expansion. The City will need to acquire these properties for this purpose.

RECOMMENDATION:

Staff recommends approval

BACKUP DOCUMENTATION:

Site Map

MOTION:

REESE - Motion to bring forward and STRIKE Item 50 and Hold in ABEYANCE Item 53 to 12/1/2004 - UNANIMOUS with MONCRIEF excused

NOTE: Under Item 3, COUNCILMAN MACK disclosed for Item 7 that it involves a site near a Timbers Bar & Grill owned by his brother-in-law, ANDREW DONNER. Also, Item 50 involves property near the Lady Luck Casino, with which MR. DONNER has a contract related to its non-restricted gaming license. COUNCILMAN MACK indicated he felt comfortable voting on these matters, as he did not believe either matter would affect MR. DONNER'S business interests, nor have they spoken about these items.

MINUTES:

There was no discussion.

(9:55 - 9:57)

1-1705



Site Map

Legend

-  Building Footprints
-  Street Centerline
-  City of Las Vegas
-  Parcels

1. 139-34-512-002
329 N. LV Blvd.
2. 139-34-512-003
321 N. LV Blvd.
3. 139-34-512-016
409 N. 6th Street
4. 139-34-512-017
405 N. 6th Street
5. 139-34-512-021
325 N. 6th Street
6. 139-34-512-022
323 N. 6th Street
7. 139-34-512-023
319 N. 6th Street

Real Estate & Asset Mgmt



10/13/04

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: ADMINISTRATIVE SERVICES

DIRECTOR: CHRISTOPHER KNIGHT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

Report and possible action on the status of federal lands issues at the 108th Congress

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Our lobbyists for federal lands, Sen. Richard Bryan and Brent Heberlee of Lionel Sawyer and Collins, will present an update on federal land issues regarding the City of Las Vegas from the 108th Congress.

RECOMMENDATION:

Accept report and direct staff accordingly.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - ACCEPTED the report, incorporating all comments made during the presentation - UNANIMOUS with MONCRIEF excused

MINUTES:

NOTE: A Verbatim Transcript is made a part of the Final Minutes.

APPEARANCES:

OSCAR GOODMAN, Mayor
CHRIS KNIGHT, Director, Administrative Services
RICHARD BRYAN, Senator, Lionel, Sawyer and Collins
BRENT HEBERLEE, Lionel, Sawyer and Collins
MICHAEL MACK, Councilman
LAWRENCE WEEKLY, Councilman
BETSY FRETWELL, Deputy City Manager
STEVEN WOLFSON, Councilman
LARRY BROWN, Councilman
GARY REESE, Councilman

NOTE: MAYOR GOODMAN requested SENATOR BRYAN'S assistance in starting a dialogue with the Bureau of Land Management regarding the City's ability to acquire public land for development by a private group, as long as the use benefits the City and its residents. COUNCILMAN MACK added that the delegation should also explore the possibility of enabling the City to acquire more land for tech parks.

(10:13 - 10:36)

1-2474

CITY COUNCIL MEETING OF
November 3, 2004

VERBATIM TRANSCRIPT – ITEM 51

REPORT AND POSSIBLE ACTION ON THE STATUS OF FEDERAL LANDS ISSUES
AT THE 108TH CONGRESS

Appearance List:

OSCAR GOODMAN, Mayor
CHRIS KNIGHT, Director, Administrative Services
RICHARD BRYAN, Senator, Lionel, Sawyer and Collins
BRENT HEBERLEE, Lionel, Sawyer and Collins
MICHAEL MACK, Councilman
LAWRENCE WEEKLY, Councilman
BETSY FRETWELL, Deputy City Manager
STEVEN WOLFSON, Councilman
LARRY BROWN, Councilman
GARY REESE, Councilman

(10:13 – 10:36)

1-2474

23 minutes

Typed by: Stacey Campbell

Proofed by: Angela Crolli

CITY COUNCIL MEETING OF
November 3, 2004

VERBATIM TRANSCRIPT – ITEM 51

22 **MAYOR GOODMAN**

23 Item number 51, report and possible action on the status of federal lands issues at the 108th
24 Congress.

25

26 **CHRIS KNIGHT**

27 Good morning, Mayor and other members of the Council, Chris Knight, Director of Admen
28 Services. We have with us here this morning, Senator Richard Bryan and Brent Eberlee from the
29 firm of Lionel, Sawyer and Collins, to present to you some – issues at – the federal level on
30 federal lands. These gentlemen serve as our point of contact in our lobby team in Washington
31 D.C. on federal lands issues and we've asked them to come in and give you a brief report on a
32 couple of different matters that they will bring to you and – just let you know how things are
33 going. So with that, we'll turn it over to the Senator and to Mr. Eberlee. Thank you.

34 Haberlee, I'm sorry.

35

36 **SENATOR BRYAN**

37 Your Honor and members of the Council, as you know, we are your twenty-four hour presence,
38 your watch on the Potomac as it relates to issues involving federal lands. There are a number of
39 things that are occurring some of which have occurred fairly recently. We had the opportunity
40 yesterday to visit with a couple members of the Council.

41 But since we have Brent Haberlee here who is with us, the Congress is in recess until the
42 sixteenth of the month when as you know they're going to reconvene for a lame duck session. I
43 thought it was an opportunity, Your Honor, to briefly give you an overview of two or three
44 issues that have potential impact for the City and then respond to either your question or
45 members of the Council.

46 If I might, with your permission, Your Honor, I defer to Brent Haberlee, who is with us in the
47 Washington office and he's here twenty-four hours a day. Brent, go ahead and take that
48 microphone there.

49

50 **MAYOR GOODMAN**

51 Very good, thank – you, Senator, we appreciate it.

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52 **BRENT HABERLEE**

53 Thank you, Senator. Mr. Mayor, members of the Council, there are a couple of issues that I
54 should call your attention regarding federal lands that we're dealing with on behalf of the City
55 right now. The first involves what's called an Environmental Impact Statement that the BLM is
56 preparing that will review and analyze all of the environmental impacts of federal land sales in
57 the Las Vegas Valley. What has happened in the course of this analysis, the BLM has
58 discovered some sensitive plant species, some cultural resources that are located up in the
59 northwest part of the Valley, both in the – City's jurisdiction and also in the City of North Las
60 Vegas.

61 The issue right now that – everyone's grappling with is how to deal with these resources that
62 have been identified. We don't want to get into situation as we did with the desert tortoise, you
63 know, some thirteen, fourteen years ago that brought development to a halt in the Valley. On the
64 other hand, these are – issues, these are resources that are protected by the State and the federal
65 governments, then they have to be dealt with in a way that will protect them. And, we're hoping
66 that we can find a way to allow development occur in – the area. The City of North Las Vegas is
67 actually going to be most heavily impacted, we believe, by these two plant species that have been
68 found. The problem with the situation that we face now, the BLM is not permitted to have
69 anymore federal land sales in the Valley until they get this Environmental Impact Statement
70 completed and that would obviously affect land sales in – the City's jurisdiction.

71 February 2nd of next year there is, that is the next planned land sale for the BLM and that is the
72 sale that includes the 1700 acres up in the Kyle Canyon area that the City's done a lot of work on
73 Master Planning. That sale is not going to occur unless this EIS process is completed before
74 then. The – issue that has come up with these sensitive species is likely to push that date back,
75 we don't know how far at this point but we're – having discussions this week and – we will be in
76 the future with the BLM, Fish and Wildlife Service and we're gonna try to coordinate our effort
77 with all the local governments in – the Valley because they have a common interest in getting
78 this resolved.

79 The second issue I wanted to bring to your attention is actually a piece of legislation that's
80 pending in Congress. It's known as the Lincoln County Lands Bill. It would designate
81 wilderness areas in Lincoln County, Nevada. It would also authorize the sale of – BLM land in

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Lincoln County much the way we have – done here in Southern Nevada. Of interest to the City of Las Vegas is a provision in that bill that establishes a utility corridor and a right-of-way for the Southern Nevada Water Authority to potentially bring water down from Lincoln County to Las Vegas. This would be ground water that would be pumped from Lincoln County and delivered to Las Vegas. So that, obviously there's – a strong interest in, on finding additional water resources for the Valley and this bill will help facilitate that.

One of the, as part of the negotiation on this bill, one of the issues that – arised was, the Nevada Delegation saw fit to allow Lincoln County to tap into, if you will, the Southern Nevada Public Land Special Account that municipal governments here in – the Las Vegas Valley are able to draw money from for parks and trails and natural areas and things of that sort. Lincoln County will now also be able to draw money from that account. The, I think the – deal, if that's the right way to characterize it, was that in exchange for – Clark County receiving the water, we were gonna allow Lincoln County potentially have some funds to develop parks and trails and whatnot up – at, up north of here.

So, those are the two main issues that are pending right now. There's a cou, two future, issues I wanna just identify briefly and actually, one of these we discussed with – Councilman Brown yesterday. And, that involves, the City has, as you know, a lot of lease agreements with the BLM for things like parks and ball fields, as – do a number of non-profit entities if they're able to get land from the federal government at a very discounted rate for – these types of public purposes. One of the issues that has come up is when the City does acquire this land from BLM and they choose to contract with a non-profit to operate, you know, a ball field or a park or something of that sort, there are issues that arise in terms of the requirements BLM places on the City in terms of how these contracts can be – constructed. And, we've – found that it's often difficult to implement these – contracts. So, we're gonna look at, see if there's ways to perhaps modify the existing law that'll – facilitate these agreements that often will end up saving the City some money when they don't have to spend the resources to operate these facilities. It's cheaper for them to contract out with a third party. So that's one issue we're gonna look at.

The other issue involves amending the Southern Nevada Lands Bill to try to strengthen the hand of local governments vis-à-vis the development community. Try to strengthen their hand before land sales occur so that once a successful bidder acquires a piece of federal land and wants to

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112 develop it, they will have already met with the City, signed some sort of agreement that – they
113 will adhere to whatever master planning the City has done for that area and we – think that'll
114 make in – discussions with your staff, they agree that this will make the process work much
115 better for development of these typically large parcels of BLM land that are being turned over.
116 That's – all I have. Any questions we have to answer?

117
118 **MAYOR GOODMAN**
119 Thank you. We appreciate that. Are there any questions or comments? We'll go with
120 Councilman Mack first.

121
122 **COUNCILMAN MACK**
123 Thank you, Your Honor. So, listening carefully to, Brent, what you had to say regarding the
124 future land sales that we were expecting to see in February of 2005, would you say it's highly
125 unlikely that we'll see this sale go forward for the Kyle Canyon area? I know that we need to be
126 sensitive to any environmental issues and I know the City's very cautious in – that.

127
128 **BRENT HABERLEE**
129 Yeah, it's – a little unclear at this point. I don't think anything's been stated publicly by the
130 BLM that that – date will get pushed back. But, and, in just looking at these issues that – the
131 BLM is grappling with right now, I would not be surprised. I'd – say it's better than 50/50 that –
132 that sale will get pushed back.

133
134 **COUNCILMAN MACK**
135 And then that EAS (sic) that's tied to that land sale, which is also tied to North Las Vegas,
136 they're tied together as one EAS (sic) statement?

137
138 **BRENT HABERLEE**
139 The Environmental Impact Statement that BLM is doing covers about 22,000 acres of land in the
140 Valley, all over the Valley. Most of the land is actually up in the northwest part of – town but –
141 it, until that document is completed, they're not permitted to sell land anywhere in the Valley.

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142 So, in essence, even though the 1700 acres up near Kyle Canyon does not, to our knowledge,
143 does not have any of these endangered species issues, it's getting lumped in with those parcels
144 that do have that problem and – none of them are gonna be sold until that issue is resolved. And
145 – how that gets resolved is really the, you know, the big question at this point. We don't – know
146 how they're gonna deal with it. We don't know, we're, I know that North Las Vegas is – has
147 hired some consultants to look at the science in terms of whether or not these – plants are, you
148 know, how – endangered are they, are – they able to be moved and transferred to a different
149 location that would allow development, things of that sort. But, we'll – certainly keep you
150 apprised as – we learn more.

151

152 **COUNCILMAN MACK**

153 Thank you.

154

155 **SENATOR BRYAN**

156 If I might amplify the response for the Councilman, Your Honor, with your permission –

157

158 **MAYOR GOODMAN**

159 Certainly.

160

161 **SENATOR BRYAN**

162 – we were always aware that a couple of these species were there, what came as a surprise was
163 just earlier this week we became aware that there's considerably more. For example, of the 1900
164 acres that North Las Vegas is interested in that February 2nd sale, 1600 of those acres, 1600, they
165 now say have these species that we have to deal with. You can see what the implication is there
166 for the City and as Brent has indicated, in the meantime, nothing goes forward 'til we've
167 addressed these issues.

168 Having been involved in a previous life with the desert tortoise issue some fourteen years ago,
169 what we have done is we've set up a series of meetings to work with the Fish and Wildlife
170 Service, that's the US Fish and Wildlife Service, and we have a meeting to see what we can do to
171 ameliorate those concerns. If indeed they file a report which indicates that indeed these

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172 endangered or threatened species, and that's primarily State, we're talking with the State, we'll
173 be meeting with the State as well, then in effect we've got a process becomes considerably more
174 complicated, then we have to challenge the Environmental Impact Statement and that becomes a
175 much more protracted thing. So, we're trying to intervene now as soon as we can to work
176 through those things and the meeting is scheduled later this week. And obviously, your staff is
177 very much on top of it, Your Honor, but we will be, but this is very time sensitive and that's why
178 we wanted to take the opportunity. Your Honor, I know you've got a busy schedule this
179 morning, to make you aware that this does have significant implications for the City.

180

181 **MAYOR GOODMAN**

182 All right, thank you very much. Councilman Brown. Councilman Weekly?

183

184 **COUNCILMAN WEEKLY**

185 Yes, Sir. Senator Bryan and Brent, I just want to ask another question in relations to another
186 area of town that I'm – kind of imploring, or exploring some things. Right now, David Roark,
187 who's in our Real Estate Division here, is looking at some possible available land over on
188 Decatur and Vegas Drive. The old Fountain Park area –

189

190 **SENATOR BRYAN**

191 Yes, yes, yeah.

192

193 **COUNCILMAN WEEKLY**

194 – where the department, I think its fish, fishery, if I'm not mistaken, was located at, they've torn
195 that down.

196

197 **SENATOR BRYAN**

198 Yep, um hmm, next to the golf course if I –

199

200 **COUNCILMAN WEEKLY**

201 Absolutely.

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202 **SENATOR BRYAN**

203 Yes I, I'm familiar with that, Councilman.

204

205 **COUNCILMAN WEEKLY**

206 And, what we're trying to do now is to make some relationships on a federal level to look into
207 trying to get that possibly either donated or given over to the City of Las Vegas in order to allow
208 us to expand our football fields and, as – well as, our soccer fields being that we're kinda the
209 little brothers to, the little brother to Betty Wilson Soccer Complex, if you will. And so, what do
210 you think the possibilities of something like that would be, as far as getting some intervention
211 from you all to assist us in looking to, in looking into that?

212

213 **SENATOR BRYAN**

214 Well certainly we will be happy to make that contact, Councilman, and I don't know, and you
215 may be aware, as you know they have relocated some of those facilities to a new complex that's,
216 I call it the Tonopah Highway, out there quite a way and so I do not know whether the federal
217 government at this point, because it's the first time it's been called to my attention, has a plan for
218 the use of those facilities for other federal purposes. If they do not, certainly I would think that
219 the federal government would be willing to enter into some discussions with the City of Las
220 Vegas, the effected municipality.

221 Do you have a plan or a concept in mind? I think it's always easier for us in dealing with the
222 federal government rather than talking in the abstract, but some specific purpose that you have in
223 mind. Because there are a couple of ways that we may be able to approach that.

224

225 **COUNCILMAN WEEKLY**

226 Yes, we have a great plan. It may not happen, you know, during my tenure, but I think it'd be
227 great to have that, you know, in our hands. And Mr. Roark, again as I indicated, you know, has
228 established a communications with those individuals from the federal office and having some
229 discussions about how the City could go about acquiring that to possibly expand our recreation
230 area there.

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231 **SENATOR BRYAN**

232 Let me make a commitment, Brent is going to be out here all this week to talk with, maybe we
233 can talk with your Real Estate staff and not take the time of the Council now, Your Honor, to get
234 briefed on that. We'll proceed along that basis, if that's the direction the Council's given, and
235 then we'll specifically report back to you and of course your staff and Mayor, all members of the
236 Council.

237

238 **MAYOR GOODMAN**

239 Very good. Thank you.

240

241 **BETSY FRETWELL**

242 Mayor, if I may just add a comment on that?

243

244 **MAYOR GOODMAN**

245 Ms. Fretwell, certainly.

246

247 **BETSY FRETWELL**

248 We have already been working with the GSA to try and affect that transfer and we'll make sure
249 that the, our lobby team on, is aware of the prior experiences we've had as it relates to the
250 request for that transfer. I think we have a pretty good sense of what's available and what's not.
251 We'll be happy to work with them on that.

252

253 **SENATOR BRYAN**

254 Thank you.

255

256 **MAYOR GOODMAN**

257 All right, thank you. Councilman Wolfson.

258

259

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259 **COUNCILMAN WOLFSON**

260 Yes, thank you, Mayor. I think Senator Bryan, first of all I appreciate your briefing, gentlemen,
261 yesterday, it – helped me a lot for our discussion today. I think Senator Bryan highlighted what I
262 was about to highlight, which is this is a significant event and –

263

264 **SENATOR BRYAN**

265 Very significant.

266

267 **COUNCILMAN WOLFSON**

268 – and if – we don't pay attention, it's easy to let it kind of fly over our heads. As I understand it
269 from what you say, Mr. Haberlee, that no lands can be released or sold by the BLM until this
270 report is completed and only if, at then, depending on the information contained in this report.

271

272 **BRENT HABERLEE**

273 That's – accurate and as you know, I mean, one of the ramifications of no land sales is the City,
274 as do the other local governments, draw a lot of money from these land sales for parks and trails
275 and things of that nature. So that – money will not be, the fund will not be regenerated until
276 more land sales occur.

277

278 **COUNCILMAN WOLFSON**

279 Sure, 'cause I recognize that there's some potential parcels in my Ward that – could be affected
280 by this. The only other comment I'd make is that you mentioned that, I think, it's North Las
281 Vegas that may have retained certain experts to come in and – do some studies on these plant
282 species, is there any way that we can piggyback –

283

284 **BRENT HABERLEE**

285 Yeah, well –

286

287 **COUNCILMAN WOLFSON**

288 – on the use of those experts –

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289

290 **BRENT HABERLEE**

291 Yeah, go ahead, I – should have qualified that. I think the City has joined with North Las Vegas
292 together in this effort.

293

294 **COUNCILMAN WOLFSON**

295 Great. Great. Okay. Thank you.

296

297 **SENATOR BRYAN**

298 Yeah, if I might just, Your Honor, without purgoing this to answer Councilman, we have
299 suggested to North Las Vegas that we think it's in the interest of all the affected entities to –
300 become aware of this and to – you know, act. We're gonna have much greater impact in dealing
301 with the agency, with all due respect, if we have all of the entities involved. And I don't see any
302 reason why there would not be a community of interest. Even though, as Mr. Haberlee has
303 pointed out, the parcel that you're talking about, we're not sure that you actually have one of
304 these threatened species. But in point of fact, it creates, I'll use the word, in effect a moratorium
305 until we resolve this issue.

306

307 **COUNCILMAN WOLFSON**

308 Sure. Is there anything that we can do to help you in your efforts at –

309

310 **SENATOR BRYAN**

311 Yep.

312

313 **COUNCILMAN WOLFSON**

314 – joining with the other entities or municipalities to – help your effort?

315

316 **SENATOR BRYAN**

317 Well, your staff has been great. Let me just, I wanna make it very clear that the staff was in no
318 way negligent in not being aware of this. This was all just a recent briefing. I mean, this was

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319 kind of after the fact and by the way we want to call your attention and then they kind of dropped
320 the – nuclear bomb on us at the last minute. And – Chris has been very much aware of this and
321 we’ve talked with him and Betsy has as well, and I’m sure that the – rest of the staff, including
322 the City Manager, have been involved. So, we’d like to work with them.

323

324 **COUNCILMAN WOLFSON**

325 What I’m – talking about is working with the –

326

327 **SENATOR BRYAN**

328 Yeah.

329

330 **COUNCILMAN WOLFSON**

331 – other municipalities, is there anything that we, as a City Council, can do to help you in some
332 sort of joint efforts?

333

334 **SENATOR BRYAN**

335 Well, something that I would suggest because obviously the leadership for the City rests right
336 here with the Mayor and the Council, to make sure that you reach out to your elected
337 counterparts. We made that suggestion yesterday when we were talking with individuals of the
338 North Las Vegas Council, said look, I hope you’ll reach out. That’s something that we will try
339 to help facilitate but, you know, you’re the elected officials who represent the, and I think to the
340 extent that you recognize and indicate to your staffs to work together, and I’m not suggesting it’s
341 not occurring, but we just need to emphasize that because this is new information.

342

343 **MAYOR GOODMAN**

344 Thank you. Councilman Mack.

345

346 **COUNCILMAN MACK**

347 Thank you, Your Honor. As, you know, I think in, as important as it is that the municipalities
348 see the benefits of these land sales, I think the real important factor out there with any release of

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349 land is, and I think most municipalities but most importantly, the City of Las Vegas, is smart
350 growth. Without any land releases, the price of a – medium priced home is really going to
351 escalate and I think that we're seeing home prices soar and soar and getting out of the reach of
352 any – working family. And, I know that, you know, the word of moratorium would – just really
353 send fear into our community.

354

355 **MAYOR GOODMAN**

356 Thank you. Councilman Brown.

357

358 **COUNCILMAN BROWN**

359 Thank you, Your Honor. Just, I just mentioned to Councilman Weekly the Betty Wilson
360 Complex was a situation where BLM had originally planned an administrative office to
361 consolidate and no one knew that they had abandoned that. So, I think it was Dave Roark that
362 just approached them and perhaps that, it could be as simple as that at the – Vegas site.

363 I just wanted to bring to the attention of the Council, part of our briefing yesterday was in
364 developing the relationship and perhaps strengthening the relationship with the BLM. We've
365 talked to Dr. Selby about this. But to encourage some dialogue that gets us on the same page
366 with BLM at the federal level, the state level, the local level, to build some consistency into some
367 of their dialogue and their rulings and their procedures, 'cause that's – that's – hurt us a little bit
368 in the past in trying to follow their rules and they seem to change. So we've – encouraged that
369 dialogue to take – place.

370

371 **MAYOR GOODMAN**

372 Thank you. Anybody else? Senator, a matter of great concern to me is the fact that the BLM
373 when they own a piece of land and the City is interested in acquiring the land they're very
374 cooperative of course, as far as any public purpose that the City is interested in placing on that
375 land. But there are occasions, one comes to mind in particular, where a private group comes to
376 the City and they designate a piece of land, which is BLM land, and they say we can have a
377 tremendous project which will inure to the benefit of all of Las Vegas. The one that immediately
378 comes to mind is a – company that was one of the leaders in children's, I guess not only

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379 children's game, but video games, and they were interested in building a park and building an
380 industrial facility that, where they would produce these games and bring a very high quality type
381 of employee into the area here. And, we tried to negotiate a transfer with the BLM and they
382 wanted fair market value because the private sector was going to be involved rather than a purely
383 public sector use.

384 Well, it would have been good for the City of Las Vegas, had we been able to do that but what
385 happened is we couldn't, they didn't want to pay the price that the BLM was asking for the land
386 and they left. They went to Southern California. We lost a tremendous business, it – really hurt
387 the diversification that we're trying to accomplish here.

388 So, in your discussions with them, and I know it's changing the rules, but in your discussion,
389 perhaps you could say if a City can show that the City's gonna benefit, as a result of getting a
390 piece of land which they're able to transfer to a – private group that will benefit the City by
391 having that land, perhaps we can work on that too.

392

393 **SENATOR BRYAN**

394 Well I appreciate that and we'll obviously look into. You're very much aware, Mayor, having
395 lived here for many, many years that the BLM got a lot of criticism a few years ago –

396

397 **MAYOR GOODMAN**

398 I understand.

399

400 **SENATOR BRYAN**

401 – criticism that they'd, in effect, made property available to private sector interests that were far
402 below the fair market value. And you're – all – the members of the Council are aware that
403 didn't, not of this concerned the City, let me be clear on that, as a result, the BLM has been very,
404 very sensitive to that issue.

405

406

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406 **MAYOR GOODMAN**

407 And I appreciate that and – as well they should be, but I’m saying in the instance where the City
408 is able to show a benefit to the City as a result of keeping, or getting that piece of land to give to
409 the private sector, not just a direct sale to the private sector, that’s – what I’d like you to explore.

410

411 **SENATOR BRYAN**

412 We’ll be happy to do that.

413

414 **BRENT HABERLEE**

415 And – Mayor –

416

417 **COUNCILMAN MACK**

418 Your Honor, just to dovetail that real quickly, you know, as were releasing more lands in the
419 northwest and we talk about diversifying the economy, we should probably be looking at more
420 lands for tech parks and how, you know, we can designate those type of lands for the northwest
421 part of the valley.

422

423 **BRENT HABERLEE**

424 We’re actually having conversations right now with – the Nevada delegation about possible
425 legislative changes to the Southern Nevada Lands Bill that would allow these types of transfers
426 to occur.

427

428 **COUNCILMAN MACK**

429 Thank you.

430

431 **BRENT HABERLEE**

432 So, we’re in the process of doing that.

433

434 **COUNCILMAN MACK**

435 Super.

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436

437 **MAYOR GOODMAN**

438 Okay. Thank you very much for the report. May I have a motion please?

439

440 **COUNCILMAN REESE**

441 Yes, Your Honor, I'll make a motion to accept the report with all the comments
442 incorporating into the motion, please.

443

444 **MAYOR GOODMAN**

445 Thank you. Let's vote please.

446

447 **COUNCILMAN REESE**

448 Excuse me.

449

450 **MAYOR GOODMAN**

451 Sorry. Motion carries. (Motion carried unanimously with MONCRIEF excused)

452 **(END OF DISCUSSION)**

453 /slc;ac

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

Discussion and possible action regarding a renewal of the City's Franchise Agreement with Nevada Power Company (NPC) - All Wards

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The City's current franchise agreement with NPC expires on November 3, 2004. Staff has been in discussions with NPC to make revisions that address right of way (ROW) management. Unfortunately, the Public Utilities Commission (PUC) currently restricts NPC's ability to recover some of these costs associated with ROW improvements such as undergrounding and extensions. Consequently, the subject Renewal of Franchise Agreement will extend the current Franchise Agreement for three years to allow time for NPC, the City, and perhaps other local governments to propose changes to the PUC regulations that would allow more effective ROW management.

RECOMMENDATION:

It is recommended that the City Council approve the proposed Renewal of Franchise Agreement and to authorize the Mayor to execute this extension.

BACKUP DOCUMENTATION:

Renewal of Franchise Agreement

MOTION:

REESE - APPROVED as recommended - UNANIMOUS with MONCRIEF excused

NOTE: COUNCILMAN REESE disclosed, as he has previously done, that this issue would not affect his daughter's position with Nevada Power; therefore, he felt comfortable voting on this matter.

MINUTES:

MARK VINCENT, Director, Finance and Business Services, said that the City Council recently gave direction to renew this franchise agreement without changes, due to issues regarding right-of-way. Renewal of the existing agreement will give the City and Nevada Power three years to come to an accord on the right-of-way issues. MAYOR GOODMAN asked MR. VINCENT if the agreement contains an out clause in case an accord cannot be reached. MR. VINCENT answered that the agreement indicates that it will terminate on the first regularly scheduled Council meeting of November 2007. An agreement would have to be achieved prior to that date, but he is sure an agreement will be reached within the next year and a half.

ALLEN HELMS, Nevada Power Company, 6220 W. Sahara Avenue, assured the Mayor that he wants to reach a functional agreement as soon as possible.

(10:36 - 10:39)

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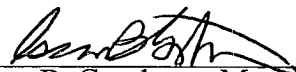
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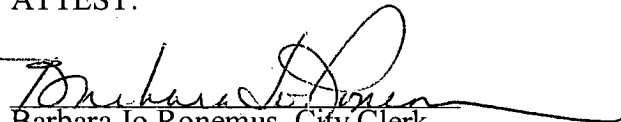
2 2. NEVADA POWER COMPANY shall be bound by all the terms and conditions contained
3 in the FRANCHISE AGREEMENT and FRANCHISE granted thereunder, attached to this Agreement
4 as Exhibit "A," and any further renewal of FRANCHISE AGREEMENT and FRANCHISE granted
5 thereunder shall be the subject of separate negotiations between the parties.

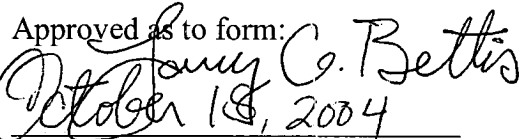
6 IN WITNESS WHEREOF, each party to this Agreement has caused it to be executed
7 on the day and year first above written.

8 CITY OF LAS VEGAS

9
10 By: 
11 Oscar B. Goodman, Mayor

12 ATTEST:

13 
14 Barbara Jo Ronemus, City Clerk

15 Approved as to form:
16 
17 October 18, 2004 Date

18 NEVADA POWER COMPANY

19
20 By: 
21 Matt Davis, Vice President

CERTIFICATE DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity," means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) ~~corporation – the directors and officers of the corporation, but not any branch managers of offices which are a part of the corporation;~~ (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members; (e) trust – the trustee and beneficiaries.

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Las Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block 1 <u>Contracting Entity</u>
Nevada POWER
Name 6226 W. Sahara
Address (702) 367-5000
Telephone
EIN or DUNS

Block 2 <u>Description</u>
Subject Matter of Contract/Agreement
Franchise Agreement
RFP#

Block 3	<u>Type of Business</u>
☐ Individual ☐ Partnership ☐ Limited Liability Company ☒ Corporation ☐ Trust ☐ Other	

CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS (CONTINUED)

Block 4 Disclosure of Ownership and Principals

In the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entity, as well as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.

	FULL NAME/TITLE	BUSINESS ADDRESS	BUSINESS PHONE
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: ____.

Block 5 DISCLOSURE OF OWNERSHIP AND PRINCIPALS – ALTERNATE

If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.

Name of Attached Document: Annual Report Form 10-K

Date of Attached Document: 12-31-03 Number of Pages: 225

I certify under penalty of perjury, that all the information provided in this Certificate is current, complete and accurate. I further certify that I am an individual authorized to contractually bind the above named Contracting Entity

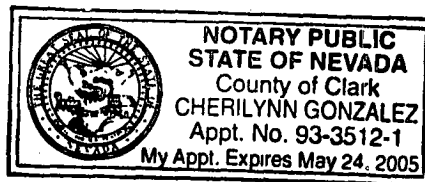
Emel E. East
Name

10/25/04
Date

Subscribed and sworn to before me this 25 day of

October, 2003

Cheryl Lynn Gonzalez
Notary Public



2003
Annual Report
on
Form 10-K



Sierra PacificTM

Nevada PowerSM



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2003

Registrant, State of Incorporation, Address of
Principal Executive Offices and Telephone
Number

Commission File
Number

I.R.S. employer
Identification Number
88-0198358

State of
Incorporation
Nevada

1-08788

SIERRA PACIFIC RESOURCES
P.O. Box 10100 (6100 Neil Road)
Reno, Nevada 89520-0400 (89511)
(775) 834-4011

2-28348

NEVADA POWER COMPANY
6226 West Sahara Avenue
Las Vegas, Nevada 89146
(702) 367-5000

88-0420104

Nevada

00508

SIERRA PACIFIC POWER COMPANY
P.O. Box 10100 (6100 Neil Road)
Reno, Nevada 89520-0400 (89511)
(775) 834-4011

88-0044418

Nevada

(Title of each class)

(Name of exchange on which registered)

Securities registered pursuant to Section 12(b) of the Act:

Securities of Sierra Pacific Resources:

Common Stock, \$1.00 par value

New York Stock Exchange

Common Stock Purchase Rights

New York Stock Exchange

Premium Income Equity Securities (PIES)

New York Stock Exchange

Securities of Nevada Power Company and subsidiaries:

8.2% Cumulative Quarterly Income

New York Stock Exchange

Preferred Securities, Series A, issued by NVP Capital I

7³/₄% Cumulative Quarterly Trust Issued

New York Stock Exchange

Preferred Securities, issued by NVP Capital III

Securities registered pursuant to Section 12(g) of the Act:

Securities of Sierra Pacific Power Company:

Class A Preferred Stock, Series I, \$25 stated value

New York Stock Exchange

Indicate by check mark whether each of the registrants (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether any registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Sierra Pacific Resources Yes ☒ No ☐; Nevada Power Company Yes ☐ No ☒; Sierra Pacific Power Company Yes ☐ No ☒

State the aggregate market value of the voting and non-voting stock held by non-affiliates. As of June 30, 2003: \$687,979,039

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Common Stock, \$1.00 par value, of Sierra Pacific Resources outstanding at March 5, 2004: 117,245,771 Shares

Sierra Pacific Resources is the sole holder of the 1,000 shares of outstanding Common Stock, \$1.00 stated value, of Nevada Power Company.

Sierra Pacific Resources is the sole holder of the 1,000 shares of outstanding Common Stock, \$3.75 par value, of Sierra Pacific Power Company.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of Sierra Pacific Resources' definitive proxy statement to be filed in connection with the annual meeting of shareholders, to be held May 3, 2004, are incorporated by reference into Part III hereof.

This combined Annual Report on Form 10-K is separately filed by Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company. Information contained in this document relating to Nevada Power Company is filed by Sierra Pacific Resources and separately by Nevada Power Company on its own behalf. Nevada Power Company makes no representation as to information relating to Sierra Pacific Resources or its subsidiaries, except as it may relate to Nevada Power Company.

Information contained in this document relating to Sierra Pacific Power Company is filed by Sierra Pacific Resources and separately by Sierra Pacific Power Company on its own behalf. Sierra Pacific Power Company makes no representation as to information relating to Sierra Pacific Resources or its subsidiaries, except as it may relate to Sierra Pacific Power Company.



**SIERRA PACIFIC RESOURCES
NEVADA POWER COMPANY
SIERRA PACIFIC POWER COMPANY
ANNUAL REPORT ON FORM 10-K**

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FORWARD LOOKING STATEMENTS

The discussion of forward looking statements in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, is incorporated herein by reference.

PART I

ITEM 1. BUSINESS

SIERRA PACIFIC RESOURCES

Sierra Pacific Resources (SPR) was incorporated under Nevada law on December 12, 1983. SPR's mailing address is P.O. Box 30150 (6100 Neil Road), Reno, Nevada 89520-3150 (89511).

SPR has nine primary, wholly owned subsidiaries: Nevada Power Company (NPC), Sierra Pacific Power Company (SPPC), Tuscarora Gas Pipeline Company (TGPC), Sierra Pacific Communications (SPC), Sierra Pacific Energy Company (SPE), Lands of Sierra (LOS), Sierra Energy Company (SEC), Independent Energy Consulting, Inc. (IEC) and e-three Custom Energy Solutions, LLC (CES). SEC, IEC and CES, collectively known as ("e-three"), were sold on September 26, 2003 and as a result, are reported separately on the financial statements of SPR as a discontinued operation. NPC and SPPC are referred to collectively in this report as the "Utilities." References to SPR refer to the consolidated entity, except where the context provides otherwise.

SPR's Utilities operate three regulated business segments (as defined by FASB Statement No. 131, Disclosure about Segments of an Enterprise and Related Information) which are Nevada Power electric, Sierra Pacific Power electric and Sierra Pacific Power natural gas service. Electric service is provided to Las Vegas and surrounding Clark County, northern Nevada and the Lake Tahoe area of California. Natural gas services are provided in the Reno-Sparks area of Nevada. Other segment information includes segments below the quantitative threshold for separate disclosure. Parenthetical references are included after each major section title to identify the specific entity addressed in the section. See Note 3 of Notes to Financial Statements, Segment Information, for further discussion.

Periodic reports on Form 10-K and Form 10-Q and current reports on Form 8-K are made available to the public, free of charge, on the Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company websites, www.sierrapacificresources.com, www.nevadapower.com, and www.sierrapacific.com through links on these websites to the SEC's website at www.sec.gov as soon as reasonably practicable after they have been filed with the SEC. The contents of the above referenced website addresses are not part of this Form 10-K. Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company have adopted a code of ethics for their chief executive officer, chief financial officer and controller. Printed copies of the code of ethics may be obtained free of charge by writing to SPR's Corporate Secretary at Sierra Pacific Resources, P.O. Box 30150, Reno, NV 89520-3150.

ELECTRIC INDUSTRY TRENDS AFFECTING UTILITIES (SPR, NPC AND SPPC)

The year 2003 was marked by a back-to-basics approach for many electric utilities. In the aftermath of the western energy crisis, many utilities have focused on reducing or refinancing debt and rebuilding assets that provide regulated returns. As part of this restructuring, a number of companies sold non-core assets. In the third quarter of 2003, SPR sold its subsidiaries, e-three, which was originally formed to provide energy-related services to businesses.

Fall-out from the western energy crisis continued in nation-wide litigation and regulatory analysis and rulings related to energy markets. In March 2003, the Federal Energy Regulatory Commission (FERC) staff published its report on "Price Manipulation in Western Markets". In November 2003, FERC adopted market behavior rules for sellers of electricity and natural gas to, as FERC stated in their press release, "help prevent market abuse, provide a more stable marketplace and create an environment that will attract needed investment capital in the electric and natural gas industries." Prosecutions of individuals and investigations into trading conduct and market manipulation continue, particularly related to Enron Power Marketing Inc. (Enron).

In addition, considerable national attention was focused on the reliability of transmission in the United States as a result of outages related to Hurricane Isabel and the August 14, 2003 blackout in the northeast U.S. and Canada. Since a federal energy bill remains stalled in Congress, in December 2003, FERC instructed its staff to develop a plan to require transmission operators to publicly report to the FERC violations of the industry's voluntary reliability standards. Also, in February 2004, the North American Electric Reliability Council (NERC) adopted a series of recommendations to correct direct causes of the August 14, 2004 blackout, improve compliance and tracking of implementation of NERC standards, and prevent or mitigate the effects of future blackouts. NERC indicated it would work closely with the FERC in its efforts to improve reliability which could relieve the FERC from proceeding with its own reliability plans. Both FERC and NERC continue to urge Congress to pass an energy bill granting the FERC authority to oversee enforcement of a mandatory system of grid reliability standards.

As a result of past federal and state initiative and regulations, electric utilities in some states moved towards retail competition. This transition has slowed and its full implementation as originally contemplated is highly uncertain. Uneven and changing deregulation has left substantial regional variations in retail energy markets. In Nevada, Assembly Bill 661 (AB 661) and Senate Bill 211 (SB 211) were passed in 2001 and allow certain large commercial and governmental customers to choose a new energy supplier beginning mid-2002 upon approval of the PUCN. See Regulation Assembly Bill 661, for further discussions. Although a small number of such customers have filed applications to receive approval to obtain electricity from alternative suppliers, to date no application has been approved and no large customer has actually left the system.

While some regions of the country face lagging power demand and overcapacity, this is not the case in Nevada. Nevada continues to be the fastest growing state in the nation and will require generating plant additions.

NEVADA POWER COMPANY

NPC is a Nevada corporation organized in 1921. NPC became a wholly owned subsidiary of SPR on July 28, 1999. Its mailing address is 6226 West Sahara Avenue, Las Vegas, Nevada 89146. Nevada Electric Investment Company (NEICO) became a wholly owned subsidiary of NPC. In October of 1997, NEICO and UTT Nevada, Inc., an affiliate of Exelon Thermal Technologies, formed Northwind Las Vegas, LLC, a Nevada limited liability company, for the purpose of evaluating district energy projects in southern Nevada.

NPC is a public utility engaged in the distribution, transmission, generation, and sale of electric energy in Clark County in southern Nevada. NPC provides electricity to approximately 702,771 customers in the communities of Las Vegas, North Las Vegas, Henderson, Searchlight, Laughlin, and adjoining areas, including Nellis Air Force Base. Service is also provided to the Department of Energy's Nevada Test Site in Nye County.

Business and Competitive Environment

NPC's electric business contributed 100% of its 2003 operating revenues of \$1.76 billion.

The system has an annual load factor of approximately 48.7%, which is lower than the industry norm of 50% to 55%. Summer peak loads are driven primarily by air conditioning demand. NPC's peak load increased an average of 4.5% annually over the past five years, reaching 4,808 MW on July 21, 2003. NPC's total retail electric megawatt-hour (MWh) sales have increased an average of 3.2% annually over the past three years. Winter peak loads are low relative to the summer peak. Winter load above the base amount is driven primarily by air handling in forced air furnaces.

NPC's service territory continues to be one of the fastest growing areas in the nation. In 2003, NPC installed 40,153 electric meters and NPC currently believes it is likely that this level of growth will continue in 2004. A significant part of the growth in NPC's electric sales has resulted from new residential, industrial, and gaming customers.

NPC's electric customers by class contributed the following toward 2003 and 2002 MWh sales:

	<u>MWh Sales (Billed and Unbilled)</u>			
	<u>2003</u>		<u>2002</u>	
Residential	7,765,112	37.4%	7,240,325	32.7%
Commercial and Industrial:				
Gaming/Recreation/Restaurants	4,116,561	19.8%	4,042,837	18.2%
Office	1,593,973	7.7%	1,583,186	7.2%
Other Retail	901,212	4.3%	903,853	4.1%
All Other & Unclassified	<u>3,581,581</u>	<u>17.3%</u>	<u>3,426,551</u>	<u>15.4%</u>
Total Retail	17,958,439	86.5%	17,196,752	77.6%
Wholesale	2,377,946	11.5%	4,567,880	20.6%
Public Authorities	<u>412,885</u>	<u>2.0%</u>	<u>403,068</u>	<u>1.8%</u>
TOTAL	<u>20,749,270</u>	<u>100.0%</u>	<u>22,167,700</u>	<u>100.0%</u>

Growth in NPC's residential class sales continues primarily as a result of new home construction in Las Vegas. New home sales in 2003 of 25,230 surpassed the previous record of 22,940 new homes that was set in 2001.

Tourism and gaming remain southern Nevada's leading industries and comprise one of NPC's largest class of customers (see Gaming/Recreation/Restaurants above). During 2003, several new gaming properties and expansion projects increased overall room capacity in Las Vegas by 4,063 rooms or 3.2%. Room capacity is expected to grow by an additional 1,370 rooms, or 1.1%, during

2004. An increase of 5,072 rooms is expected in 2005 with the addition of the Wynn Las Vegas, Caesars Palace expansion and other properties. Also, the addition of over 1.5 million square feet of convention space in 2003 has made Las Vegas one of the top 10 largest convention locations in North America.

MWh sales to NPC's Office customer class continues to grow with the addition of new office space in Las Vegas. The addition of new office facilities is expected to continue during 2004, with a number of new sites currently under construction.

Other Retail MWh sales are expected to benefit during 2004 from additional sales as a result of approximately 1.1 million square feet of retail space under construction roughly split between discount store centers and grocery store centers.

NPC's All Other & Unclassified customer class includes schools, manufacturing, grocery, healthcare, warehousing, construction, defense and other miscellaneous customers. MWh sales to these customers increased as a result of continued growth in Las Vegas.

During 2003, firm and non-firm sales to wholesale customers comprised 11.5% of total energy sales, a decrease of 48% from the prior year. Wholesale customers consist of other utilities or municipalities that sell power to end users, marketing entities and others that exchange power with NPC.

	<u>Wholesale MWh Sales</u>			
	<u>2003</u>		<u>2002</u>	
Firm Sales	1,835,033	77.17%	34,518	0.76%
Non-Firm Sales	<u>542,913</u>	<u>22.83%</u>	<u>4,533,362</u>	<u>99.24%</u>
Total	<u>2,377,946</u>	<u>100.00%</u>	<u>4,567,880</u>	<u>100.00%</u>

NPC's decrease in wholesale MWh sales from last year was a result of market conditions and NPC's power procurement activities. Prior to 2003, NPC used hedges, reflected in non-firm sales, to reduce price and commodity risk. With the significant drop in liquidity in wholesale markets, NPC has changed its procurement strategy to focus on power deliveries to NPC's physical points of delivery. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of NPC's purchased power procurement strategies.

The 2001 session of the Nevada State Legislature enacted AB 661. One provision of this bill allows commercial customers with an average annual load of 1 MW or more to file a letter of intent and application with the PUCN to acquire electric energy, capacity, and ancillary services from another provider. In 2003, thirteen NPC customer applications were processed by the PUCN. These customers received conditional approval to depart upon the completion of items in the compliance order. However none of the customers successfully completed their compliance items and none were granted final approval from the PUCN to procure their energy services from other suppliers. Currently there are no NPC customer applications pending in front of the PUCN. For additional information see Regulation, Assembly Bill 661 later.

Construction Program

NPC's construction program and estimated expenditures are subject to continuing review, and are revised from time to time due to various factors, including the rate of load growth, escalation of construction costs, availability of fuel types, the number and status of proposed independent generation projects, the need for additional transmission capacity in southern Nevada, adequacy of rate relief, NPC's ability to raise necessary capital, NPC's other cash needs and changes in environmental regulations. Under NPC's franchise agreements, it is obligated to provide safe and reliable energy to its customers. NPC's service territory is one of the fastest growing areas in the nation. NPC's capital construction expenditures and estimates are reflective of its obligation to serve its customers.

NPC's gross construction expenditures for 2003, including allowance for funds used during construction (AFUDC) and contributions in aid of construction, were \$227.0 million, and for the period 1999 through 2003 were \$1.15 billion. NPC's estimated construction expenditures for 2004 and the period from 2005 to 2008 are as follows (dollars in thousands):

	<u>2004</u>	<u>2005-2008</u>	<u>Total 5-Year</u>
Electric Facilities:			
Distribution	\$ 192,732	\$ 720,823	\$ 913,555
Generation	149,870	849,505	999,375
Transmission	54,009	107,692	161,701
Other	<u>11,505</u>	<u>35,289</u>	<u>46,794</u>
Total	<u>\$ 408,116</u>	<u>\$ 1,713,309</u>	<u>\$ 2,121,425</u>

Total estimated cash requirements for 2004 and the 2005-2008 periods consist of the following (dollars in thousands):

	<u>2004</u>	<u>2005-2008</u>	<u>Total 5-Year</u>
Total construction expenditures	\$ 408,116	\$ 1,713,309	\$ 2,121,425
AFUDC	(6,742)	(36,929)	(43,671)
Net salvage, including cost of removal	(795)	(3,180)	(3,975)
Net customer advances and contributions in aid of construction	<u>(20,000)</u>	<u>(80,000)</u>	<u>(100,000)</u>
Total	<u>\$ 380,579</u>	<u>\$ 1,593,200</u>	<u>\$ 1,973,779</u>

Distribution expenditures fund the infrastructure that moves power from substations to the customer's meter. There are several projects included in the construction expenditures estimate to provide for factors such as: age of the system, system growth, density of the service territory, and special requirements like underground lines.

As discussed in Regulation, Nevada Power Company 2003 IRP, within this section, the Company has plans for the construction of additional generating capacity at the Harry Allen generating station. NPC plans building an 80 MW combustion turbine at the Harry Allen power plant site with an in-service date prior to the 2006 summer peak and a 520 MW combined cycle generating turbine, also at the Harry Allen power plant site, with a 2007 in-service date. NPC has received PUCN approval to study the feasibility of building a coal fired generating station. Construction expenditures for 2004 – 2008 for this additional generation capacity are estimated to be \$867 million.

The Centennial Plan involves construction of the following 500 kV lines: (1) the Harry Allen substation to Crystal substation 500 kV lines, (2) the Harry Allen substation to Northwest substation 500 kV line, and (3) the Harry Allen substation to Mead substation 500 kV line. Additional facilities include a new 500 kV substation at Harry Allen, 500/230 kV transformers at Mead, McCullough and Northwest substation, phase shifting transformers at Crystal substation; rebuild of the McCullough 500 kV series compensation; and several other sub-transmission upgrades and additions. The total estimated cost of the Centennial project is \$309.6 million (excluding AFUDC). Total project costs incurred through December 31, 2003 were \$170.3 million. Estimated costs for 2004 are \$49 million, which are expected to be financed by internally generated cash.

The Centennial Plan was approved in NPC's 2001 Refiled IRP. NPC has adjusted the Harry Allen to Mead 500 kV project in-service date to January 2007 as reflected in NPC's 2003 IRP filing. See Transmission, later, for additional information about the Centennial Project.

Facilities and Operations

Total System

NPC manages a portfolio of energy supply options. During 2003, NPC generated 46.3% of its total electric energy requirements, purchasing the remaining 53.7% as shown below:

	<u>MWh</u>	<u>Percent of Total</u>
NPC Generation		
Gas/Oil	4,292,701	19.8%
Coal	<u>5,734,105</u>	<u>26.5%</u>
Total Generated	<u>10,026,806</u>	<u>46.3%</u>
Purchased Power		
Hydro	470,200	2.2%
Non-Firm Purchases	244,101	1.1%
Short Term Firm and Spot Purchases	8,519,791	39.3%
Non-Utility Purchases	<u>2,402,978</u>	<u>11.1%</u>
Total Purchased	<u>11,637,070</u>	<u>53.7%</u>
Total	<u>21,663,876</u>	<u>100.0%</u>

NPC's decision to purchase short-term and spot energy is based on the economics of purchasing "as-available" energy when it is less expensive than NPC's own generation. NPC's 2003 company generation of 10,026,806 MWh decreased 1.2% from NPC's 2002 company generation of 10,147,053 MWh. NPC's 2003 purchased power of 11,637,070 MWh was down 9.8% from NPC's 2002 purchased power of 12,907,835 MWh. The overall decrease in the total company generation and purchased power was primarily attributable to the decrease in system electricity sales. See Energy Supply in Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding NPC's purchasing strategies.

Risk Management

See Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Load and Resources Forecast

NPC's electric customer growth rate was 5.0% in 2003, 4.8% in 2002, and 4.5% in 2001. Annual retail electricity sales were 17.9 million MWh in 2003, which represents an increase of 4.4% over 2002 retail electricity sales of 17.2 million MWh. Annual wholesale electricity sales reached 2.4 million MWh in 2003, which represents a decrease of 48.0% from 2002 wholesale electricity sales of 4.6 million MWh. Overall, annual system electricity sales reached 20.7 million MWh in 2003, which represented a decrease of approximately 6.4% from 2002 system electricity sales of 22.2 million MWh. The bulk of the decrease is attributed to decreases in wholesale sales and one wholesale customer taking transportation service instead of sales service. The peak electric demand rose from 4,617 MW in 2002 to 4,808 MW in 2003.

The projections shown below are forecasts of the load to be provided to all of NPC's current and forecasted customers. No adjustments have been made at this time to incorporate possible changes to NPC loads due to the provisions of AB 661 and SB 211. SB 211 allows the Colorado River Commission to sell electricity to its purveyors of water. AB 661 allows commercial and governmental customers with an average demand greater than 1 MW to select other energy suppliers. See Regulation and Rate Proceedings, Nevada Matters, Customers File Under AB 661 in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. The forecast takes into account many sources of information. The peak load forecast uses the population forecast produced by the University of Nevada Las Vegas' Center for Business and Economic Research. The population forecast is used to develop a customer forecast for NPC. Also, the forecast includes normal weather, which is defined as the 20-year average of historic weather. Major assumptions used in the forecast include weather, price levels and number of customers. Changes in these assumptions such as abnormal weather, a decrease or increase to the projected number of customers and price levels NPC is allowed to charge could affect the accuracy of these forecasts. Also, bundled retail price levels, as well as availability of power in the West, could affect consumption by customers of NPC. Actual demand may be very different to the extent one or more of the uncertainties or assumptions discussed above differ. NPC's total system capability and peak loads for 2003, and the forecast for summer peak demand from 2004 through 2008 (assuming, among other things, no curtailment of supply or load, and normal weather conditions), are indicated below:

	Capacity at 2003 Peak		Forecast Summer Peak (MW)				
	MW	%	2004	2005	2006 (8)	2007 (8)	2008
NPC Company Generation:							
Existing (1) (2) (8)	<u>1,849</u>	<u>34%</u>	<u>1,949</u>	<u>1,949</u>	<u>1,831</u>	<u>2,341</u>	<u>2,341</u>
Purchases:							
Long/Short-Term Firm (3)	3,130	58%	1,085	1,060	635	560	235
Non-Utility Generators (4)	521	10%	527	527	527	527	527
Wholesale (5)	<u>(115)</u>	<u>(2)%</u>	<u>(121)</u>	<u>(126)</u>	<u>(131)</u>	<u>(136)</u>	<u>(142)</u>
Subtotal	3,536	66%	1,491	1,461	1,031	951	620
Additional Required (6)	—	—	<u>2,253</u>	<u>2,499</u>	<u>3,287</u>	<u>3,110</u>	<u>3,703</u>
Total System Capacity	<u>5,385</u>	<u>100%</u>	<u>5,693</u>	<u>5,909</u>	<u>6,149</u>	<u>6,402</u>	<u>6,664</u>
Net System Peak Demand (5) (7)	4,808		5,083	5,276	5,490	5,716	5,950
Planning Reserve (9)	577		610	633	659	686	714
Total Requirement	<u>5,385</u>		<u>5,693</u>	<u>5,909</u>	<u>6,149</u>	<u>6,402</u>	<u>6,664</u>

- (1) Existing Generation Capacity includes Clark, Reid Gardner, Sunrise, Harry Allen Generating Stations, and NPC's share of Mohave and Navajo Generating Stations.
- (2) NPC and its partners in the Mohave Generating Station have not been able to install extensive pollution control equipment necessary to have Mohave's operations extended past 2005 due to coal supply and water issues. Since the operational future of Mohave Units 1 and 2 is uncertain beyond December 31, 2005, the capacity from those units is shown as unavailable beyond that date. Mohave Units 1 and 2 represent 196 MW of capacity. See Note 15 of Notes to Financial Statements, Commitments and Contingencies, Environment for further discussion.
- (3) Long-Term Purchases include NPC's allotment of hydroelectric power from Hoover Dam. Values are net of line losses.
- (4) Non-Utility Generation Capacity includes SunPeak units and the Qualifying Facilities.
- (5) Amount represents on peak wholesale to Silver State Power Pool. Silver State Power Pool, a wholesale customer, is not included in the system peak value of 4,808 MW for 2003. Therefore, NPC resources (generation and purchases) are reduced by the amount of load serving Silver State to show NPC's resources left available to meet the system peak.

- (6) Additional Required represents the additional, uncommitted capacity needed in order to meet net system peak demand and maintain an adequate reserve margin consistent with the Western Electricity Coordinating Council planning reserve criteria. These additional required resources will be met, if needed, with short-term purchases.
- (7) The system peak shown for 2003 of 4,808 MW occurred on July 21, 2003 at 4:00 p.m.
- (8) Harry Allen expansion of generation per the NPC Integrated Resource includes a peaking generator of 78MW to be installed in 2006 and a combined cycle gas fired plant of 510 MW to be installed in 2007.
- (9) NPC plans its system capacity needs in accordance with the Western Electricity Coordinating Council (WECC) reliability criteria, which recommends planning reserves in excess of required operating reserves.

Generation

The following is a list of NPC's share of generation plants including the type and fuel used to generate, the summer net capacity (MW), and the years that the units were installed.

<u>Plant Name</u>	<u>Type</u>	<u>Fuel</u>	<u>Number of Units</u>	<u>MW Capacity</u>	<u>Commercial Operation Year</u>
Clark	Steam	Gas/Oil	3	175	1955, 1956, 1961
	Gas	Gas/Oil	1	50	1973
	Combined Cycles (1)	Gas/Oil	6	462	1979, 1979, 1980, 1982, 1993, 1994
Sunrise	Steam	Gas/Oil	1	80	1964
	Gas	Gas/Oil	1	69	1974
Harry Allen	Gas	Gas/Oil	<u>1</u>	<u>72</u>	1995
Total Clark Complex			13	908	
Mohave (2)(3)	Steam	Coal	2	222	1971, 1971
Navajo (4)	Steam	Coal	3	255	1974, 1975, 1976
Reid Gardner (5)	Steam	Coal	<u>4</u>	<u>355</u>	1965, 1968, 1976, 1983
Grand Total			<u>22</u>	<u>1,740</u>	

- (1) The two combined cycles at Clark each consist of two gas turbines, two Heat Recovery Steam Generators (HRSG), and one steam turbine. In 1993 and 1994, the original 4 gas turbines (1979-1982) were combined with 4 new HRSGs and 2 steam turbines to form the combined cycles.
- (2) NPC has a 14% interest in the Mohave Generation Station. The total summer net capacity of the Station is 1,580 MW. Southern California Edison is the operator (56% interest). There are 2 other partners: Salt River Project (20% interest) and the Los Angeles Dept. of Water & Power (10% interest).
- (3) Per a 1999 Consent Decree, Mohave will not operate beyond 2005 without the installation of specified air pollution control equipment. Mohave's operation beyond 2005 will cease since the participants have not made this necessary investment due to the uncertainty of coal supply and water availability. There are currently no negotiations taking place to change the 1999 Consent Decree. See Environment (SPR, NPC and SPPC) as well as Note 15 of Notes to Financial Statements, Commitments and Contingencies, Environment for further discussion.
- (4) NPC has an 11.3% interest in the Navajo Generating Station. The total capacity of the Station is 2,250 MW. Salt River Project is the operator (21.7% interest). There are 4 other partners: U.S. Bureau of Reclamation (24.3% interest), Los Angeles Dept. of Water & Power (21.2% interest), Arizona Public Service Co (14% interest), and Tucson Electric Power (7.5% interest).
- (5) Reid Gardner No. 4 is co-owned by the California Department of Water Resources (CDWR) (67.8%) and NPC (32.2%); NPC is the operating agent. NPC is entitled to 25 MW of base load capacity and 235 MW of peaking capacity, subject to the following limitations: 1,500 hours/year, 300 hours/month, and 8 hours/day. There was a 15 MW upgrade to the Unit in 1990, which is now under CDWR's control; the total summer net capacity of the Unit is 275 MW. Reid Gardner Units 1, 2, and 3 are 110 MW each; the total summer net capacity of the Station is 605 MW.

Purchased Power

NPC continues to manage a diverse portfolio of contracted and spot market supplies, as well as its own generation, with the objective of minimizing its net average system operating costs. During 2003, NPC experienced favorable market energy prices when compared to the prices it experienced during 2000 and 2001 when high and extremely volatile fuel and purchased power prices in the Western United States led to deterioration in the credit quality of a number of utilities and power merchants and the onset of the "Western Energy Crisis".

During 2003, NPC's credit standing affected the terms under which NPC was able to purchase fuel and electricity in the western energy markets. NPC was often required to contract with counterparties under modified payment terms including accelerated payments, pre-payments, and/or provide deposits.

If NPC's credit rating is further downgraded, it may be unable to transact under standard payment terms and counterparties or suppliers may require that all payments be pre-paid. If NPC does not have sufficient funds or liquidity to prepay its power requirements, particularly at the onset of the summer months and is unable to obtain power through other means, NPC's business, operations and financial condition would be materially adversely affected and could make it difficult to provide reliable service to its customers. See Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations later for additional liquidity discussion.

NPC is a member of the Western Systems Power Pool and the Southwest Reserve Sharing Group (SRSRG). NPC's membership in the SRSRG has allowed it to network with other utilities in an effort to use its resources more efficiently in the sharing of responsibilities for reserves.

NPC purchases both forward firm energy (typically in blocks) and spot market energy based on economics, operating reserve margins and unit availability. NPC seeks to manage its growing loads efficiently by utilizing its generation resources in conjunction with buying and selling opportunities in the market.

NPC purchases Hoover Dam power pursuant to a contract with the State of Nevada, which became effective June 1, 1987, and will continue through September 30, 2017. NPC's allocation of hydroelectric capacity is 235 MW annually.

NPC has a contract to purchase 222 MW annually from Nevada Sunpeak Limited Partnership, an independent power producer. The contract became effective June 8, 1991 and will continue through May 31, 2016.

According to regulations issued pursuant to the Public Utility Regulatory Policies Act (PURPA), NPC is obligated, under certain conditions, to purchase the output produced by small power producers and co-generation facilities at costs determined by the appropriate state utility commission. Generation facilities that meet the specifications of the regulations are known as qualifying facilities (QFs). As of December 31, 2003, NPC had a total of 305 MW of contractual firm capacity under contract with four QFs. All QF contracts currently delivering power to NPC at long-term rates have been approved by the PUCN and have QF status as approved by the FERC. The QFs are as follows:

<u>Qualifying Facility</u>	<u>Contract Start</u>	<u>Contract End</u>	<u>Net Capacity (MW)</u>
Saguaro Power Company	10/17/1991	4/30/2022	90
Nevada Co-generation Associates #1	6/18/1992	4/30/2023	85
Nevada Co-generation Associates #2	2/1/1993	4/30/2023	85
Las Vegas Co-generation Limited Partnership	5/10/1994	5/31/2024	45
			<u>305</u>

Energy purchased by NPC from the QFs constituted 23.6% of the net purchased power requirements (excluding wholesale purchases) and 11.1% of the net system requirements during 2003.

SB 372 enacted in the 2001 Nevada legislative session sets forth a renewable energy portfolio standard ("RPS") requiring NPC to acquire or generate a specific percentage of its energy from renewable resources. Qualified renewable resources include biomass, wind, solar, and geothermal projects. Pursuant to the statutory RPS, NPC is required to obtain 5% of its total energy from renewable resources for 2003 and 2004. Five percent (5%) of the total renewable energy required by the RPS must be derived from solar resources. The statutory RPS requirements increase every two years to a maximum of 15% of total energy sales by 2013. SB 372 requires the PUCN to establish regulations that address among other items, the terms and conditions for renewable energy contracts. SB 372 provides that all renewable energy contracts receiving approval of the PUCN are deemed to be a prudent investment and NPC may recover all just and reasonable costs associated with the contracts.

In 2001, NPC issued a Request for Renewable Energy Proposals (RFP). In March 2003, following negotiations with the renewable energy developers that responded to the RFP, NPC received PUCN approval for: (1) four long term power purchase agreements (PPA) with geothermal developers totaling 97 MW, (2) two PPAs with wind developers totaling 130 MW, and (3) one PPA with a solar developer for 33 MW. Two of the PPAs with NPC (one geothermal PPA for 47 MW and one wind PPA for 80 MW), have subsequently been terminated. In June 2003, NPC issued another RFP to purchase additional renewable energy to comply with the requirements of Nevada's renewable portfolio standard. The RFP closed in August 2003 and NPC is in negotiations with potential renewable suppliers to purchase additional renewable energy and/or renewable energy credits.

In April 2004, NPC will file a statutorily mandated compliance report with the PUCN. NPC expects to advise the PUCN that the RPS for 2003 and 2004 could not be met and will provide a full accounting of the effort that was expended to meet the RPS. The governing renewable energy regulations specify infeasibility criteria upon which NPC expects to rely. The governing regulations also allow NPC to purchase renewable energy credits to meet the RPS. SPPC has available excess renewable energy credits as a result of its extensive geothermal contracts. Purchase of these credits by NPC could allow NPC to meet up to 40-49% of the non-solar RPS requirements for 2003 and 2004. NPC expects to evaluate a number of factors prior to determining if the available credits should be acquired. The PUCN may, but is not required to impose an administrative fine for noncompliance with the RPS requirements. At this time we cannot predict whether the PUCN will consider or decide to impose a fine for non-compliance with the RPS requirements. The PUCN may schedule a hearing to determine compliance with the RPS.

Transmission

NPC's existing transmission lines are primarily located within Clark County, Nevada. Six 230 kV transmission lines and two 230/69 kV transformers connect NPC to the Western Area Power Administration's (Western) transmission facilities at Henderson and Mead substations. Three 230 kV lines connect NPC to the Los Angeles Department of Water and Power's transmission facilities at McCullough Substation. Two 500/69 kV transformers connect NPC to the Southern California Edison system at the Mohave Generating station. A 345 kV line connects NPC to PacifiCorp at the Utah-Nevada state line. Also, NPC has two 500/230 kV transformers that connect NPC to the Navajo Transmission System at the Crystal Substation. In 2003, NPC placed into service the Avera 230 kV substation, the Avera 230/138 kV autotransformer and the Faulkner to Tolson 230 kV transmission line. These 2003 upgrades were system improvements within the NPC control area. Finally, NPC has ownership rights in two 500 kV transmission lines that allow for the transmittal of NPC's share of power from its interests in the Mohave and Navajo Generating Stations to the NPC control area. If the Mohave Generating station is shut down in 2005, NPC intends to continue to utilize the Eldorado Transmission System that is connected to the Mohave Generating station to supply NPC load and to meet other transmission service obligations currently in place. The transmission lines and generation facilities are governed under separate contracts.

NPC received approval from the PUCN to construct four 230 kV switchyards proposed in NPC's 2003 IRP:

- The Avera 230 kV switchyard was completed in February 2003.
- The Beltway 230 kV switchyard is scheduled for completion in May 2004.
- The Las Vegas South 230 kV switchyard is proposed in 2006 to serve new loads as well as to relieve line loadings on the 138 kV sub-transmission system in the vicinity of this proposed 230 kV switchyard.
- The McDonald 230 kV switchyard is planned for an in-service date of June 2008.

The Avera and Beltway projects are needed for system reliability, increased import capability, and to provide a path for Centennial IPP energy to be delivered into or through NPC's transmission system.

Also approved as part of the 2003 IRP was the construction and or upgrades of the following facilities:

- Replace the existing Clark 230/138 kV transformer in 2005 with a higher rated unit. The Clark transformer upgrade is needed to allow NPC to meet its projected maximum transmission import requirements for the summer peak.
- Upgrade the existing Arden-Decatur 230 kV transmission line in 2005. The Arden-Decatur 230 kV line upgrade is one of the components of the Centennial Plan and is needed to maintain export capability in order to service numerous IPP transmission service requests.
- Construction in 2007 of the Southern Nevada Import Project (SNIP). SNIP consists of various line reconductoring projects. SNIP will allow NPC to meet its projected maximum import requirements in 2007.

See Construction Program for estimated transmission costs.

During 2001 and 2002, several IPPs proposed the construction of new generating plants in southern Nevada and requested transmission service from NPC. NPC proposed the Centennial Plan to address transmission service requests from these IPPs. The Centennial Plan was approved in NPC's 2001 Refiled IRP. This plan, consistent with its tariff and the FERC pricing policies, involves the following lines (1) the Harry Allen substation to Crystal substation 500 kV line, (2) the Harry Allen substation to Northwest substation 500 kV line, (3) the Harry Allen substation to Mead substation 500 kV line and (4) two Bighorn to Arden 230 kV lines. Additional facilities include a new 500 kV substation at Harry Allen, 500/230 kV transformers at Mead, McCullough and Northwest substations, two phase shifting transformers at Crystal substation, the Beltway 230/138 kV substation, the upgrade of the Arden to

Decatur 230 kV line and several other sub-transmission upgrades and additions. The Harry Allen—Crystal 500 kV line and the Harry Allen 500 kV substation were energized in June 2002. The Arden- Bighorn 230 kV #1 and #2 lines were completed in July 2002. The Harry Allen—Northwest 500 kV line, the Northwest 500/230 kV transformer and the Northwest 500 kV substation were completed in March 2003. The Crystal 500 kV phase shifting transformers were installed in February 2004. The scheduled in-service date for the Harry Allen-Mead 500 kV line, the Mead 500/230 kV transformer and the McCullough 500/230 kV transformer is January 2007.

See Regulation later for a discussion of regional and regulatory transmission issues.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations Nevada Power Company—Other Income and Expenses.

Fuel Availability

NPC's 2003 fuel requirements for electric generation were provided by natural gas, coal and oil. The average costs of gas, coal and oil for energy generation per million British thermal units (MMBtu) for the years 1999–2003, along with the percentage contribution to total fuel requirements were as follows:

Average Consumption Cost & Percentage Contribution to Total Fuel

	<u>Gas</u>		<u>Coal</u>		<u>Oil</u>	
	<u>\$/MMBtu</u>	<u>Percent</u>	<u>\$/MMBtu</u>	<u>Percent</u>	<u>\$/MMBtu</u>	<u>Percent</u>
2003	5.70	50.3%	1.41	49.5%	5.28	0.2%
2002	5.41	38.9%	1.37	60.9%	5.77	0.2%
2001	8.70	41.4%	1.31	58.5%	7.14	0.1%
2000	4.93	40.6%	1.22	59.3%	7.33	0.1%
1999	2.27	40.6%	1.15	59.3%	4.01	0.1%

For a discussion of the change in fuel costs, see Results of Operations in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Coal delivered to the Reid Gardner Station originates from various mines in the Utah coalfields and is delivered to the station via the Union Pacific Railroad (UP). Full requirements for coal supplies for 2003 as well as partial requirements for various terms up to 2006 are under contract.

NPC's long-term coal supply agreement with RAG Coal Sales of America, Inc., supplied from its Willow Creek Mine in Carbon County, Utah and due to expire in 2007, remains in a force majeure status. Lodestar Energy has filed for bankruptcy and is not performing under its coal supply contract with NPC that runs through 2004. NPC continues to pursue its claim against Lodestar through the U.S. Bankruptcy Court for the Eastern District of Kentucky. These contracts have been replaced by short-term purchases.

The UP contract provides for deliveries from the Provo, Utah interchange as well as various mines in the Price, Utah area, to the Reid Gardner Station in Moapa, Nevada. This contract was effective January 1, 1996 and has been extended through December 31, 2004 and management expects to be able to extend it beyond 2004. Beginning in mid-2003, UP began to experience crew shortages that affected their ability to provide deliveries of coal on a timely basis to Reid Gardner Station. NPC implemented a wide range of corrective actions during this period to prevent coal inventories from reaching critically low levels. In the second half of 2003, UP initiated measures to address these problems, which included an accelerated hiring/training program. UP's chronic delivery problems are expected to be resolved by mid-2004. The Utah Railway contract provides for the remainder of NPC's Price, Utah area supplies. All of NPC's rail transportation contracts contain certain tonnage requirements and railroad service criteria.

As of December 31, 2003, Reid Gardner's coal inventory level was 188,974 tons, or approximately 29 days of consumption at 100% capacity.

Coal for both the Mohave and Navajo Stations is obtained from surface mining operations conducted by Peabody Coal Company (Peabody) on portions of the Black Mesa in Arizona within the Navajo and Hopi Indian Tribes (the "Tribes") reservations. The supply contracts with Peabody extend to December 31, 2005, for Mohave and to June 1, 2011, for Navajo, with each contract having an option to extend for an additional 15 years. The Mohave coal is delivered from the mine to Mohave by means of a coal slurry pipeline, which requires water that is obtained from groundwater wells located on lands of the Tribes in the mine vicinity.

Due to the lack of progress in negotiations with the Tribes and other parties to resolve several coal and water supply issues, Southern California Edison's (SCE's) application with the California Public Utility Commission (CPUC) to determine whether it is in

the public interest to continue operation of the Mohave facility states that it probably will not be possible for SCE, the operating partner, to extend Mohave's operations beyond 2005. Due to the uncertainty over a post-2005 coal supply, SCE and the other Mohave co-owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave's operations are extended past 2005.

In 2003, NPC purchased natural gas on a firm, fixed and indexed price basis from near the Southern California border and Rocky Mountain Basin areas. Gas obtained from the Rocky Mountain region was transported on the Kern River Gas Transmission Company pipeline and delivered to both NPC's Harry Allen station and Southwest Gas Company's distribution system. Southwest Gas's system provided downstream transportation services to NPC's Clark and Sunrise stations. Southern California equivalent purchases also delivered gas products for all of NPC's generating units.

NPC entered into a summer seasonal transportation contract in 2001 for 50,000 decatherms (Dth)/day and an annual contract for 75,000 Dth/day of Kern River's transportation capacity. Under the contract deliveries began in May 2003, and were contracted to continue for a period of 15 years. Also, NPC completed its participation in the Kern River California Emergency Expansion capacity program for 5,600 Dth/day in April 2003. The Kern River California Emergency Expansion service did not carry any renewal rights.

The Harry Allen Station, which is directly connected to the Kern River pipeline system, retained the Operator Balancing Agreement (OBA) with Kern River that has been in place since April 1995. The OBA enables NPC to have rights to Kern River's capacity.

Local natural gas transportation service to Clark and Sunrise Stations was provided under a 32-year transportation services contract with Southwest Gas Company signed in 1995. The contract provided firm service with certain operating and nominating provisions.

Finally, oil provides an alternate fuel source for Clark, Sunrise and Harry Allen gas generating stations, and was used in the igniters at Reid Gardner.

SIERRA PACIFIC POWER COMPANY

SPPC is a Nevada corporation organized in 1965 as a successor to a Maine corporation organized in 1912. SPPC became a wholly owned subsidiary of Sierra Pacific Resources on May 31, 1984. Its mailing address is Post Office Box 10100 (6100 Neil Road), Reno, Nevada 89520-0024.

SPPC is a public utility primarily engaged in the distribution, transmission, generation, and sale of electric energy. It provides electricity to more than 334,000 customers in an approximately 50,000 square mile service area in western, central and northeastern Nevada, including the cities of Reno, Sparks, Carson City, and Elko, and a portion of eastern California, including the Lake Tahoe area. In 2003, electric revenues were 84.3% of SPPC's revenue.

SPPC also provides natural gas service in Nevada to approximately 129,000 customers in an area of about 600 square miles in Reno/Sparks and environs. In 2003, natural gas revenues were 15.7% of SPPC's revenues.

SPPC has three primary, wholly owned subsidiaries: GPSF-B, Piñon Pine Corp. (PPC) and Piñon Pine Investment Co. (PPIC). GPSF-B, PPC and PPIC, collectively, own Piñon Pine Company, L.L.C., which was formed to utilize federal income tax credits available under Section 29 of the Internal Revenue Code associated with the alternative fuel (syngas) produced by the coal gasifier located at the Piñon Pine facility.

Business and Competitive Environment

In 2003, SPPC's electric business contributed \$868 million in revenues from continuing operations. The electric system peak typically occurs in the summer, while the winter peak is nearly as high. The system has an annual load factor of approximately 65%, which is above the industry norm of 50% to 55%.

Winter retail electric peak loads are primarily driven by increased demand for space heating, air movement (with forced air gas and oil furnaces), and ski resorts (hotels, lifts, etc.). Summer retail peak loads are primarily driven by cooling equipment demand (including air conditioning demand) and irrigation pumping. SPPC's peak load increased an average of 3.1% annually over the past five years, reaching 1,657 MW on July 30, 2003. SPPC's total retail electric MWh sales have increased an average of 2.2% annually over the past five years.

SPPC's electric customers by class contributed the following toward 2003 and 2002 MWh sales:

	<u>MWh Sales (Billed and Unbilled)</u>			
	<u>2003</u>		<u>2002</u>	
Residential	2,211,828	21.5%	2,107,673	18.6%
Commercial and Industrial:				
Mining	2,609,637	25.4%	2,544,393	22.5%
Offices/Schools/Government	1,088,084	10.6%	1,086,445	9.6%
Resorts & Recreation	609,403	5.9%	633,293	5.6%
Manufacturing/Warehouse	794,249	7.7%	718,951	6.4%
All Other(1)	<u>1,588,166</u>	<u>15.5%</u>	<u>1,600,540</u>	<u>14.2%</u>
Total Retail	8,901,367	86.6%	8,691,295	76.9%
Wholesale	1,366,538	13.3%	2,606,480	23.0%
Streetlights	<u>13,970</u>	<u>0.1%</u>	<u>12,606</u>	<u>0.1%</u>
TOTAL	<u>10,281,875</u>	<u>100.0%</u>	<u>11,310,381</u>	<u>100.0%</u>

(1) Includes Utilities, Construction, Agriculture and Small Retail segments.

The year 2003 saw a number of trends that were positive for Nevada's precious metals mining industry. According to the Nevada Mining Association, the continuing rise in the average price of gold, from approximately \$270 per ounce during the period of 1998 to 2001, to approximately \$400 per ounce by the end of 2003, will make a significant difference to the state's mining industry, which produces in excess of eight million ounces of gold per year. This increase in price, coupled with regulatory changes that open up opportunities for future mine development and the state's vast amount of both proven and probably gold reserves, offer the potential for a strong industry presence and high-energy usage for future years.

SPPC has long-term electric service agreements with six of its major mining customers, with revenues under these agreements totaling approximately \$136 million. For 2003, this represented 15.7% of SPPC's electric operating revenues of \$868 million. The terms of these agreements range from 5 to 15 years, with the longest-term contract expiring in 2011. The agreements require that customers maintain minimum demand and load factor levels and provisions to recover all of SPPC's customer-specific facilities investment.

The offices/schools/government and healthcare customer segment continues to grow with the addition of new schools, government facilities and healthcare facilities. Even with customer implementation of energy conservation and efficiency programs in conjunction with growth, there was a slight increase of .2% in energy sales to the overall segment. In healthcare, increasing demands for new long term and acute care facilities is expected to double the number of facilities by 2006. In the education sector, two new schools will be added in the Reno/Sparks area each year between 2004 and 2007.

MWh sales to the resorts and recreation customer segment, consisting of hotels, casinos and ski resorts have decreased primarily as a result of customers' continued efforts to implement energy conservation measures. Similar to 2002, this year the ski resort segment energy consumption was slightly reduced as a result of heavy natural precipitation and snow early in the 2003-2004 ski season that enabled resorts to decrease their use of artificial snowmaking equipment.

A continued increase in competition from gaming on Indian reservations in California has continued to impact gaming revenues. The recent opening of Thunder Valley Casino located less than 100 miles from the Nevada border has resulted in decreased daily and weekend visits from Northern California gamers. In response, the industry and the community continue to work together to strengthen the region's competitive position in the tourism, gaming and leisure markets by re-branding the Reno/Tahoe market as a premier four-season resort, recreation and meeting destination by promoting its natural resources, diversified entertainment and recreation opportunities.

The manufacturing and warehouse segment revenues increased in 2003 as compared with years 2002 and 2001. After two straight years of declining sales, 2003 demonstrated an increase of 10.47% in MWh sales for this segment and brought the figures in line with sales demonstrated in the year 2000. This increase reflects a rebound of existing customers' operations due to improved market conditions as well as the continued influx of new customers who are exiting the California market in favor of Northern Nevada.

The 2001 session of the Nevada State Legislature enacted AB 661. One provision of this bill allows commercial customers with an average annual load of 1 MW or more to file a letter of intent and application with the PUCN to acquire electric energy, capacity, and ancillary services from another provider. In February 2004, a large SPPC mining customer filed an application to procure energy services from a new provider in the spring of 2005. PUCN hearings on this application are anticipated in the second quarter of 2004.

with a decision to be issued in June 2004. This customer has a peak usage of 135 MWh. The revenue impact is not expected to be material.

SPPC's MWh sales to wholesale customers have decreased 47.6% over the past year. During 2003, firm and non-firm sales to wholesale customers comprised 13.3% of total energy sales. Wholesale customers consist of other utilities or municipalities that sell power to end users, marketing entities and others that exchange power with SPPC.

	<u>Wholesale MWh Sales</u>			
	<u>2003</u>		<u>2002</u>	
Firm Sales	1,306,684	95.60%	2,507,775	96.20%
Non-Firm Sales	<u>59,854</u>	<u>4.40%</u>	<u>98,705</u>	<u>3.80%</u>
Total	<u>1,366,538</u>	<u>100.00%</u>	<u>2,606,480</u>	<u>100.00%</u>

SPPC's decrease in wholesale MWh sales from last year was a result of market conditions and SPPC's power procurement activities. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of the Utilities' purchased power procurement strategies.

Construction Program

SPPC's construction program and estimated expenditures are subject to continuing review, and are revised from time to time due to various factors, including the rate of load growth, escalation of construction costs, availability of fuel types, the number and status of proposed independent generation projects, the need for additional transmission capacity in northern Nevada, adequacy of rate relief, SPPC's ability to raise necessary capital, SPPC's other cash needs and changes in environmental regulation. Under SPPC's franchise agreements, it is obligated to provide a safe and reliable source of energy to its customers. SPPC's service territory continues to experience steady growth. Capital construction expenditures and estimates are reflective of its obligation to serve its customers. SPPC intends to file its IRP with the PUCN in July 2004. If approval of the Integrated Resource Plan is obtained, the estimated construction expenditures set forth below will be adjusted accordingly.

SPPC's gross construction expenditures for 2003, including AFUDC and contributions in aid of construction, were \$146.9 million, and for the period 1999 through 2003 were \$682.9 million. SPPC's estimated construction expenditures for 2004 and the period 2005-2008 are as follows (dollars in thousands):

	<u>2004</u>	<u>2005-2008</u>	<u>Total 5-Year</u>
Electric Facilities:			
Distribution	\$ 52,264	\$ 227,558	\$ 279,822
Generation	5,880	24,726	30,606
Transmission	42,321	74,555	116,876
Other	<u>5,805</u>	<u>24,554</u>	<u>30,359</u>
	<u>106,270</u>	<u>351,393</u>	<u>457,663</u>
Gas Facilities:			
Distribution	13,187	58,071	71,258
Other	<u>995</u>	<u>4,403</u>	<u>5,398</u>
	<u>14,182</u>	<u>62,474</u>	<u>76,656</u>
Common Facilities	6,970	29,153	36,123
Total	<u>\$ 127,422</u>	<u>\$ 443,020</u>	<u>\$ 570,442</u>

Total estimated cash requirements for 2004 and the 2005-2008 period, for each segment of SPPC's business, consist of the following (dollars in thousands):

	<u>2004</u>	<u>2005-2008</u>	<u>Total 5-Year</u>
Electric facilities	\$ 106,270	\$ 351,393	\$ 457,663
Gas facilities	14,182	62,474	76,656
Common facilities	<u>6,970</u>	<u>29,153</u>	<u>36,123</u>
Total construction expenditures	<u>127,422</u>	<u>443,020</u>	<u>570,442</u>
AFUDC	(2,790)	(7,770)	(10,560)
Net salvage, including cost of removal	(312)	(1,248)	(1,560)
Net customer advances and contributions in aid of construction	<u>(17,500)</u>	<u>(70,000)</u>	<u>(87,500)</u>
Total	<u>\$ 106,820</u>	<u>\$ 364,002</u>	<u>\$ 470,822</u>

The Falcon to Gonder Transmission Project is a 345 kV transmission line within northern Nevada with a planned in-service date of May 2004. Total project costs incurred through December 31, 2003, were \$79.0 million. Actual costs incurred in 2003 were \$46.2 million. Estimated costs for 2004 are \$21.4 million.

Facilities and Operations

Total System

SPPC manages a portfolio of energy supply options. The availability of alternate resources allows SPPC to dispatch its electric generation system in a more cost-effective manner under varying operating and fuel market conditions while maintaining system integrity. SPPC also supplies its customers' electric power needs using a combination of firm and interruptible resources to maximize operating flexibility and reliability while minimizing cost. During 2003, SPPC generated 39.1% of its total electric energy requirements in its own plants, purchasing the remaining 60.9% as shown below:

	<u>MWh</u>	<u>Percent of Total</u>
SPPC Company Generation		
Gas/Oil	2,515,759	23.3%
Coal	1,664,771	15.4%
Hydro	<u>46,409</u>	<u>0.4%</u>
Total Generated	<u>4,226,939</u>	<u>39.1%</u>
Purchased Power		
Utility Purchases:		
Long-Term Firm	459,632	4.3%
Short-Term Firm	5,362,684	49.7%
Spot Market	26,198	0.2%
Non-Utility Purchases:		
Geothermal	626,340	5.8%
Other	<u>99,752</u>	<u>0.9%</u>
Total Purchased	<u>6,574,606</u>	<u>60.9%</u>
Total	<u>10,801,545</u>	<u>100.0%</u>

As a supplement to its own generation, SPPC purchases both firm and non-firm energy to meet its customer demand requirements. Total energy supply includes purchases from outside the electric system due to limited control area generation and also the need to access market energy supplies. SPPC's decision to purchase this energy is based on economics, mitigation of availability risk, and system import limits. Firm block purchases are transacted as both a price hedging strategy and to ensure that needed firm capacity is available over peak load periods. Spot market energy is purchased based on the economics of purchasing "as-available" energy when it is less expensive than SPPC's own generation, again, subject to net system import limits. In 2003, most of SPPC's non-utility generation came from QFs. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for additional information.

Risk Management

See Item 7A, Quantitative and Qualitative Disclosures About Market Risk.

Load and Resources Forecast

SPPC's electric customer growth rate was 3.3% in 2003, 2.3% in 2002, and 1.9% in 2001. Annual retail electricity sales were 8.9 million MWh in 2003. Annual retail electricity sales were 8.7 million MWh in 2002. Annual wholesale electricity sales reached 1.4 million MWh in 2003, which represents a decrease of approximately 47.6% from 2002 wholesale electricity sales of 2.6 million MWh. Overall, annual system electricity sales reached 10.3 million MWh in 2003, which represents a decrease of approximately 9.1% from 2002 system electricity sales of 11.3 million MWh. The bulk of the decrease is attributed to a decrease in the economy portion of wholesale. The 2003 peak electric demand was 1,657 MW. The 2002 peak demand was 1,590 MW. See Electric Operating Revenue for a discussion of Wholesale Electric Sales in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

The projections shown below are forecasts of the load to be provided to all of SPPC's current and forecasted customers. No adjustments have been made at this time to incorporate possible changes to SPPC loads due to the passage of AB 661 by the 2001 Nevada Legislature that allows commercial and governmental customers with an average demand greater than one MW to select other energy supplies. See Regulation and Rate Proceedings, Nevada Matters, Customers File Under AB 661 in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations. Major assumptions used in the forecast include weather, price levels and number of customers. Changes in these assumptions such as abnormal weather, a decrease or increase to the projected number of customers and price levels SPPC is allowed to charge could affect the accuracy of these forecasts. SPPC continues to provide energy through generation and purchased power to meet both summer and winter peak loads. SPPC's total system capability and peak loads for 2003, and the forecast for summer peak demand through 2008 (assuming no curtailment of supply or load and normal weather conditions), are indicated below:

	Capacity at 2003 Peak		Forecast Summer Peak (MW)				
	MW	%	2004	2005	2006	2007	2008
SPPC Company Generation:							
Existing	922	48%	1,056	1,056	1,056	1,056	1,056
Purchases:							
Long/Short-Term Firm (1)	927	48%	125	75	75	75	75
Interruptible/Wheeling/Losses	—	0%	—	—	—	—	—
Non-Utility Generators (4)	73	4%	85	85	85	85	85
Subtotal	1,000	52%	210	160	160	160	160
Additional Required (5)	—	0%	616	730	771	818	856
Total System Capacity	1,922	100%	1,882	1,946	1,987	2,034	2,072
Net System Peak Demand (2)	1,657	86%	1,671	1,729	1,768	1,813	1,849
Planning Reserve (3)	265	14%	211	217	219	221	223
Total Requirement	1,922	100%	1,882	1,946	1,987	2,034	2,072

- (1) Value is net of losses and includes committed short-term firm block purchases. Values shown represent purchases within existing transmission system limits.
- (2) The system peak shown for 2003 occurred on July 30, 2003, at 5:00 p.m.
- (3) SPPC plans its system capacity needs in accordance with the Western Electricity Coordination Council (WECC) reliability criteria, which recommends planning reserves in excess of required operating reserves.
- (4) Non-utility generators include 14 Qualifying Facilities composed of geothermal, biomass and thermal generators. See Purchased Power.
- (5) Additional Required represents the additional, uncommitted capacity needed in order to meet net system peak demand and maintain an adequate reserve margin consistent with the Western Electricity Coordinating Council planning reserve criteria. These additional required resources will be met, if needed, with short-term purchases.

SPPC plans its system capacity needs in accordance with the WECC reliability criteria, which recommends planning reserves in excess of required operating reserves. The "Additional Required" represents the additional, uncommitted capacity needed in order to maintain adequate reserve margin consistent with the WECC planning reserve criteria. These additional reserves will be met, if needed, with short-term purchases through 2008 to the extent available.

Generation

The following is a list of SPPC's share of generation plants including the type and fuel used to generate, the summer net capacity (MW), and the years that the units were installed.

<u>Plant Name</u>	<u>Type</u>	<u>Fuel</u>	<u>Number of Units</u>	<u>MW Capacity</u>	<u>Commercial Operation Year</u>
Ft. Churchill	Steam	Gas/Oil	2	226	1968, 1971
Tracy	Steam	Gas/Oil	3	244	1963, 1965, 1974
Tracy 4&5 (1)	Combined Cycle	Gas	2	104	1996, 1996
Clark Mtn. CT's	Gas	Gas/Oil	<u>2</u>	<u>132</u>	1994, 1994
Total Tracy/Clark Station			<u>7</u>	<u>480</u>	
Valmy (2)	Steam	Coal	2	261	1981, 1985
Other (3)(4)	Gas, Diesels, Hydros	Propane, Oil	<u>29</u>	<u>90</u>	1900-1970
Grand Total			<u>40</u>	<u>1,057</u>	

- (1) Tracy 4&5 are part of the Pinõn Pine Integrated Coal Gasification Combined Cycle power plant located at Tracy Station. This project was part of the Department of Energy's Clean Coal Demonstration Program. Although the coal gasification portion of the facility has never proven operational, the combined cycle unit has been operating on natural gas since 1996. The combined cycle consists of one combustion turbine, one HRSG, and one steam turbine. In 2003, SPPC installed duct burners, which increased the summer net capacity from 89 MW to 104 MW.
- (2) Valmy is co-owned by Idaho Power Company (50%) and SPPC (50%); SPPC is the operator. The Plant has a total summer net capacity of 522 MW.
- (3) Included are 4 hydro generating plants (10.3 MW capacity) that were to be included in the sale of SPPC's water business to the Truckee Meadows Water Authority (TMWA) in June 2001. The California Legislature has passed a law exempting the hydro plants from the prohibition against generation divestiture. On November 9, 2002, SPPC filed an application with the CPUC for authority to transfer the 4 hydro generating plants. On January 13, 2003, the CPUC issued a ruling that the California Environmental Quality Act applies and SPPC must supplement the application with a certified environmental document. The application seeking authority to transfer the hydro plants was refiled with the CPUC, including a Proposed Environmental Assessment, in September, 2003. Approval is expected in the spring of 2004.
- (4) Farad, a 2.8 MW hydro plant, has been out of service since the summer of 1996 due to a collapsed flume. While planning the reconstruction, a flood on the Truckee River in January 1997 destroyed the diversion dam. SPPC filed a claim with the insurers for the flume and darn and in December 2003, SPPC sued the insurers in Federal Court on a coverage dispute relating to potential rebuild costs. Management has concluded that irrespective of the outcome of the suit the cost in losses associated with SPPC's claim are not material.

Purchased Power

SPPC continues to manage a diverse portfolio of contracted and spot market supplies, as well as its own generation, with the objective of minimizing its net average system operating costs. During 2003, SPPC experienced favorable market energy prices when compared with the previous four years. The decrease is reflective of FERC price cap regulation, which decreased electricity costs throughout the western United States.

During 2003, SPPC's credit standing affected the terms under which SPPC was able to purchase fuel and electricity in the western energy markets. SPPC was often required to contract with counterparties under modified payment terms including accelerated payments, pre-payments, and/or provide deposits.

If SPPC's credit rating is further downgraded, it may be unable to transact under standard payment terms and counterparties or suppliers may require that all payments be pre-paid. If SPPC does not have sufficient funds or access to liquidity to prepay its power requirements, particularly at the onset of the summer months and is unable to obtain power through other means, SPPC's business, operations and financial condition would be materially adversely affected and could make it difficult to provide reliable service to its customers. See Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations.

SPPC is a member of the Northwest Power Pool and Western Systems Power Pool. These pools have provided SPPC further access to reserves and spot market power, respectively, in the Pacific Northwest and Southwest. In turn, SPPC's generation facilities provide a backup source for other pool members who rely heavily on hydroelectric systems.

SPPC purchases hydroelectric and thermal generation spot market energy, by the hour, based upon economics and system import limits. Also purchased during peak load periods is firm energy as required to supply load and maintain adequate operating reserve margins. As off-system energy costs increase, SPPC supplies a higher percentage of its native load utilizing its fossil fuel generation.

SPPC contracted with Morgan Stanley for a total of 150 MW capacity from the Naniwa Plant for the summer of 2003.

Currently, SPPC has contracted for a total of 75 MW of long-term firm purchased power from PacifiCorp. SPPC's firm purchase power contract with PacifiCorp is from June 1989 to February 28, 2009 and contains a 70% minimum purchase obligation.

According to PURPA, SPPC is obligated under certain conditions to purchase the output produced by small power producers and co-generation facilities at costs determined by the appropriate state utility commission. As of December 31, 2003, SPPC had a total of 109 MW of maximum contractual firm capacity under 15 contracts with QFs. SPPC had contracts with three of the 15 projects at variable short-term avoided cost rates. All QF contracts currently delivering power to SPPC at long-term rates have been approved by either the PUCN or the CPUC, and have QF status as approved by the FERC. One long-term QF contract terminates in 2006, one terminates in 2039, and the remaining terminate between 2014 and 2022.

Energy purchased by SPPC from QF contracts continues to provide useful diversity for SPPC in meeting its peak load. All the QFs from which SPPC makes firm purchases are either geothermal, hydroelectric or biomass.

<u>Qualifying Facility</u>	<u>Contract Start</u>	<u>Contract End</u>	<u>Net Capacity (MW)</u>
Empire	12/1/1987	12/1/2017	3
Soda Lake I	12/1/1987	12/1/2017	11
Soda Lake II	8/1/1991	6/1/2021	
Amor IX Stillwater	5/1/1989	5/1/2019	13
Brady Power	7/1/1992	8/1/2022	20
Caithness Power	2/1/1988	2/1/2018	12
Steamboat I	12/5/1986	12/5/2006	5
Steamboat IA	12/14/1998	12/14/2018	2
Sierra Pacific Ind	11/1/1989	11/1/2019	10
Steamboat II	12/1/1992	12/1/2022	13
Steamboat III	12/1/1992	12/1/2022	13
Homestretch I	9/1/1984	9/1/2014	1
Homestretch II	6/1/1987	9/1/2017	1
Hooper	6/1/1983	6/1/2016	1
TCID (Lahontan)	6/1/1989	6/1/2039	4
			<u>109</u>

Energy purchased by SPPC from QFs constituted approximately 8% of the net system requirements (excludes Generation and wholesale purchases used for Off System Sales) during 2003. These contracts continue to provide useful diversity for SPPC in meeting its peak load. All the QFs from which SPPC makes firm purchases are either geothermal (87%), hydroelectric or biomass.

SB 372 enacted in the 2001 Nevada legislative session sets forth a renewable energy portfolio standard ("RPS") requiring SPPC to acquire or generate a specific percentage of its energy from renewable resources. Qualified renewable resources include biomass, wind, solar, and geothermal projects. Pursuant to the statutory RPS, SPPC is required to obtain 5% of its total energy from renewable resources for 2003 and 2004. Five percent (5%) of the total renewable energy required by the RPS must be derived from solar resources. The statutory RPS requirements increase every two years to a maximum of 15% by 2013. SB 372 requires the PUCN to establish regulations that address among other items, the terms and conditions for renewable energy contracts. SB 372 provides that all renewable energy contracts receiving approval of the PUCN are deemed to be a prudent investment and SPPC may recover all just and reasonable costs associated with the contracts.

In 2001, SPPC issued a Request for Renewable Energy Proposals (RFP). In March 2003, following negotiations with the renewable energy developers that responded to the RFP, SPPC received PUCN approval of one long term Power Purchase Agreement (PPA) with a solar developer for its 17 MW share of a 50 MW solar generating facility. In June 2003, SPPC issued another RFP to purchase additional renewable energy to comply with the requirements of Nevada's RPS. The RFP closed in August 2003 and SPPC is in negotiations with potential renewable suppliers to purchase renewable energy and/or renewable energy credits.

In April 2004, SPPC will file a statutorily mandated compliance report with the PUCN. In 2003, SPPC exceeded its non-solar renewable energy portfolio requirement but did not acquire the solar renewable resources set forth in the RPS. SPPC expects similar results in 2004. In 2003, SPPC acquired approximately 8% of its total energy from qualified renewable resources. SPPC is allowed to sell its excess renewable energy credits to NPC. In the upcoming weeks NPC expects to evaluate a number of factors prior to determining if the available credits should be acquired. The PUCN may, but is not required to impose an administrative fine for noncompliance with the RPS. At this time we cannot predict whether the PUCN will consider or decide to impose a fine for non-compliance with the RPS requirements. The PUCN may schedule a hearing to determine compliance with the RPS.

Transmission

SPPC's existing transmission lines extend some 300 miles from the crest of the Sierra Nevada mountain range in eastern California, northeast to the Nevada-Idaho border at Jackpot, Nevada, about 160 miles from Reno northwest to Alturas, California, and 250 miles from the Reno area south to Tonopah, Nevada. A 230 kV transmission line connects SPPC to facilities near the Utah-Nevada state line, which in turn interconnects SPPC to Utah Power facilities. A 345 kV transmission line connects SPPC to Idaho Power's facilities at the Idaho-Nevada state line. A 345 kV line connects SPPC to the Bonneville Power Administration's facilities near Alturas, California.

SPPC also has two 120 kV lines and one 60 kV line that interconnect with Pacific Gas & Electric on the west side of SPPC's system at Donner Summit, California. Two 60 kV transmission ties allow wheeling of up to 14 MW of power from the Beowawe Geothermal Project, which is located within SPPC's service area, to Southern California Edison. These two minor interties are available for use during emergency conditions affecting either party. The transmission intertie system provides access to regional energy sources.

The Falcon to Gonder Project is a 180-mile 345 kV line connecting SPPC's Falcon Substation to Mt. Wheeler Power's Gonder Substation. The Falcon to Gonder Project improves system import and export capabilities and enables SPPC to provide transmission service between Idaho, Utah, and the northwest U.S. The Final Environmental Impact Statement was released in December 2001. Federal permitting was completed in July 2002. Construction started March 3, 2003 with an expected in-service date of May 2004. Total project costs incurred through December 31, 2003 were \$79.0 million. Actual costs incurred in 2003 were \$46.2 million. Estimated costs for 2004 are \$21.4 million.

See Regulation later for a discussion of regional transmission issues.

Fuel Availability

SPPC's 2003 fuel requirements for electric generation were provided by natural gas, coal, and oil. The average costs of gas, coal and oil for energy generation per MMBtu for the years 1999-2003, along with the percentage contribution to total fuel requirements, are as follows:

Average Consumption Cost & Percentage Contribution to Total Fuel

	<u>Gas</u>		<u>Coal</u>		<u>Oil</u>	
	<u>\$/MMBtu</u>	<u>Percent</u>	<u>\$/MMBtu</u>	<u>Percent</u>	<u>\$/MMBtu</u>	<u>Percent</u>
2003	6.68	59.11%	1.60	40.79%	6.92	0.10%
2002	4.42	41.10%	1.68	58.70%	5.69	0.20%
2001	5.63	45.30%	1.55	32.40%	6.49	22.30%
2000	4.99	66.60%	1.51	32.20%	7.62	1.20%
1999	2.71	62.30%	1.46	37.30%	3.41	0.40%

For a discussion of the change in fuel costs, see Results of Operations in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

SPPC's long-term coal contract with Canyon Fuel Company, LLC (Canyon) a subsidiary of Arch Coal Company, that provided coal for Valmy from Canyon's SUFCO mine in Central Utah, expired on June 30, 2003. This coal supply agreement has been replaced with a new contract from Canyon for deliveries through December 31, 2006, which represents approximately 85% of Valmy's supply requirements. The remaining needs will be filled through spot market purchases. During 2003, one short-term agreement for the purchase of spot market coal was in place. The source of this coal was the Black Butte Mine in Southern Wyoming.

As of December 31, 2003, Valmy's coal inventory level was 152,520 tons, or approximately 27 days of consumption at 100% capacity.

During 2002, transportation of coal to Valmy was provided by the Union Pacific Railroad under a contract that will expire December 31, 2004. This rail transportation contract contains certain tonnage requirements and railroad service criteria. Beginning in mid-2003, UP began to experience crew shortages that affected their ability to provide deliveries of coal on a timely basis to Valmy. SPPC implemented a wide range of corrective actions during this period to prevent coal inventories from reaching critically low levels. In the second half of 2003, UP initiated measures to address these problems, which included an accelerated hiring/training program. UP's delivery issues are expected to be resolved by mid-2004.

During 2003, SPPC operated the Piñon Pine facility exclusively on natural gas. See the next section, Natural Gas Business, for discussions related to natural gas procurement for generation. No coal was purchased in 2003 for synthetic gas production in the plant's coal gasification facility.

SPPC meets its needs for residual oil and diesel for generation through purchases on the spot market. The actual residual oil inventory level was 325,334 barrels as of December 31, 2003, which is equal to a 14-day supply at full load operation.

Natural Gas Business

SPPC's natural gas business consists of operating the local distribution company (LDC) for the Reno/Sparks metropolitan area and procuring gas for electrical power generation at the Tracy and Ft. Churchill plants. The LDC accounted for \$162 million in 2003 operating revenues or 15.7% of SPPC's revenues from continuing operations. Growth in SPPC's LDC service territory continues to be strong. Customer meter count growth during 2003 was approximately 4%. SPPC's total gas customer meter count increased by 5,188 meters to 129,851 meters at the end of 2003.

Growth in all sectors is expected to continue as a result of new real estate developments in SPPC's distribution service area are under construction and planned for the near future. SPPC's forecast for installing meters in 2004 is approximately 4,900 meters.

SPPC's natural gas LDC business is subject to competition from other suppliers and other forms of energy available to its customers. Large customers with fuel switching capability compare natural gas prices on an interruptible basis to alternative energy source prices. Additionally, large customers have the ability to secure their own gas supplies. As of February 1, 2004, there are 16 large customers securing their own supplies. These customers have a combined firm distribution load of approximately 6,000 Decatherms (Dth) per day. Transportation customers continue to pay firm and interruptible distribution charges. These customers are responsible for procuring and paying for their own gas supply.

To secure gas supplies for power generation and the LDC, SPPC contracted for firm winter, summer, and annual gas supplies with over two dozen Canadian and domestic suppliers. Annual gas supply contracts averaged approximately 121,000 Dth per day with the winter period contracts averaging approximately 139,000 Dth per day, and the summer period contracts averaging approximately 104,000 Dth per day.

SPPC's firm natural gas supply is supplemented with natural gas storage services and supplies from a Northwest Pipeline Co. facility located at Jackson Prairie in southern Washington. The Jackson Prairie facility contributed a total of 12,687 Dth per day of peaking supplies.

In November 1996, SPPC entered into an agreement to sell winter seasonal peaking capacity supplies to another company over a seven-year period. The contract provided for the payment to SPPC of a monthly reservation charge, reimbursement of pipeline capacity charges during the winter, and a volumetric commodity charge based on the market price for natural gas. SPPC was able to enter into this agreement due to the ability of its power plants to utilize alternative fuels and its power importation option. The obligation to provide peaking supply terminated on February 28, 2003 coincident with the termination of the LNG contract and therefore no additional resources are required to meet SPPC load obligations. All obligations under the contract expired as of October 31, 2003.

Following is a summary of SPPC's transportation and storage portfolio (as of December 31, 2003):

Firm Transportation Capacity

Northwest:	68,696	decatherms per day firm	(annual)
Paiute:	68,696	decatherms per day firm	(November through March)
	61,044	decatherms per day firm	(April through October)
TransCanada Alberta System:	125,941	decatherms per day firm	
TransCanada BC System:	128,932	decatherms per day firm	
National Energy Gas	130,169	decatherms per day firm	(November through April)
Transmission:			
	69,099	decatherms per day firm	(May through October)
	24,500	decatherms per day firm	(Kingsgate to Stanfield)
Tuscarora:	132,823	decatherms per day firm	(annual)

Storage Capacity

Williams:	281,242	decatherms inventory capability at Jackson Prairie
	12,687	decatherms withdrawal capability per day from Jackson Prairie

Total LDC Dth supply requirements in 2002 and 2003 were 14.6 million Dth and 14.9 million Dth, respectively. Electric generating fuel requirements for 2002 and 2003 were 23.7 million Dth and 23.3 million Dth, respectively.

In addition to the capacity reflected above SPPC has contracted with Tuscarora for service to meet peak day growth in 2005 and 2006. For further discussion of Tuscarora's 2005 Expansion Project refer to Other Subsidiaries of Sierra Pacific Resources – Tuscarora Gas Pipeline Company.

In October 2003, the PUCN released its order regarding SPPC's Purchase Gas Adjustment filing made on May 15, 2003 and the new rates became effective November 1, 2003. An average residential customer received a decrease in their rates of approximately 3%.

As of December 31, 2003, SPPC owned and operated 1,752 miles of three-inch equivalent natural gas distribution piping, 59 miles of which were added in 2003. One significant project was completed to improve the distribution system's capacity in a high growth area in south Reno where 13,000 feet of 18 inch main was installed.

REGULATION (UTILITIES)

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the CPUC with respect to rates, standards of service, siting of and necessity for, generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to electric distribution and transmission operations. NPC and SPPC submit IRPs to the PUCN for approval.

The Utilities and Tuscarora Gas Pipeline Company (TGPC) are subject to certain federal regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting, and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

As a result of regulation, many of the fundamental business decisions of the Utilities, as well as the rate of return they are permitted to earn on their utility assets, are subject to the approval of governmental agencies.

As with other utilities, NPC and SPPC are subject to federal, state and local regulations governing air, water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The United States Environmental Protection Agency (EPA), Nevada Division of Environmental Protection (NDEP), and Clark County Health District (CCHD) administer regulations involving air quality, water pollution, solid, hazardous and toxic waste. SPR's Board of Directors has a comprehensive environmental policy and separate board committee that oversees NPC, SPPC, and SPR's corporate performance and achievements related to the environment.

Nevada Legislation

On April 18, 2001, the Governor of Nevada signed into law AB 369. The provisions of AB 369 include a moratorium on the sale of generation assets by electric utilities, the repeal of electric industry restructuring, and a reinstatement of deferred energy accounting for fuel and purchased power costs incurred by electric utilities. The stated purposes of this emergency legislation were, among others, to control volatility in the price of electricity in the retail market in Nevada, and to ensure that the Utilities have the necessary financial resources to provide adequate and reliable electric service under present market conditions. To achieve these purposes, AB 369 allows the Utilities to recover in future periods their current costs for wholesale power and fuel. Deferred energy accounting has the effect of delaying additional rate increases to consumers while, at the same time, providing a method for the Utilities to recover their increased costs for fuel and purchased power. Also, the Utilities are required to file future general rate applications at least every 24 months. Set forth below is a summary of key provisions of AB 369.

Generation Divestiture Moratorium

AB 369 prohibited all divestiture of generation assets by electric utilities until July 2003. As of January 1, 2003, NPC or SPPC may seek PUCN permission to sell one or more generation assets. The PUCN may approve the request to divest only if it finds the transaction to be in the public interest. The PUCN may base its approval of the request upon such terms, conditions, or modifications as it deems appropriate.

AB 369 directs the PUCN to take all steps necessary to obtain federal approval for the prohibition on divestiture and to vacate any of its own orders that had previously approved generation divestiture transactions.

Deferred Energy Accounting

AB 369 required the Utilities to use deferred energy accounting for their respective electric operations beginning on March 1, 2001. The intent of deferred energy accounting is to ease the effect of fluctuations in the cost of purchased power and fuel. See Note 4 of Notes to Financial Statements, Regulatory Actions, for a discussion of the deferred energy accounting provisions of AB 369.

Restrictions on Mergers and Acquisitions

AB 369 imposes certain restrictions on mergers and acquisitions involving Nevada electric utilities. In particular, the PUCN may not approve a merger or acquisition involving an electric utility unless the utility complies with the generation divestiture provisions of AB 369.

Repeal of Electric Industry Restructuring

AB 369 repeals all statutes authorizing retail competition in Nevada's electric utility industry and voids any license issued to an alternative seller in connection with retail electric competition.

Assembly Bill 661

AB 661, passed by the Nevada legislature in 2001 and incorporated into Nevada Revised Statutes as NRS 704B, allows commercial and governmental customers with an average demand greater than 1 MW to select new energy suppliers. The Utilities would continue to provide transmission, distribution, metering, and billing services to such customers. NRS 704B requires customers wishing to choose a new supplier to receive the approval of the PUCN and meet public interest standards. In particular, departing customers must secure new energy resources that are not under contract to the Utilities, the departure must not burden the Utilities with increased costs or cause any remaining customers to pay increased costs, and the departing customers must pay their portion of any deferred energy balances. Management believes that those customers securing energy from new energy suppliers may help alleviate the Utilities' need to access energy from potentially volatile wholesale energy markets. The PUCN adopted regulations prescribing the criteria that will be used to determine if there will be negative impacts to remaining customers or the Utility. Customers wishing to choose a new supplier must provide 180-day notice to the Utilities.

In 2003, thirteen NPC customer applications were processed by the PUCN. These customers received conditional approval to depart upon the completion of items in the compliance order. However none of the customers successfully completed their compliance items and none were granted final approval from the PUCN to procure their energy services from other suppliers. Currently there are no applications pending in front of the PUCN.

In 2003, no SPPC customers filed departure applications with the PUCN. However, in February 2004, a large SPPC mining customer filed application to depart in spring 2005. PUCN hearings on this application are anticipated in second quarter 2004.

Any customer who departs the Utility's system and later decides to return to the Utility as their energy provider will be charged for their energy at a rate equivalent to Utility's incremental cost of service.

Nevada Power Company 2003 IRP

On July 1, 2003, NPC filed its 2003 IRP with the PUCN. The IRP was prepared in compliance with Nevada laws and regulations. The IRP was prepared for the 20-year period from 2003 through 2022. The three-year action plan covers calendar years 2004, 2005, and 2006. The 2003 IRP develops a comprehensive, integrated plan that considers customer energy requirements and proposes the resources to meet that requirement in a manner that is consistent with prevailing market fundamentals. The ultimate goal of the IRP is to balance the objectives of minimizing costs and reducing volatility while reliably meeting the electric needs of NPC's customers.

The 2003 IRP is consistent with Governor Guinn's 2001 Nevada Energy Protection Plan calling for the increased development of internal power generation to reduce dependence on volatile energy sources outside Nevada. The IRP begins the process of taking control of energy supply and demand and reducing the dependence on others in order to provide price stability and electric reliability for customers.

As a step toward achieving this objective, NPC proposed building an 80 MW combustion turbine at the Harry Allen power plant site with an in-service date prior to the 2006 summer peak and a 520 MW combined cycle generating turbine, also at the Harry Allen power plant site, with a 2007 in-service date. Delivery of the energy from this new generation to NPC's customers will require a reservation on the Harry Allen-to-Mead 500 kV transmission line. The construction of this transmission project is required to fulfill existing wholesale transmission contractual obligations to Independent Power Producers located within NPC's control area.

The three-year Action Plan described the actions, specific projects, and budgets that NPC is proposing to implement during calendar years 2004, 2005, and 2006. NPC sought approval by the PUCN for the demand and supply side projects described in the IRP. This three-year strategy is based on analyses of prevailing market dynamics and supply and demand fundamentals within the energy sector. NPC sought PUCN approval of action items, including the following:

- Approval of NPC's electric load forecast as being a fair representation of expected loads during the 20-year period spanning 2003 through 2022.
- Approval of NPC's fuels price forecasts as being a fair representation of expected range of prices during the same 2003 through 2022 period.
- Approval of NPC's plan to reserve up to 650 MW of additional native load transmission rights on the Centennial Transmission Project following the construction of the Harry Allen-to-Mead 500 kV transmission line, the third phase of the project.
- Approval for re-conductoring the 230 kV Mead system that would increase system import by 450 MW at an estimated cost of \$24 million.
- Approval to construct a combustion turbine generating plant at the Harry Allen power plant site prior to the summer peak of 2006 at an estimated cost of \$44.1 million.
- Approval to construct a combined cycle generating plant including duct burners rated at 520 MW. The unit is planned for the Harry Allen power plant site with an in-service date prior to the 2007 summer peak, at a cost of \$414.7 million.
- NPC will submit long-term transmission service requests to other transmission owners for capacity from the Palo Verde region to Mead. Long-term transmission capacity has been unavailable from the Palo Verde region to Mead. These requests will likely result in system impact and facility studies by these transmission owners. NPC is requesting PUCN approval of the estimated \$100,000 for the aforementioned studies.
- Approval to spend \$9.2 million, \$9.3 million, and \$9.3 million for calendar years 2004, 2005, and 2006, respectively, devoted to demand-side programs. The programs were developed in a collaborative effort, based upon input from various interested parties.
- Approval of the recommended natural gas hedging strategy for 2004.

- Exemption from the avoided cost filing requirements set forth in Nevada Administrative Code section 704.8783 based upon the use of a competitive bidding process to fill megawatts available to Qualifying Facilities as a result of the renewable energy request for proposal (RFP) and long-term purchase obligation RFP for up to 2,500 MW.
- Approval for a plant life assessment of NPC's existing power plants, at a cost of \$500,000 per each year of the Three-Year Action Plan.

In addition, the Action Plan includes the following action items:

- Issue an RFP for long-term purchase power contracts to fill a substantial portion of remaining capacity requirements expected for 2004-2006. The results of the RFP and any executed contracts will be filed with the PUCN for approval.
- Issue an RFP to meet the Renewable Energy Portfolio Standard through 2007 as adopted and passed into law by the Nevada State Legislature. NPC proposes to execute the agreements and bring the signed agreements to the PUCN for approval as a compliance item to this plan.

The PUCN approved an order on NPC's IRP on November 12, 2003. In general, the order approved NPC's various requests made in its filing and also imposed additional requirements for various briefings, and required amendments to the IRP if there are delays in the combined cycle units construction, issues with transmission reservations, or difficulties financing the IRP. As such, NPC may need to expend up to approximately \$500 million prior to the summer of 2007 for the construction and/or acquisition of generation facilities. If NPC is unable to provide this amount with internally generated funds, it may need to access the capital markets to do so. See NPC's Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources for a discussion of NPC's financial condition and limitations on NPC's ability to issue additional indebtedness.

On December 23, 2003, NPC filed its first amendment to the Supply-Side Action Plan previously approved in NPC's 2003 IRP. In the application NPC is seeking approval from the PUCN for a long-term purchase obligation of approximately 224 MW of capacity dispatchable seven days a week and twenty-four hours a day with Las Vegas Cogeneration II. On February 13, 2004, a stipulation was filed with the PUCN that included the long-term purchase obligation. The PUCN is expected to issue a decision on the stipulation in early March 2004.

Senate Bill 8 (NPC, SPPC)

SB 8 recently passed in a Special Session of the Nevada Legislature provides for a modified business tax based upon payroll. Section 187 of SB 8 provides that a public utility may increase its previously approved rates by an amount that is reasonably estimated to produce an amount of revenue equal to the amount of any tax liability incurred by the public utility as a result of the act. Both NPC and SPPC implemented increased rates for recovery of this tax on October 1, 2003.

FERC (NPC, SPPC)

Regional Transmission Organization

NPC and SPPC are members of the utility groups that are forming a proposed regional transmission organization (RTO West). On March 29, 2002, RTO West submitted to the FERC a Stage II compliance filing and supplemental material, which provided details of the formation of the RTO. RTO West, as proposed, would be a non-profit independent system operator of the regional transmission grid, governed by an independent board of directors. This filing was made in compliance with FERC Order 2000, which required all investor-owned utilities in the United States who own interstate transmission to file a proposal to participate in an RTO or an explanation of efforts and plans to participate in an RTO. On September 18, 2002, FERC gave conditioned approval of the RTO West phase II filing. RTO West is currently working with a broad regional group to modify its proposal to address the regions transmission issues with a multi-staged approach to RTO implementation. RTO West is subject to approvals from state regulators and the board of directors of each member company. The current filing utility members of RTO West are NPC, SPPC, Avista Corporation, British Columbia Hydro & Power Authority, Bonneville Power Administration (BPA), Idaho Power Company, The Montana Power Company, Northwestern Energy, Inc., PacifiCorp, Portland General Electric, and Puget Sound Energy, Inc.

In June 2003, the PUCN issued an interim order directing NPC and SPPC to participate in cost/benefit studies to explore participation in RTO West and/or WestConnect (an organization similar to RTO West whose members are primarily utilities located in the desert Southwest), and for NPC and SPPC to recover costs associated with exploring participation and development in RTOs. In August 2003, the PUCN issued an order reaffirming its June 2003 order requiring continued participation in cost/benefit analysis of western RTOs, and providing cost recovery for NPC and SPPC in regard to these efforts.

Standard Market Design Notice Of Proposed Rulemaking

On July 31, 2002, the FERC issued a Standard Market Design (SMD) Notice of Proposed Rulemaking with the intent to standardize the practices and policies followed by all jurisdictional entities in the United States. NPC and SPPC submitted comments on FERC's initial SMD proposal.

FERC delayed implementation of SMD and on April 25, 2003, issued a "White Paper" to revise and better define the proposal. SMD could be further delayed or revised due to potential interactions with components of the proposed National Energy Bill.

Other

The FERC Staff has recommended that certain market participants identified in a Cal ISO Report released January 6, 2003, including SPPC, be directed to show cause why their behavior did not constitute gaming in violation of the Cal ISO and Cal PX tariffs. In its report, the Cal ISO indicated that it was unclear as to the reason SPPC received certain revenues in the amount of approximately \$6,000. SPPC was one of over 30 market participants included in the Staff's recommendation. On April 7, 2003, SPR submitted documentation to the FERC demonstrating that SPPC did not engage in gaming in violation of the Cal ISO or Cal PX tariffs, nor in the manipulation of the Western energy market. The Cal ISO revised its report, removing SPPC's name altogether, but other California parties' testimony included references to SPPC in connection with the same transactions.

On July 10, 2003, Pinnacle West Energy Corporation filed a complaint (designated Docket No. EL03-209-000) with the FERC requesting that NPC be directed to abide by Section 17.7 of its open access transmission tariff (OATT) and provide it with a one year extension for the commencement of transmission service pursuant to a transmission service agreement (TSA) between Pinnacle West and NPC. On July 18, 2003, Southern Nevada Water Authority (SNWA) filed a similar complaint (designated Docket No. ER03-213-000) requesting the same relief to a TSA between SNWA and NPC. NPC answered both complaints and asserted that if new facilities have been constructed to provide service to a transmission customer, then an extension of the commencement of service can be provided only if the transmission customer pays NPC's full carrying charges on the newly constructed facilities. On August 21, 2003, in Docket No. ER03-1236-000, SPPC and NPC filed an amendment to Section 17.7 of the SPR's Operating Companies' OATT. The Utilities assert that the filing is necessary to address requests for an extension of the commencement of service over NPC's newly constructed Centennial Project. These issues are currently being addressed through FERC settlement procedures.

See Regulatory Proceedings in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional regulatory information.

OTHER SUBSIDIARIES OF SIERRA PACIFIC RESOURCES

Tuscarora Gas Pipeline Company

TGPC was formed as a wholly owned subsidiary of SPR in 1993 for the purpose of entering into a partnership with a wholly owned subsidiary of TransCanada PipeLines, Ltd., headquartered in Calgary, Alberta, Canada. The partnership, Tuscarora Gas Transmission Company (Tuscarora) was formed for the purpose of constructing and operating an interstate natural gas pipeline from Malin, Oregon to Reno, Nevada to serve an expanding gas market in Reno, northern Nevada, and northeastern California. In late 1995, Tuscarora completed the construction of its 229-mile pipeline system and began commercial operations on December 1, 1995. Tuscarora takes custody of its customers' gas near Malin, Oregon at a pipeline interconnect with Gas Transmission Northwest (GTN), the upstream pipeline. Upon custody transfer, Tuscarora transports its shippers' gas to various delivery points along the Tuscarora system as prescribed by its customers. GTN is a major interstate natural gas pipeline extending from the U.S./Canadian border, at a point near Bonners Ferry, Idaho to the Oregon/California border. The GTN system provides Tuscarora customers access to Canadian natural gas reserves in the Western Canadian Sedimentary basin, one of the largest natural gas reserve basins in North America.

As an interstate natural gas pipeline, Tuscarora provides only transportation service to its customers. SPPC was the largest customer at the start of commercial operations and continues to be Tuscarora's largest customer contributing 80% of gross revenues in 2003.

Tuscarora completed Phase 1 of its 2002 Expansion Project on December 1, 2002, which added an incremental 55,912 Dth/day of firm capacity to its system capacity. Phase 2 of the 2002 Expansion Project was scheduled for construction in 2003. The Phase 2 capacity (40,000 Dth/day) was contracted to Duke Energy North America (Duke) for its proposed Washoe Energy power generation facility to be located near Wadsworth, Nevada. On May 8, 2002, Duke notified Tuscarora that it was canceling its generation project indefinitely and elected to cancel its Precedent Agreement with Tuscarora for the Phase 2 capacity. Tuscarora attempted to locate replacement shippers but was unsuccessful and on March 28, 2003, it filed a certificate amendment with the FERC effectively canceling Phase 2 of its 2002 Expansion Project. The FERC subsequently issued an order vacating the certificate of the Phase 2 facilities on May 20, 2003.

In June 2003, and in direct response to shipper interest, Tuscarora solicited interest from third parties to determine the need for incremental firm capacity by winter 2005-06. The open season resulted in the execution of Precedent Agreements and firm Transportation Service Agreements for 71,753 Dth/day of long-term firm capacity and 20,000 Dth/day turn back capacity for a net increase to pipeline capacity of 51,753 Dth/day. SPPC was one of the parties that executed a Precedent Agreement and firm Transportation Service Agreement. Tuscarora has begun preliminary planning activities for constructing additional facilities to meet the additional capacity requirements. Tuscarora anticipates that an application to the FERC for a Certificate of Public Convenience and Necessity, for authorization to construct and operate new pipeline facilities, will be filed with the FERC by the second quarter 2004. Construction of the project (Tuscarora 2005 Expansion Project) is anticipated to commence in late spring 2005 with newly commissioned facilities on line by November 1, 2005. The estimated cost of the 2005 construction project is approximately \$16.5 million. This expansion will increase Tuscarora's subscribed capacity by approximately 28%.

For a discussion of TGPC's results of operations, refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Sierra Pacific Communications

Sierra Pacific Communications (SPC) was formed as a Nevada corporation in 1999 to identify and develop business opportunities in telecommunications services and infrastructure. Since that time SPC has developed two distinct businesses. The first is the development of a fiber optic system extending between Salt Lake City, Utah and Sacramento, California (the System) and the second is the Metro Area Network (MAN) business in Las Vegas and Reno, Nevada. SPC is currently evaluating exiting the MAN business.

The development of a fiber optic system between Salt Lake City and Sacramento was pursued by forming a limited liability company (LLC) with Touch America, Inc. (TAI) called Sierra Touch America LLC (STA) in April 2002.

In September 2002, SPC entered into an agreement to purchase and lease certain telecommunications and fiber optic assets from TAI, subject to successful completion of the construction in exchange for SPC's partnership units in STA and the execution of a \$35 million promissory note for a total purchase price of \$48.5 million. The promissory note accrues interest at 8% per annum. In June 2003, TAI and all its subsidiaries (including STA/TAI) filed for Chapter 11 bankruptcy protection. In July 2003, SPC filed a motion with the bankruptcy court for automatic stay relief, specifically to obtain approval of the offset of construction costs and other system-related costs against the promissory note. SPC's position is that no payments are currently due on the note, and that SPC does not have an obligation to make payments on the note during pendency of the motion. STA and the creditors dispute this position. Currently, the parties are engaging in settlement discussions. A final hearing date has not been set. The remaining balance included in SPR's current maturities of Long-Term Debt is approximately \$19.7 million as of December 31, 2003.

For a discussion regarding the Note to STA see Note 8, Long-Term Debt of the Notes to Financial Statements.

Upon exiting the LLC in September 2002 SPC agreed to sell some of the fiber optic assets in the System acquired upon its exit from the LLC to a telecommunications carrier for \$20 million and to convey those assets to the telecommunications carrier upon completion of construction of the System by STA/TAI.

For a discussion of SPC's results of operations refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

For a discussion of SPC's legal matters, see Note 15, Commitments and Contingencies of Notes to Financial Statements.

e-three

SPR's subsidiary, e-three, was organized in October 1996 to provide energy and other business solutions in commercial and industrial markets.

In keeping with management's strategy to focus on its core utility businesses, SPR began negotiations in the second quarter of 2003 to sell e-three. Accordingly, on June 30, 2003, e-three was reported as a discontinued operation. On September 26, 2003, the sale of e-three was completed.

For a discussion on the sale and results of operations of e-three refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Sierra Pacific Energy Company

SPE was formed to market a package of technology and energy-related products and services in Nevada. SPE filed an application with the PUCN to be licensed as an Alternative Seller of Electricity in the state of Nevada. SPE has withdrawn its application with the PUCN and dissolved its retail energy marketing efforts. SPE continues to manage several long term commitments entered into prior to its withdrawal from the retail energy marketing effort.

Lands of Sierra

LOS was organized in 1964 to develop and manage SPPC's non-utility property in Nevada and California. These properties previously included retail, industrial, office and residential sites, timberland, and other properties. Remaining properties include land in Nevada and California. SPR has decided to focus on its core energy business. In keeping with this strategy, LOS continues to sell its remaining properties. The book values of the properties are minimal.

ENVIRONMENT (SPR, NPC AND SPPC)

As with other utilities, NPC and SPPC are subject to federal, state and local regulations governing air, water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The United States Environmental Protection Agency (EPA), Nevada Division of Environmental Protection (NDEP), and Clark County Health District (CCHD) administer regulations involving air quality, water pollution, solid, and hazardous and toxic waste.

Nevada Power Company

The Grand Canyon Trust and Sierra Club filed a lawsuit in the U.S. District Court, District of Nevada in February 1998 against the owners (including NPC) of the Mohave Generation Station ("Mohave"), alleging violations of the Clean Air Act regarding emissions of sulfur dioxide and particulates. An additional plaintiff, National Parks and Conservation Association, later joined the suit. The plant owners and plaintiffs have had numerous settlement discussions and filed a proposed settlement with the court in October 1999. The consent decree, approved by the court in November 1999, established emission limits for sulfur dioxide and opacity and required installation of air pollution controls for sulfur dioxide, nitrogen oxides, and particulate matter. The new emission limits must be met by January 1, 2006 and April 1, 2006 for the first and second units, respectively. The estimated cost of new controls is \$1.2 billion. As a 14% owner in Mohave, NPC's cost could be \$168 million. However, due to the coal and water issues discussed below, it is not the intention of Southern California Edison (SCE) and the other owners to proceed with the pollution control equipment.

NPC's ownership interest in Mohave comprises approximately 10% of NPC's peak generation capacity. SCE is the operating partner of Mohave. On May 17, 2002, SCE filed with the CPUC an application to address the future disposition of SCE's share of Mohave. Mohave obtains all of its coal supply from a mine in northeast Arizona on lands of the Navajo Nation and the Hopi Tribe (the "Tribes"). This coal is delivered from the mine to Mohave by means of a coal slurry pipeline, which requires water that is obtained from groundwater wells located on lands of the Tribes in the mine vicinity.

Due to the lack of progress in negotiations with the Tribes and other parties to resolve several coal and water supply issues, SCE's application states that it appears that it probably will not be possible for SCE to extend Mohave's operations beyond 2005. Due to the uncertainty over a post-2005 coal supply, SCE and the other Mohave co-owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave's operations are extended past 2005.

Because of the coal and water supply issues at Mohave, NPC is preparing for the shutdown of the facility by the end of 2005. In July 2003, NPC filed an IRP with the PUCN that assumed the Plant will be unavailable after December 31, 2005. In addition, in its General Rate Case filed on October 1, 2003, NPC requested that the PUCN authorize a higher depreciation rate be applied to Mohave in order to recover the remaining net book value of \$40.5 million. Alternatively, NPC requested that the PUCN authorize the transfer of the remaining book value to a regulatory asset account to be amortized over a period as determined by the PUCN.

In May 1997, the Nevada Division of Environmental Protection (NDEP) ordered NPC to submit a plan to eliminate the discharge of Reid Gardner Station wastewater to groundwater. The NDEP order also required a hydrological assessment of groundwater impacts in the area. In June 1999, NDEP determined that wastewater ponds had degraded groundwater quality. In August 1999, NDEP issued a discharge permit to Reid Gardner Station and an order that requires all wastewater ponds to be closed or lined with impermeable liners over the next 10 years. This order also required NPC to submit a Site Characterization Plan to NDEP to ascertain impacts. This plan has been approved by NDEP. NDEP was originally expected to identify remediation requirements of contaminated groundwater resulting from these evaporation ponds by September 2003. Recently, NDEP indicated that remediation requirements will be identified by mid year 2004. New pond construction and lining costs are estimated to cost approximately \$25 million, of which, a majority is expected to be spent by the end of 2004.

At the Reid Gardner Station, the NDEP has determined that there is additional groundwater contamination that resulted from oil spills at the facility. NDEP required NPC to submit a corrective action plan. A hydro-geologic evaluation of the current remediation was completed, and a dual phase extraction remediation system, which was approved by NDEP. The dual phase extraction remediation system commenced operation in October 2003 and remediation is occurring at an accelerated rate.

In July 2000, NPC received a request from the EPA for information to determine the compliance of certain generation facilities at NPC's Clark Station with the applicable State Implementation Plan. In November 2000, NPC and the Clark County Health District entered into a Corrective Action Order requiring, among other steps, capital expenditures at the Clark Station totaling approximately \$3 million. In March 2001, the EPA issued an additional request for information that could result in pollution controls beyond that specified in the November 2000 Corrective Action Order. If the EPA requires 2003 pollution controls, capital expenditures and temporary outages of two of Clark Station's generation units could be required. Additionally, depending on the time of year that the compliance activity and corresponding generation outage would occur, the incremental cost to purchase replacement energy could be substantial. On October 31, 2003, the EPA issued a Notice of Violation and Finding of Violation regarding turbine blade upgrades, which occurred in July 1993. A conference between the EPA and NPC occurred in December 2003. NPC presented evidence on the nature and finding of violations. It is NPC's position that a violation did not occur and management is presently involved in the discovery process to support management's position. Monetary penalties and retrofit control cost, if any, cannot be reasonably estimated at this time.

NEICO, a wholly owned subsidiary of NPC, owns property in Wellington, Utah, which was the site of a coal washing and load out facility. The site has a reclamation estimate supported by a bond of \$4.8 million with the Utah Division of Oil and Gas Mining. Currently, management is continuing to evaluate various options including reclamation and sale. At this time management does not expect the cost of reclamation to be in excess of the \$4.8 million bond.

Sierra Pacific Power Company

In September 1994, Region VII of the EPA notified SPPC that it was being named as a potentially responsible party (PRP) regarding the past improper handling of Polychlorinated Biphenyls (PCB's) by PCB Treatment, Inc., in two buildings, one located in Kansas City, Kansas and the other in Kansas City, Missouri (the Sites). Prior to 1994, SPPC sent PCB contaminated material to PCB Treatment, Inc. for disposal. Certificates of disposal were issued to SPPC by PCB Treatment, Inc. However, the contaminated material was not disposed of, but rather, remained on-site. A number of the largest PRPs formed a steering committee, which is chaired by SPPC. The steering committee has completed its site investigations and the EPA has determined that the Sites should be remediated by removing the buildings to the appropriate landfills. The EPA issued an administrative order on consent requiring the steering committee to oversee the performance of the work. SPPC recorded a preliminary liability for the Sites of \$650,000. The steering committee is obtaining cost estimates for removal of the buildings. Once these costs have been determined, SPPC will be in a better position to estimate and revise, if necessary, its recorded liability for the Sites.

Lands of Sierra

LOS, a wholly-owned subsidiary of SPR, owns property in North Lake Tahoe, California, which is leased to independent condominium owners. The property has both soil and groundwater petroleum contamination resulting from an underground fuel tank that was removed from the property. Additional contamination from a third party fuel tank on the property has also been identified and is undergoing remediation. On February 3, 2003, the Lahontan Regional Water Quality Control Board re-opened the case against this property. This re-opening occurred due to onsite monitoring, which showed increased levels of contamination. SPR has completed the evaluation of alternative remediation technologies and their effectiveness in reducing contamination at this site. On January 27, 2004, Lahontan Regional Water Quality Board rendered a decision requiring a dual phase water extraction remediation system. The cost to implement this system is not material.

GENERAL – EMPLOYEES (ALL)

SPR and its subsidiaries had 3,150 employees as of December 31, 2003, of which 1,749 were employed by NPC and 1,322 were employed by SPPC.

NPC's current contract with the International Brotherhood of Electrical Workers (IBEW) Local No. 396, which covers approximately 57% of NPC's workforce, was renegotiated in February 2002 and is in effect until February 1, 2005. The three-year contract provides for a 3% general wage increase for bargaining unit employees effective February 2, 2002, with 3% increases in 2003 and 2004. In addition, the contract provides for participation by bargaining unit employees in the incentive compensation program.

SPPC's current contract with the IBEW Local No. 1245, which represents approximately 64% of SPPC's workforce, was renegotiated in December 2002 and is in effect until December 31, 2005. The three-year contract provides for a 3% general wage increase for bargaining unit employees beginning January 13, 2003, with 3.25% and 3.75% increases in 2004 and 2005, respectively. In addition, the contract provides for participation by bargaining unit employees in the incentive compensation program.

GENERAL – FRANCHISES (NPC AND SPPC)

The Utilities have nonexclusive local franchises or revocable permits to carry on their business in the localities in which their respective operations are conducted in Nevada and California. The franchise and other governmental requirements of some of the cities and counties in which the Utilities operate provide for payments based on gross revenues. During 2001, the State of Nevada also passed a law requiring public utilities to collect from their customers a fee based on consumption. This universal energy charge is to help those customers who need assistance in paying their utility bills or need help in paying for ways to reduce energy consumption. During 2003, the Utilities collected \$71.2 million in franchise or other fees based on gross revenues. They collected \$8.8 million in universal energy charges based on consumption. They also paid and recorded as expense \$0.5 million of fees based on net profits. The Utilities' non-exclusive local franchises or revocable permits are as follows:

<u>Franchise</u>	<u>Type of Service</u>	<u>Expiration Date</u>	
NPC:			
Las Vegas	Electric	November	2029
Clark County (1)	Electric	May	2004
Nye County	Electric	May	2006
City of Henderson (1)(3)	Electric	November	1999
City of North Las Vegas	Electric	July	2005
SPPC:			
Reno	Electric, Gas and Water	January	2006
Sparks	Electric	May	2006
Sparks	Gas	May	2007
Sparks	Water	April	2004
Carson City	Electric (2)	October	2032
City of Elko	Electric	April	2017
City of South Lake Tahoe	Electric	April	2018
Washoe County	Gas and Water	May	2015
Washoe County	Electric	September	2015
Eureka County	Electric	July	2018

- (1) Currently being renegotiated as part of a regional franchise fee negotiation process.
- (2) As part of the thirty-year Carson City franchise agreement signed in 1982 either side could request that the agreement be renegotiated on the tenth or the twentieth anniversaries. Carson City exercised this option in 2002 and a new thirty-year franchise agreement was signed. As part of the agreement, SPPC agreed to be subject to Carson City's Business License Code for utilities, which has a fee of 2.5% of gross electric revenues received from customers within the municipality of Carson City. This was a .5% increase over the prior franchise agreement.
- (3) The Company continues to operate under the terms of the expired agreement.

The Utilities will apply for renewal of franchises in a timely manner prior to their respective expiration dates.

GENERAL – RESEARCH AND DEVELOPMENT (ALL)

SPR, through its NPC and SPPC subsidiaries, participates in several utility associations, including the Edison Electric Institute (EEI) and American Gas Association (AGA).

ITEM 2. PROPERTIES

The general character of SPR's, NPC's, and SPPC's principal facilities is discussed in Item 1 – Business.

Substantially all of NPC's utility plant is subject to the lien of the Indenture of Mortgage, dated October 1, 1953, among NPC and Deutsche Bank Trust Company Americas, as trustee, securing NPC's outstanding first mortgage bonds.

Additionally, all of NPC's property in Nevada is subject to the lien of the General and Refunding Mortgage Indenture dated as of May 1, 2001 between NPC and The Bank of New York, as trustee, which lien is junior, subject and subordinate to the prior lien of the Indenture of Mortgage mentioned above.

Substantially all of SPPC's utility plant is subject to the lien of the Indenture of Mortgage, dated December 1, 1940, between SPPC and U.S. Bank National Association, and Gerald R. Wheeler, as trustees, securing SPPC's outstanding first mortgage bonds.

Additionally, all of SPPC's property in Nevada is subject to the lien of the General and Refunding Mortgage Indenture dated as of May 1, 2001 between SPPC and The Bank of New York, as trustee, which lien is junior, subject and subordinate to the prior lien of SPPC's Indenture of Mortgage mentioned above.

ITEM 3. LEGAL PROCEEDINGS

Nevada Power Company and Sierra Pacific Power Company

Enron Litigation

In June 2002, Enron Power Marketing, Inc. (Enron) filed a complaint with the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court) against NPC and SPPC (the Utilities) seeking to recover liquidated damages for power supply contracts terminated by Enron in May 2002 and for unpaid power previously delivered to the Utilities (as defined below). The Utilities denied liability on numerous grounds, including deceit and misrepresentation in the inducement (including, but not limited to, misrepresentation as to Enron's ability to perform) and fraud, unfair trade practices and market manipulation. The Utilities also filed proofs of claims and counterclaims against Enron, for the full amount of the approximately \$300 million claimed to be owed and additional damages, as well as for other unspecified damages to be determined during the case as a result of acts and omissions of Enron in manipulating the power markets, wrongful termination of its transactions with the Utilities, and fraudulent inducement to enter into transactions with Enron, among other issues.

On September 26, 2003, the Bankruptcy Court entered a judgment (the Judgment) in favor of Enron for damages related to the termination of Enron's power supply agreements with the Utilities. The Judgment requires NPC and SPPC to pay approximately \$235 million and \$103 million, respectively, to Enron for liquidated damages and pre-judgment interest for power not delivered by Enron under the power supply contracts terminated by Enron in May 2002 and approximately \$17.7 million and \$6.7 million, respectively, for power previously delivered to the Utilities. The Bankruptcy Court also dismissed the Utilities' counter-claims against Enron, dismissed the Utilities' counter-claims against Enron Corp., the parent of Enron, and denied the Utilities' motion to dismiss or stay the proceedings pending the final outcome of their Federal Energy Regulatory Commission proceedings against Enron. Based on the pre-judgment rate of 12%, NPC and SPPC recognized additional interest expense of \$27.8 million and \$12.4 million, respectively, in contract termination liabilities in the third quarter of 2003. Also, NPC and SPPC recorded additional contract termination liabilities for liquidated damages of \$6.6 million and \$2.1 million, respectively, in the third quarter of 2003. The Bankruptcy Court's order provides that until paid, the amounts owed by the Utilities will accrue interest post-Judgment at a rate of 1.21% per annum.

In response to the Judgment, the Utilities filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue General and Refunding Mortgage Bonds as collateral to secure payment of the Judgment. On November 12, 2003, the Bankruptcy Court ruled to stay execution of the Judgment conditioned upon NPC and SPPC posting into escrow \$235 million and \$103 million, respectively, of General and Refunding Mortgage Bonds plus \$281,695 in cash by NPC for pre-judgment interest. On December 4, 2003, NPC and SPPC complied with the order of the Bankruptcy Court by issuing their \$235 million General and Refunding Mortgage Bond, Series H and \$103 million General and Refunding Mortgage Bond, Series E, respectively, into escrow along with the required cash deposits for NPC. Additionally, the Utilities were ordered to place into escrow \$35 million, approximately \$24 million and \$11 million for NPC and SPPC, respectively, within 90 days from the date of the order, which will lower the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount. NPC and SPPC made the payments as ordered on February 10, 2004. The Bankruptcy Court also ordered that during the duration of the stay, the Utilities (i) cannot transfer any funds or assets other than to unaffiliated third parties for ordinary course of business operating and capital expenses, (ii) cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations, and (iii) shall seek a ruling from the PUCN to determine whether the cash payments into escrow trigger the Utilities' rights to seek recovery of such amounts through their deferred energy rate cases. Furthermore, hearings have been scheduled for March 24, 2004, in

front of the Bankruptcy Court to review the Utilities' abilities to provide additional cash collateral which, if required, would reduce the principal amount of the General and Refunding Mortgage Bonds held in escrow by a like amount.

On October 1, 2003 the Utilities filed a Notice of Appeal from the Judgment with the U.S. District Court for the Southern District of New York. In its appeal, the Utilities seek reversal of the Judgment and contend that Enron should not be permitted to recover termination charges under the contract on various grounds including breach of contract, breach of solvency representation, fraud, misrepresentation, and manipulation of the energy markets and that the Bankruptcy Court erred in holding that the filed rate doctrine barred various claims which were purported to challenge the reasonableness of the rate. Enron filed a cross appeal on the grounds that the amount of post judgment interest should have been 12% per year instead of 1.21% as ordered by the Bankruptcy Court. The Utilities filed their principal brief on December 30, 2003 and Enron filed its cross-appeal brief and reply brief on January 30, 2004. The Utilities filed a reply brief on March 1, 2004 and Enron is expected to file its final brief thereafter in March 2004. The U.S. District Court could render an opinion any time after the submission of the final briefs. The Utilities are unable to predict the outcome of their appeal of the Judgment.

On November 21, 2003, the Utilities filed a Petition for Declaratory Order with the PUCN, as required by the Bankruptcy Court's stay order seeking a determination as to whether payment of all or part of the Judgment into escrow would be subject to recovery through a deferred energy accounting adjustment. On February 6, 2004, the PUCN issued its final order indicating that posting or depositing money in escrow would not constitute payment of fuel or purchased power costs eligible for recovery in a deferred account. The PUCN ruled that "...paying into escrow while pursuing an appeal of the Bankruptcy Court's judgment and other relief does not yet provide the circumstances of experiencing a cost which can trigger a filing seeking collection from its customers, and because the issues are not ripe, this Petition is not the docket to decide whether recovery of termination payments should be sought through a general rate case or a deferred energy proceeding."

Through December 31, 2003, interest costs related to the Judgment of \$36 million and \$16 million for NPC and SPPC, respectively, were charged as interest expense and were not included in their deferred energy balances. If the Utilities are successful in their appeal, amounts previously charged to interest expense would be reversed and recognized in income in the respective period. Similarly amounts for power supply contracts terminated by Enron included in the deferred energy balances would be reversed. If the Utilities are unsuccessful in their appeal, they may seek to recover the interest costs in the deferred account.

Any requirement to pay the Judgment or to provide further cash collateral, described above, for Enron's claims for termination payments could adversely affect SPR's, NPC's and SPPC's cash flow, financial condition and liquidity. See Liquidity and Capital Resources (SPR Consolidated) in Management's Discussion and Analysis of Financial Condition and Results of Operations for additional liquidity discussion.

FERC 206 complaints

In December 2001, the Utilities filed ten wholesale-purchased power complaints with the FERC under Section 206 of the Federal Power Act seeking to reduce prices of certain forward power purchase contracts that the Utilities entered into prior to the price caps imposed by the FERC in June 2001 relating to the western United States utility crisis. The Utilities believe the prices under these purchased power contracts were unjust and unreasonable. The Utilities negotiated a settlement with Duke Energy Trading and Marketing, but were unable to reach agreement in bilateral settlement discussions with other respondents.

The Utilities have already paid the full contract price for all power actually delivered by these suppliers, but are contesting those amounts as well as claims made for terminating power suppliers, that did not deliver power, including those terminated by Enron.

The Administrative Law Judge (ALJ) overseeing the Utilities' complaints and proceedings under Section 206 of the Federal Power Act issued an initial decision on December 19, 2002, which stated that the Utilities' complaints did not meet the public interest standard of proof, which the ALJ believed applied to the reformation of their contracts. NPC, SPPC, and other parties to these proceedings filed Briefs on Exceptions to the ALJ's initial order with the FERC.

On June 26, 2003, FERC adopted the ALJ's recommendation and dismissed the Utilities' Section 206 complaints on a two-to-one vote essentially finding that the strict public interest standard applied to the case and that the company had failed to satisfy the burden of proof required by that standard. In that order, FERC also determined that it would not deem the order final and conclusive as to either of the Utilities' liability to Enron for purchase power contracts terminated by Enron, which may be challenged in other proceedings, including other proceedings at FERC. On July 28, 2003, the Utilities filed a petition for rehearing at the FERC requesting that the FERC either reconsider or rehear the case. The petition cited several grounds for rehearing, including that the public interest standard did not apply but that even if it did apply the Utilities had satisfied that standard as well as the less onerous just and reasonable standard which the Utilities contend does apply to the case. On November 10, 2003, the FERC issued an Order on Requests for Rehearing and Clarification, which reaffirmed the June 26, 2003 decision (by the same two-to-one margin). That

decision has been appealed to the United States Court of Appeals for the Ninth Circuit. The Utilities are unable to predict the outcome of this appeal at this time.

On October 6, 2003, the Utilities filed a new FERC Section 206 complaint against Enron to prevent Enron from obtaining a final judgment in the Bankruptcy Court case and/or prevent enforcement of any right to collect its termination payments until FERC has had a chance to review the complaint. The new complaint has been designated as Docket No. EL04-1-000. On October 27, 2003, Enron filed an answer to the Utilities' complaint and the matter is pending. On October 8, 2003, the Nevada Attorney General's office, through its Bureau of Consumer Protection, intervened on behalf of Nevada citizens, joining NPC and SPPC in opposing Enron's actions. On October 29, 2003, United States Senators Reid and Ensign of Nevada also filed an intervention joining NPC and SPPC in opposing Enron's claims to termination payments.

Enron was found by the FERC earlier this year to have unlawfully manipulated the Western energy market, engaging in fraud, deception and other actions that created power market prices that were unjust and unreasonable. Prior and subsequent to the FERC ruling, numerous Enron employees pled guilty to related criminal charges.

The 206 complaint in Docket No. EL04-1-000 asks FERC to issue an order to preserve the status quo by prohibiting Enron from enforcing the termination payment obligations set forth in the judgment until such time as FERC has an opportunity to review the merits of the Utilities' claims raised in their new FERC Section 206 complaint. The complaint further asks that FERC find that Enron's actions violated the terms of tariff language rendering Enron unable to collect termination payments; that Enron violated federal law, including the Federal Power Act, and breached FERC's regulations and power tariffs governing the transactions; and that Enron's action violate the terms of the tariff rendering Enron unable to terminate the contracts and collect termination payments. In addition, the complaint asks FERC to: (a) assert its jurisdiction over the issue of whether Enron may lawfully claim rights under the power deals to be paid for not providing power that it could not provide anyway; (b) issue an order to preserve the status quo by prohibiting Enron from enforcing the termination payment obligations set forth in the judgment until such time as FERC has an opportunity to review the merits of the Utilities' claims raised in their new FERC Section 206 complaint; (c) find that the applicable rules to do not permit the sort of maneuver to create a windfall that Enron has attempted; and (d) find that, even if hypothetically Enron is technically entitled to a payment, it is neither equitable nor in the public interest, under the circumstances including Enron's numerous violations of law, for the Utilities to be required to pay Enron an additional award in excess of \$300 million. At this time, NPC and SPPC are unable to predict either the outcome or timing of a decision in this matter.

Reliant Antitrust Litigation

On April 22, 2002, Reliant Energy Services, Inc. (Reliant), filed and served a cross-complaint against NPC and SPPC in the wholesale electricity antitrust cases, which was consolidated in the Superior Court of the State of California. Plaintiffs (original plaintiffs consist of The People of the State of California, City and County of San Francisco, City of Oakland, and County of Santa Clara) in that case seek damages and restitution from the named defendants for alleged fraud, misrepresentation, and anticompetitive conduct in manipulating the energy markets in California resulting in prices far in excess of what would otherwise have been a fair price to the plaintiff class in a competitive market. Reliant filed cross-complaints against all energy suppliers selling energy in California who were not named as original defendants in the complaint, denying liability but alleging that if there is liability, it should spread among all energy suppliers. The trial court has held all answers to cross-claims in abeyance until such time as it decides whether the plaintiffs' complaint should be dismissed for failing to state a claim for relief and whether the complaint should be dismissed under the filed rate doctrine. The court granted the motion to dismiss and the case is currently on appeal.

Nevada Power Company

Nevada Power Company 2001 Deferred Energy Case

On November 30, 2001, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between March 1, 2001, and September 30, 2001, as required by law. The application sought to establish a rate to repay accumulated purchased fuel and power costs of \$922 million and spread the recovery of the deferred costs, together with a carrying charge, over a period of not more than three years.

On March 29, 2002, the PUCN issued its decision on the deferred energy application, allowing NPC to recover \$478 million over a three-year period, but disallowing \$434 million of deferred purchased fuel and power costs and \$30.9 million in carrying charges consisting of \$10.1 million in carrying charges accrued through September 2001 and \$20.8 million in carrying charges accrued from October 2001 through February 2002. The order stated that the disallowance was based on alleged imprudence in incurring the disallowed costs. NPC and the BCP both sought individual review of the Commission Order in the First District Court of Nevada. The District Court affirmed the PUCN's decision. Both NPC and the BCP filed Notices of Appeal to the Nevada Supreme Court. Supreme Court rules mandate settlement talks before a matter is set for briefing and argument. The Settlement Judge has yet to recommend closure of the settlement process given current caseloads at the Supreme Court. Briefing, oral argument and a decision are not expected to occur until 2005. NPC is not able to predict the outcome of the process or of the Supreme Court's deliberation on the matter.

Morgan Stanley Proceedings

On September 5, 2002, Morgan Stanley Capital Group (MSCG) initiated arbitration pursuant to the arbitration provisions in various power supply contracts terminated by MSCG in April 2002. In the arbitration, MSCG requested that the arbitrator compel NPC to pay MSCG \$25 million pending the outcome of any dispute regarding the amount owed under the contracts. NPC claimed that nothing is owed under the contracts on various grounds, including breach by MSCG in terminating the contracts, and further, that the arbitrator does not have jurisdiction over NPC's contract claims and defenses. In March 2003, the arbitrator overseeing the arbitration proceedings dismissed MSCG's demand for arbitration and agreed that the issues raised by MSCG were not calculation issues subject to arbitration and that NPC's contract defenses were likewise not arbitrable.

NPC filed a complaint for declaratory relief in the U.S. District Court for the District of Nevada asking the Court to declare that NPC is not liable for any damages as a result of MSCG's termination of its power supply contracts. On April 17, 2003, MSCG answered the complaint and filed a counterclaim against NPC at the FERC alleging non-payment of the termination payment in the amount of \$25 million. In April 2003 MSCG also filed a complaint against NPC alleging that NPC should be required to pay MSCG the amount of the claimed termination payment pending resolution of the case. NPC filed a motion to intervene in the FERC action commenced by MSCG and FERC dismissed MSCG's complaint. NPC is unable to predict the outcome of the District Court complaint.

Reliant Resources and IDACORP Energy, L.P.

On May 3, 2002, and July 3, 2002, respectively, Reliant Resources (Reliant) and IDACORP Energy, L.P. (Idaho) terminated their power deliveries to NPC. On May 20, 2002, and July 10, 2002, Reliant and Idaho asserted claims for \$25.6 million and \$8.9 million, respectively, under the Western System Power Pool Agreement (WSPP) for liquidated damages under energy contracts that each company terminated before the delivery dates of the power. Such claims are subject to mandatory mediation and, in some cases, arbitration under the contracts. Idaho requested mediation of the contracts. NPC alleges that Idaho and Reliant were participants in market manipulation in the West and therefore are not entitled to termination payments under the contracts. The mediation was not successful and in April 2003 Idaho filed suit in Idaho. NPC moved to dismiss the complaint on jurisdictional grounds and filed its own complaint in State court in Clark County, Nevada in September 2003. The court in Idaho denied NPC's motion to dismiss without prejudice and ordered some preliminary discovery on the jurisdictional issues. The case in Nevada is currently pending.

In June 2003, Reliant Energy submitted a comprehensive settlement proposal to NPC proposing a settlement of NPC's termination payment obligation arising out of Reliant's May 2002 termination of its purchase power contracts with NPC. NPC denies that it owes Reliant any money under these contracts. Mediation of this claim occurred in 2002 and was not successful. Neither party has requested arbitration nor commenced litigation over this dispute, and the parties are continuing discussions.

El Paso Merchant Energy

In August 2002, El Paso Merchant Energy (EPME) terminated contracts for energy it had delivered to NPC under a program that called for delayed payment of the full contract price. In October 2002, EPME asserted a claim against NPC for \$19 million in damages representing the approximate amount unpaid under the contracts. NPC alleges that EPME's termination resulted in net payments due to NPC under the WSPP liquidated damages provision and for liquidated damages measured by the difference between the contract price and market price of energy EPME was to deliver from 2004 to 2012.

In June 2003, EPME demanded mediation of its claim for a termination payment arising out of EPME's September 25, 2002, termination of all executory purchase power contracts between NPC and EPME. EPME claims that under the terms of the contracts, NPC owes EPME approximately \$39 million representing the difference between the contract price and the market price for power to be delivered under all the terminated contracts and the amount remaining unpaid under the contracts for power delivered between May 2002 and October 2002. NPC claims that EPME owes NPC an amount up to approximately \$162 million for undelivered power representing the difference between the replacement price or market price for power to be delivered under all the executory contracts and the contract price for that power. The mediation was unsuccessful, and on July 25, 2003, NPC commenced an action against EPME and several of its affiliates in the Federal District Court for the District of Nevada for damages resulting from breach of these purchase power contracts. On January 12, 2004, EPME filed a motion to dismiss the complaint on grounds of lack of personal jurisdiction and failure to state a claim for relief. NPC responded to the motion to dismiss on February 27, 2004. EPME's reply is due March 17, 2004. At this time NPC is unable to predict either the outcome or timing of a decision in this matter.

Bonneville Square and Union Plaza

In October 2002, Bonneville Square and Union Plaza filed a complaint seeking class certification in the Eighth District Court for Clark County, Nevada, against NPC for fraud and misrepresentation for allegedly overcharging a certain class of customers for energy delivered over the past several years. Plaintiffs allege that NPC fraudulently placed its meters and measured energy delivered at a point prior to passing through transformers during which process a certain amount of energy is dissipated as heat, instead of placing

the meters after they pass through the transformer. Plaintiffs claim that NPC overcharged the class by an indeterminate amount. NPC's motion to dismiss on jurisdictional grounds was denied and NPC filed a writ before the Nevada Supreme Court, which is being joined in by the PUCN, which agrees with NPC that it has exclusive jurisdiction over the suit. NPC denies that the placement of the meters was fraudulent and alleges that placement of the meters was mandated by either or both customer request or applicable tariff. The matter is currently pending.

Sierra Pacific Power Company

Alturas Intertie

Certain Northern California public power groups have challenged SPPC's filing with the FERC of the interconnection and operating agreements related to the Alturas Intertie in December 1998 and January 1999. The California groups alleged that the potential reduction in imports into California constitutes an impairment of reliability and therefore seek to force reductions in use of the Alturas Intertie during peak periods. SPPC (supported by Bonneville Power Administration and PacifiCorp) filed testimony before the FERC that the Alturas Intertie does not adversely affect reliability and that, under the FERC's Order No. 888, customers in Nevada are entitled to compete with customers in California for transmission capacity in the Pacific Northwest on a first-come, first-served basis. The FERC staff agreed with SPPC's position on this matter.

The matter was tried by an ALJ in April and May 2000. In 2001, the ALJ agreed with SPPC's position, but imposed a limitation on additional transfer capacity created by future upgrades to the system. The ALJ stated allocation of additional transfer capacity would require agreement among the parties. Both sides have appealed this decision to the full FERC. On August 25, 2003, the FERC issued an opinion and order affirming finding the agreements to be just and reasonable and vacating the ALJ's determination limiting the operation of the Alturas Intertie to 300 MW. The California groups requested rehearing on this order. On February 17, 2004, the FERC denied the California groups' request for rehearing.

Bonneville Power Administration

The Transmission Agency of Northern California (TANC) initiated proceedings in the United States District Court for the Eastern District of California and the United States Court of Appeals for the Ninth Circuit, in each case alleging that BPA's construction of a small portion of the Alturas Intertie violated the Northwest Power Preference Act and is requesting an injunction prohibiting operation of the Alturas Intertie. The case before the Eastern District was dismissed for lack of jurisdiction. The case before the Ninth Circuit was dismissed for TANC's failure to prosecute. In December 1999, TANC filed suit in the Superior Court of the State of California, Sacramento County, seeking an injunction against operation of the Alturas Intertie based on numerous allegations under state law, including inverse condemnation, trespass, private nuisance, and conversion. That case was removed to Federal Court and dismissed by the trial court. The dismissal was affirmed by the Ninth Circuit Court of Appeals, and TANC filed a writ of certiorari with the United States Supreme Court. The Supreme Court denied TANC's writ in 2003.

Sierra Pacific Resources

Gordon and Anderson

On September 30, 2002, plaintiffs Stephen A. Gordon and Gail M. Gordon filed a lawsuit in the District Court for Clark County, Nevada, seeking class action status for themselves and all shareholders of SPR against SPR and all of its directors for an alleged breach of fiduciary duty in failing to meaningfully evaluate and consider an alleged offer from the Southern Nevada Water Authority (SNWA) to purchase Nevada Power Company. The suit seeks extraordinary relief in the form of an injunction requiring the directors to carefully evaluate and consider such offer, formation of a special stockholders committee to ensure fair and adequate evaluation procedures, and for unspecified damages and/or punitive damages in the event the SNWA withdraws its alleged offer before it can be carefully evaluated. On September 30, 2002, plaintiff John Anderson filed a virtually identical lawsuit seeking the same relief in the same court. On March 21, 2003, plaintiffs' counsel moved to consolidate the Gordon and Anderson cases with another virtually identical lawsuit filed by John Dedolph, also filed in the same court. In July 2003, the cases were consolidated into one action and moved to the Clark County Business Court. On August 22, 2003, the judge dismissed the consolidated cases against SPR.

Touch America and Sierra Touch America LLC

In 2000, Sierra Pacific Communications (SPC), a wholly owned subsidiary of SPR, and Touch America (formerly Montana Power), formed Sierra Touch America LLC (STA), a limited liability company whose primary purpose was to engage in communications and fiber optics business projects, including construction of a fiber optic line between Salt Lake City, Utah, and Sacramento, California. The conduits included in the line are to be sold to AT&T, PF Net Corporation, and STA. The conduit has been installed as of December 15, 2003. The project sustained significant cost overruns and several complaints and mechanics liens have been filed by several contractors and subcontractors, including Williams Communications LLC, Bayport Pipeline Company, and

Mastec North America. In September 2002, SPC conveyed its membership interest in STA to Touch America and obtained an indemnity for any liabilities associated with STA, all in exchange for title to several fibers in the line and a \$35 million promissory note. Several of the mechanics lienors have named SPC as the owner of the project and Bayport Pipeline has suggested it may amend its complaint to name SPC.

In June 2003, TAI and all its subsidiaries (including STA) filed a petition for Chapter 11 bankruptcy protection. In July 2003, SPC filed a motion with the bankruptcy court for automatic stay relief, specifically to obtain approval of the offset of construction costs and other System-related costs against the promissory note. SPC's position is that no payments are currently due on the note, and that SPC does not have an obligation to make payments on the note during the pendency of the motion. STA and the creditors dispute this position. A status conference on the motion is scheduled for March 11, 2004, a final hearing date has not been set.

See Environment (SPR, NPC and SPPC) in Item 1, Business, for information on environmental proceedings.

SPR and its subsidiaries, through the course of their normal business operations, are currently involved in a number of other legal actions, none of which has had or, in the opinion of management, is expected to have a significant impact on their financial positions or results of operations.

Sierra Pacific Resources and Nevada Power Company

Lawsuit Against Merrill Lynch and Allegheny Energy, Inc.

On April 2, 2003, SPR and NPC filed a complaint in the U.S. District Court for the District of Nevada against Merrill Lynch & Co., Inc. and Merrill Lynch Capital Services, Inc. (collectively, Merrill Lynch) and Allegheny Energy, Inc., and Allegheny Energy Supply Company, LLC (collectively, Allegheny) seeking actual and punitive damages in excess of \$850 million and demanding a jury trial for all claims triable by jury. The complaint alleges that the Merrill Lynch defendants engaged in misrepresentation, suppression and concealment, breach of fiduciary duty, wrongful hiring and supervision of Daniel Gordon, and breach of contract and alleges that both Merrill Lynch and Allegheny engaged in intentional interference with contractual and prospective advantage, conspiracy and racketeering (in violation of Nevada Revised Statutes Section 207.470). The complaint also alleges that the improper behavior of Merrill Lynch and Allegheny was the direct and proximate cause of the March 2002 decision by the PUCN to disallow \$180 million of rate adjustments in NPC's 2001 deferred energy accounting adjustment rate application. The complaint alleges state racketeering and other economic tort claims based on and arising out of fraud, misrepresentation, conspiracy, suppression, concealment, breach of fiduciary duty, wrongful hiring and supervision of Dan Gordon, and breach of contract, all in connection with Merrill's representations and statements to various parties regarding certain discussions and negotiations between NPC and Merrill relating to the possible acquisition of a large block of power in the fourth quarter 2000. NPC alleges that Merrill, through its principal agent Dan Gordon, who has since been indicted on various charges relating to the conduct of Merrill's merchant energy business, misrepresented and mischaracterized not only Merrill's abilities and intentions in 2000 but also deliberately and maliciously misrepresented those discussions and negotiations and provided selected and limited documents to regulators, which acts and omissions caused and resulted in the disallowance by regulators of \$180 million of NPC's fuel and purchased power costs. NPC also alleges that, at the time Merrill conducted its negotiations and discussions, it had a confidential relationship with NPC, which it breached.

On June 23, 2003, Merrill Lynch and Allegheny filed motions asking the court to dismiss SPR and NPC's complaint. Briefing on the motions to dismiss closed and a hearing on this motion is expected to occur in the first quarter of 2004. At this time, SPR and NPC are unable to predict either the outcome or timing of a decision in this matter.

Lawsuit Against Natural Gas Providers

On April 21, 2003, SPR and NPC filed a complaint in the U.S. District Court for the District of Nevada against natural gas providers El Paso Corporation, El Paso Natural Gas Company, El Paso Merchant Energy Company, El Paso Tennessee Pipeline Company, El Paso Merchant Energy-Gas Company, Sempra Energy, Southern California Gas Company (SoCal), San Diego Gas and Electric Company (SDG&E), Dynegy Holdings, Inc., Dynegy Energy Services, Inc., and Does 1-100, seeking \$600 million in total damages. Reliant was added as a defendant in a subsequently filed amended complaint. The amended complaint alleged, among other things, that as a result of the defendants' conspiracies and fraudulent behavior, SPR and NPC were forced to enter into natural gas purchase contracts "at artificially high, supracompetitive prices." The amended complaint further stated that between 1996 and 2001, certain of the defendants and their subsidiaries conspired, in secret meetings, to decrease competition by restricting the amount of pipeline capacity and fuel available to NPC while other defendants decreased natural gas supplies and drove up prices by illegally withholding pipeline capacity, maintained control over output and prices by manipulating natural gas price indexes, and harmed market competition and the plaintiffs by driving up prices and increasing the volatility of natural gas supplies. SPR and NPC asserted (among other things) claims for federal and state antitrust violations, fraud, breach of contract, unjust enrichment, and violation of the state and federal RICO Acts. In September 2003, SoCal, SDG&E, and El Paso Corporation moved to dismiss the amended complaint because of a lack of personal jurisdiction and for failure to state a claim for relief. On January 27, 2004, the District Court dismissed SPR's and NPC's complaint against all of the defendants. On February 20, 2004, SPR and NPC filed a motion for reconsideration of the dismissal with the District Court.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2003; however, on January 12, 2004, the holders of 88.79% of NPC's 8.50% Series Z First Mortgage Bonds due 2023 approved, by written consent, an amendment of the dividend restriction set forth in section 8.13 of NPC's Indenture of Mortgage, dated as of October 1, 1953, between NPC and Deutsche Bank Trust Company Americas, as trustee, to:

- change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with SPR), and
- permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR.

No votes were withheld or cast against these actions, and no broker non-votes were received. The votes received represented \$31,075,000 in principal amount consenting out of the \$35,000,000 of Series Z Bonds outstanding at the time of the consent.

Prior to receipt of the consent of the holders of NPC's Series Z Bonds, NPC had obtained the consent of the holders of all other series of its first mortgage bonds entitled to affirmatively consent to the amendment of the First Mortgage Indenture. Subsequent to the receipt of the consent of the Series Z Bondholders, NPC received the consent of the holder of the two remaining non-consented series of first mortgage bonds which was required, under the terms of a pledge agreement governing its first mortgage bonds, to vote its two series of bonds in the same proportion as the holders of all other first mortgage bonds issued and outstanding.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES (SPR)

SPR's Common Stock is traded on the New York Stock Exchange (symbol SRP). The dividends paid per share and high and low sale prices of the Common Stock in the consolidated transaction reporting system in "The Dow Jones News Retrieval Service" for 2003 and 2002 are as follows:

		<u>Dividends Paid Per Share</u>	<u>High</u>	<u>Low</u>
2003	First Quarter	\$.000	\$ 7.350	\$ 2.850
	Second Quarter	.000	5.950	3.220
	Third Quarter	.000	6.230	4.560
	Fourth Quarter	.000	7.530	4.920
2002	First Quarter	.200	16.850	14.710
	Second Quarter	.000	10.500	5.590
	Third Quarter	.000	8.500	5.270
	Fourth Quarter	.000	7.020	4.650

Number of Security Holders:

<u>Title of Class</u>	<u>Number of Holders</u>
Common Stock: \$1.00 Par Value	As of February 17, 2004: 21,751

The declaration of dividends by SPR's Board of Directors is subject to factors that ordinarily affect dividend policy, such as current and prospective earnings, current and prospective business conditions, regulatory factors, SPR's financial conditions and other matters within the discretion of the Board.

The Board last declared a dividend on SPR's Common Stock on February 6, 2002. Since that time, the Board has determined not to pay a dividend on SPR's Common Stock. Due to SPR's current financial condition, there is no guarantee that dividends will be paid in the future, or that, if paid, the dividends will be paid at the same amount or with the same frequency as in the past. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for SPR and Note 10, Notes to Financial Statements, Dividend Restrictions, for a description of the restrictions on NPC's and SPPC's ability to pay dividends to SPR.

In January 2003, SPR acquired \$8.75 million aggregate principal amount of its Floating Rate Notes due April 20, 2003, in exchange for 1,295,211 million shares of its common stock, in two privately-negotiated transactions exempt from registration under Section 3(a)(9) of the Securities Act of 1933.

On February 5, 2003, SPR acquired 2,095,650 of PIES including approximately \$104.8 million of 7.93% Senior Notes due 2007 that are a component of the PIES, in exchange for 13,662,393 shares of its common stock in five privately-negotiated transactions exempt from registration under Section 3(a)(9) of the Securities Act of 1933.

Equity Compensation Plan Information

The following table provides information as of December 31, 2003, about securities authorized for issuance under our equity compensation plans consisting of our 2003 Non-Employee Director Stock Plan, Employee Stock Purchase Plan and Long-Term Incentive Plan.

<u>Plan category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
(1) Non-Employee Director Stock Plan			660,631 shares
(2) Employee Stock Purchase Plan			559,639 shares
(3) Long-Term Incentive Plan	1,753,817 shares	\$ 16.35	626,339 shares
Total			1,882,609 shares

- (1) The 2003 Non-Employee Director Stock Plan was approved at the April 11, 2003 meeting of shareholders. The 2003 Non-Employee Director Stock Plan provides for the issuance of up to 700,000 shares of Common Stock over a ten-year period to members of SPR's Board of Directors who are not employees of SPR in lieu of a portion of the annual retainer paid to those individuals for their service on SPR's Board of Directors. The 2003 Non-Employee Director Stock Plan replaced a similar plan that was approved by shareholders in 1999 and expired on December 31, 2001.
- (2) SPPC established an Employee Stock Purchase Plan effective June 1, 1963 for the purpose of providing eligible employees with the opportunity to become stockholders of that corporation. In conjunction with SPR becoming the owner of all of SPPC's outstanding common stock, the Plan was amended to reflect that the sponsor of the Plan and the issuer of the stock to be purchased under the Plan would henceforth be SPR. Under SPR's Employee Stock Purchase Plan, eligible employees of SPR and any of its subsidiaries may save regularly by payroll deductions and twice each year use their savings to purchase SPR's Common Stock.
- (3) The Long-Term Incentive Plan (the LTIP) provides for the granting of stock options (both "nonqualified" and "qualified"), stock appreciation rights (SAR's), restricted stock, performance units, performance shares and bonus stock to participating employees as an incentive for outstanding performance. Incentive compensation is based on the achievement of pre-established financial goals for SPR.

ITEM 6. SELECTED FINANCIAL DATA

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of factors that may affect the future financial condition and results of operations of SPR, NPC, and SPPC.

SIERRA PACIFIC RESOURCES

The July 28, 1999 merger between SPR and NPC was treated for accounting purposes as a reverse acquisition and deemed to have occurred on August 1, 1999. As a result, for financial reporting and accounting purposes, NPC was considered the acquiring entity under Accounting Principles Board Opinion No. 16, "Business Combinations," even though SPR became the legal parent of NPC. Because of this accounting treatment, for the year ended December 31, 1999, the table below reflects twelve months of information for NPC and five months of information for SPR and its pre-merger subsidiaries.

	Year ended December 31, (dollars in thousands; except per share amounts)				
	2003 ⁽³⁾	2002 ⁽²⁾	2001 ⁽¹⁾	2000	1999
Operating Revenues	\$ 2,789,158	\$ 2,985,304	\$ 4,575,261	\$ 2,325,111	\$ 1,279,065
Operating Income (Loss)	\$ 248,249	\$ (32,049)	\$ 221,723	\$ 125,685	\$ 162,333
Income (Loss) from Continuing Operations	\$ (129,375)	\$ (300,851)	\$ 32,898	\$ (46,253)	\$ 50,029
Earnings (Loss) from Continuing Operations Per Average Common Share - Basic	\$ (1.12)	\$ (2.95)	\$ 0.38	\$ (0.59)	\$ 0.80
Earnings (Loss) from Continuing Operations Per Average Common Share - Diluted	\$ (1.12)	\$ (2.95)	\$ 0.38	\$ (0.59)	\$ 0.80
Total Assets	\$ 7,063,758	\$ 7,110,639	\$ 8,132,727	\$ 5,804,251	\$ 5,348,659
Long-Term Debt	\$ 3,579,674	\$ 3,257,596	\$ 3,570,750	\$ 2,378,312	\$ 1,801,260
Dividends Declared Per Common Share	\$ —	\$ 0.20	\$ 0.40	\$ 1.00	\$ 1.17

- (1) In 2001, the Utilities implemented deferred energy accounting for fuel and purchased power costs. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, the excess is not recorded as a current expense on the Statement of Operations but rather is deferred and recorded as an asset on the Balance Sheet. For the year ended 2001, fuel and purchase power costs were higher than normal due to the Western Energy Crisis, as a result, total Assets increased significantly from the year 2000 to 2001. Additionally, Operating Revenues were significantly higher in 2001 compared to other years due to volumes of wholesale electric power to other utilities and hedging activity.
- (2) Loss from Continuing Operations and Total Assets for the year ended December 31, 2002 was severely affected by the write-off of deferred energy costs and related carrying charges of \$523 million as a result of the PUCN decision in NPC's and SPPC's deferred energy cases disallowing \$434 million and \$53 million, respectively, of deferred purchased fuel and power costs. See Major Factors Affecting Results of Operations, included in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.
- (3) Loss from Continuing Operations for the year ended 2003 was negatively affected by an unrealized net loss of \$46.1 million on the derivative instrument associated with the issuance of SPR's \$300 million Convertible Notes, \$46 million and \$45 million write-off of deferred energy costs by NPC and SPPC, respectively, the impairment of SPCOM of \$32.9 million and approximately \$52 million of interest charges related to the Enron Litigation.

NEVADA POWER COMPANY

Year ended December 31,
(dollars in thousands)

	<u>2003</u>	<u>2002(2)</u>	<u>2001(1)</u>	<u>2000</u>	<u>1999</u>
Operating Revenues	\$ 1,756,146	\$ 1,901,034	\$ 3,025,103	\$ 1,326,192	\$ 977,262
Operating Income (Loss)	\$ 183,733	\$ (104,003)	\$ 144,364	\$ 74,182	\$ 116,983
Net Income (Loss)	\$ 19,277	\$ (235,070)	\$ 63,405	\$ (7,928)	\$ 38,787
Total Assets	\$ 4,210,759	\$ 4,166,988	\$ 4,791,261	\$ 2,980,326	\$ 2,790,709
Long-Term Debt	\$ 1,899,709	\$ 1,683,310	\$ 1,802,680	\$ 1,122,497	\$ 1,125,717
Dividends Declared – Common Stock	\$ —	\$ 10,000	\$ 33,000	\$ 64,267	\$ 72,000

- (1) In 2001, NPC implemented deferred energy accounting for fuel and purchased power costs. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, the excess is not recorded as a current expense on the Statement of Operations but rather is deferred and recorded as an asset on the Balance Sheet. For the year ended 2001, fuel and purchase power costs were higher than normal due to the Western Energy Crisis, as a result, total Assets increased significantly from the year 2000 to 2001. Additionally, Operating Revenues were significantly higher in 2001 compared to other years due to volumes of wholesale electric power to other utilities and hedging activity.
- (2) Net Loss and Total Assets for the year ended December 31, 2002 was severely affected by the write-off of \$465 million of deferred purchased fuel and power costs and related carrying charges. See Major Factors Affecting Results of Operations, included in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

SIERRA PACIFIC POWER COMPANY

Year ended December 31,
(dollars in thousands)

	<u>2003(3)</u>	<u>2002(2)</u>	<u>2001(1)</u>	<u>2000</u>	<u>1999</u>
Operating Revenues	\$ 1,029,866	\$ 1,081,034	\$ 1,547,430	\$ 995,722	\$ 709,374
Operating Income	\$ 68,566	\$ 55,292	\$ 78,968	\$ 45,409	\$ 112,703
Income (Loss) from Continuing Operations	\$ (23,275)	\$ (13,968)	\$ 22,743	\$ (4,077)	\$ 64,615
Total Assets	\$ 2,362,469	\$ 2,457,516	\$ 2,760,770	\$ 2,258,389	\$ 2,131,069
Long-Term Debt	\$ 912,800	\$ 914,788	\$ 923,070	\$ 655,816	\$ 675,430
Dividends Declared - Common Stock	\$ 18,530	\$ 44,900	\$ 63,000	\$ 85,000	\$ 76,000

- (1) In 2001, SPPC implemented deferred energy accounting for fuel and purchased power costs. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, the excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet. For the year ended 2001, fuel and purchase power costs were higher than normal due to the Western Energy Crisis, as a result, total Assets increased significantly from the year 2000 to 2001. Additionally, Operating Revenues were significantly higher in 2001 compared to other years due to volumes of wholesale electric power to other utilities and hedging activity.
- (2) Loss from Continuing Operations for the year ended December 31, 2002 was severely affected by the write-off of \$58 million of deferred purchased fuel and power costs and related carrying charges. See Major Factors Affecting Results of Operations, included in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.
- (3) Loss from Continuing Operations for the year ended December 31, 2003 was affected by the write off of \$45 in June 2003 of disallowed deferred energy costs and interest charges of \$12.4 million related to the Enron litigation. See Major Factors Affecting Results of Operations, included in Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements and Risk Factors

The information in this Form 10-K includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for operations, business prospects, outcome of regulatory proceedings, market conditions and other matters, which may occur or be realized in the future. Words such as "anticipate," "believe," "estimate," "expect," "intend," "plan" and "objective" and other similar expressions identify those statements that are forward-looking. These statements are based on management's beliefs and assumptions and on information currently available to management. Actual results could differ materially from those contemplated by the forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such statements, factors that could cause the actual results of Sierra Pacific Resources (SPR), Nevada Power Company (NPC), or Sierra Pacific Power Company (SPPC) to differ materially from those contemplated in any forward-looking statement include, among others, the following:

- (1) a requirement to pay the judgment entered by the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron for payments allegedly due under terminated purchased power contracts, or to provide additional cash collateral for the judgment pending appeal;
- (2) unfavorable rulings in rate cases filed and to be filed by NPC and SPPC (the Utilities) with the Public Utilities Commission of Nevada (PUCN), including the periodic applications to recover costs for fuel and purchased power that have been recorded by the Utilities in their deferred energy accounts, and deferred natural gas costs recorded by SPPC for its gas distribution business;
- (3) the ability of SPR, NPC, and SPPC to access the capital markets to support their requirements for working capital, including amounts necessary to finance deferred energy costs, construction costs, and the repayment of maturing debt, particularly in the event of additional unfavorable rulings by the PUCN, a further downgrade of the current debt ratings of SPR, NPC, or SPPC, and/or adverse developments with respect to the Utilities pending litigation and power and fuel suppliers;
- (4) whether the Utilities will be able to continue to pay SPR dividends under the terms of their respective financing agreements, the Enron Bankruptcy Court's order, their regulatory order, limitations imposed by the Federal Power Act and in the case of SPPC, under the terms of SPPC's restated articles of incorporation;
- (5) whether suppliers, other than Enron, which have terminated their power supply contracts with NPC and/or SPPC will be successful in pursuing their claims against the Utilities for liquidated damages under their power supply contracts;
- (6) whether the PUCN will issue favorable orders in a timely manner to permit the Utilities to borrow money and issue additional securities to finance the Utilities' operations, and to purchase power and fuel necessary to serve their respective customers, and to repay maturing debt;
- (7) whether SPR, NPC, and SPPC will be able to maintain sufficient stability with respect to their liquidity and relationships with suppliers to be able to continue to operate outside of bankruptcy;
- (8) whether current suppliers of purchased power, natural gas or fuel to the Utilities will continue to do business with the Utilities or will terminate their contracts, particularly in the event of a ratings downgrade, and whether the Utilities will have sufficient liquidity to pay their respective power requirements if their current suppliers continue to require the Utilities to make pre-payments or more frequent payments on their power purchases;
- (9) whether the Utilities will need to purchase additional power on the spot market to meet unanticipated power demands (for example, due to unseasonably hot weather) and whether suppliers will be willing to sell such power to the Utilities in light of their weakened financial condition;
- (10) whether SPPC will be successful in obtaining PUCN approval to recover the costs of the gasifier facility at the Piñon Pine Power Project in a current or future general rate case;
- (11) whether the Utilities will be successful in obtaining PUCN approval to recover goodwill and other merger costs recorded in connection with the 1999 merger between SPR and NPC in a current or future general rate case;

- (12) wholesale market conditions, including availability of power on the spot market, which affect the prices the Utilities have to pay for power as well as the prices at which the Utilities can sell any excess power;
- (13) the final outcome of NPC's pending lawsuit in Nevada state court seeking to reverse portions of the PUCN's 2002 order denying the recovery of NPC's deferred energy costs;
- (14) whether the Utilities will be able, either through appeals of the Federal Energy Regulatory Commission (FERC) proceedings or negotiation, to obtain lower prices on the long-term purchased power contracts that they entered into during 2000 and 2001 that are priced above current market prices for electricity;
- (15) the effect that any future terrorist attacks, wars, threats of war, or epidemics may have on the tourism and gaming industries in Nevada, particularly in Las Vegas, as well as on the economy in general;
- (16) unseasonable weather and other natural phenomena which, in addition to impacting the Utilities' customers' demand for power, can have potentially serious impacts on the Utilities' ability to procure adequate supplies of fuel or purchased power to serve their respective customers and on the cost of procuring such supplies;
- (17) industrial, commercial, and residential growth in the service territories of the Utilities;
- (18) the loss of any significant customers;
- (19) the effect of existing or future Nevada, California, or federal legislation or regulations affecting electric industry restructuring, including laws or regulations which could allow additional customers to choose new electricity suppliers or change the conditions under which they may do so;
- (20) changes in the business or power demands of the Utilities' major customers, including those engaged in gold mining or gaming, which may result in changes in the demand for services of the Utilities, including the effect on the Nevada gaming industry of the opening of additional Indian gaming establishments in California and other states;
- (21) changes in environmental regulations, tax, or accounting matters or other laws and regulations to which the Utilities are subject;
- (22) future economic conditions, including inflation or deflation rates and monetary policy;
- (23) financial market conditions, including changes in availability of capital or interest rate fluctuations;
- (24) unusual or unanticipated changes in normal business operations, including unusual maintenance or repairs; and
- (25) employee workforce factors, including changes in collective bargaining unit agreements, strikes, or work stoppages.

Other factors and assumptions not identified above may also have been involved in deriving these forward-looking statements, and the failure of those other assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. SPR, NPC, and SPPC assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking statements.

EXECUTIVE OVERVIEW

Management's Discussion and Analysis of Financial Condition and Results of Operations explains the general financial condition and the results of operations for Sierra Pacific Resources (SPR) and its two primary subsidiaries, Nevada Power Company (NPC) and Sierra Pacific Power Company (SPPC), collectively referred to as the "Utilities" (references to "we," "us" and "our" refer to SPR and the Utilities collectively), and includes the following:

- Critical Accounting Policies
- For each of SPR, NPC and SPPC:
 - Results of Operations
 - Analysis of Cash Flows
 - Liquidity and Capital Resources
- Energy Supply (Utilities)
- Regulation and Rate Proceedings (Utilities)
- Recent Pronouncements

SPR's Utilities operate three regulated business segments which are NPC electric, SPPC electric and SPPC natural gas service. Both Utilities provide electric service, and SPPC provides natural gas service. Other segment operations consist mainly of unregulated operations and the holding company operations. The Utilities are the principal operating subsidiaries of SPR and account for substantially all of SPR's assets and revenues. SPR, NPC and SPPC are separate filers for SEC reporting purposes and as such this discussion has been divided to reflect the individual filers (SPR, NPC and SPPC), except for discussions that relate to all three entities or the Utilities.

Overview of Major Factors Affecting Results of Operations

During 2003, SPR incurred a loss applicable to common stock of approximately \$141 million compared to approximately \$308 million loss applicable to common stock for the year ending 2002. SPR's consolidated loss was primarily due to a number of charges including (before income taxes):

- an unrealized net loss of \$46.1 million on the derivative instrument associated with the issuance of \$300 million of convertible debt. This unrealized loss had no effect on cash flows;
- the write-off of approximately \$91 million of disallowed deferred energy costs, excluding carrying charges (approximately \$46 million by NPC and approximately \$45 million by SPPC);
- higher interest costs at SPR, NPC, and SPPC, including \$52 million of interest charges recorded as a result of the Enron litigation (see Note 15 of Notes to Financial Statements, Commitments and Contingencies, for further information);
- losses by SPR subsidiaries due to the recognition of asset impairments and business disposals of \$32.9 million and \$9.6 million by Sierra Pacific Communications and e-three, respectively; and
- higher operating expenses that included increased reserves for uncollectible accounts and costs associated with collections for NPC and SPPC (see Other (Income) Expense analysis).

SPR's operating results for the year ended December 31, 2002 were negatively affected by the write-off of \$434.1 million and \$53.1 million of disallowed deferred energy costs by NPC and SPPC, respectively.

Significant Uncertainties

Our financial outlook is subject to significant legal, financial and regulatory uncertainties, including:

- whether there will be any further requirements to pay the judgment of the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron or to provide further cash collateral to secure the stay of the judgment against the Utilities pending further appeal;
- whether the Utilities will have sufficient liquidity and the ability under certain restrictions to provide dividends to SPR;
- whether SPR and the Utilities will be able to successfully refinance maturing long-term debt and secure additional liquidity necessary to support their operations, including the purchase of fuel and power; and
- whether the Utilities will be able to recover regulatory assets in their current and future rate cases, especially previously incurred deferred fuel and purchased power costs, and to provide sufficient revenues to support their operations.

These uncertainties are discussed in more detail below.

Enron Litigation

As further discussed in Note 15, Commitments and Contingencies, in June 2002, Enron filed a complaint with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") against NPC and SPPC seeking to recover liquidated damages for power supply contracts terminated by Enron in May 2002. On September 26, 2003, the Bankruptcy Court entered a judgment (the "Judgment") in favor of Enron for damages related to the termination of Enron's power supply agreements with the Utilities. The Judgment requires NPC and SPPC to pay approximately \$235 million and \$103 million, respectively, to Enron for liquidated damages and pre-judgment interest for power not delivered by Enron.

In response to the Judgment, the Utilities filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue General and Refunding Mortgage Bonds as collateral to secure payment of the Judgment. On November 6, 2003, the Bankruptcy Court ruled to stay execution of the Judgment conditioned upon NPC and SPPC posting into escrow \$235 million and \$103 million, respectively, of General and Refunding Mortgage Bonds plus \$281,695 in cash by NPC for pre-judgment interest. On December 4, 2003, NPC and SPPC complied with the order of the Bankruptcy Court by issuing their \$235 million General and Refunding Mortgage Bond, Series H and \$103 million General and Refunding Mortgage Bond, Series E, respectively, into escrow along with the required cash deposits for NPC. Additionally, the Utilities were ordered to place into escrow \$35 million, approximately \$24 million and \$11 million for NPC and SPPC, respectively, within 90 days from the date of the order, which would lower the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount. NPC and SPPC made the payments as ordered on February 10, 2004. The Bankruptcy Court also ordered that during the duration of the stay, the Utilities (i) cannot transfer any funds or assets other than to unaffiliated third parties for ordinary course of business operating and capital expenses, (ii) cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations, and (iii) shall seek a ruling from the PUCN to determine whether the cash payments into escrow trigger the Utilities' rights to seek recovery of such amounts through their deferred energy rate cases. A hearing has been scheduled for March 24, 2004, in front of the Bankruptcy Court to review the Utilities' abilities to provide additional cash collateral which, if required, would reduce the principal amount of the General and Refunding Mortgage Bonds held in escrow by a like amount.

On October 1, 2003, the Utilities filed a Notice of Appeal from the Judgment with the U.S. District Court for the Southern District of New York. In their appeal, the Utilities seek reversal of the Judgment and contend that Enron is not entitled to recover termination charges under the contract on various grounds including breach of contract, breach of solvency representation, fraud, misrepresentation, and manipulation of the energy markets and that the Bankruptcy Court erred in holding that the filed rate doctrine barred various claims which were purported to challenge the reasonableness of the rate. Enron filed a cross appeal on the grounds that the amount of post judgment interest should have been 12% per year instead of 1.21% as ordered by the Bankruptcy Court. The Utilities filed their principal brief on December 30, 2003 and Enron filed its cross-appeal brief and reply brief on January 30, 2004. The Utilities filed a reply brief on March 1, 2004 and Enron is expected to file its final brief thereafter in March 2004. The U.S. District Court could render an opinion any time after the submission of the final briefs.

On November 21, 2003, the Utilities filed a Petition for Declaratory Order with the PUCN, as required by the Bankruptcy Court's stay order seeking a determination as to whether payment of all or part of the Judgment into escrow would be subject to recovery through a deferred energy accounting adjustment. On February 6, 2004, the PUCN issued its final order indicating that posting or depositing money in escrow would not constitute payment of fuel or purchased power costs eligible for recovery in a deferred account. The PUCN ruled that "...paying into escrow while pursuing an appeal of the Bankruptcy Court's judgment and other relief does not yet provide the circumstances of experiencing a cost which can trigger a filing seeking collection from its

customers, and because the issues are not ripe, this Petition is not the docket to decide whether recovery of termination payments should be sought through a general rate case or a deferred energy proceeding."

We currently do not know whether there will be any further requirement to pay the Judgment or to provide further cash collateral to secure the stay of the judgment against the Utilities pending further appeal. Further, it is uncertain how the court will rule in the pending appeal of the Judgment and if there is an adverse decision in the appeal, whether the Judgment would continue to be stayed pending further appeal. See Note 15 of Notes to Financial Statements, Commitments and Contingencies, for further information regarding the Enron litigation.

Liquidity and Financing Matters

NPC anticipates capital requirements for construction costs in 2004 will be approximately \$381 million which NPC expects to finance with internally generated funds, including the recovery of deferred energy costs. NPC has \$130 million of long-term debt maturing on April 15, 2004. NPC currently expects to refinance all of this debt prior to maturity through the issuance and sale of its General and Refunding Mortgage Securities.

SPPC anticipates capital requirements for construction costs during 2004 totaling approximately \$107 million, which SPPC expects to finance with internally generated funds, including the recovery of deferred energy costs. SPPC has \$80 million of long-term debt that it will be required to remarket or purchase by May 3, 2004.

Due primarily to the Utilities' weakened financial conditions, the Utilities have been required to pre-pay their power purchases or make more frequent payments for power deliveries. As a result of unseasonably cool weather during the spring of 2003 and its prepayment and more frequent payment obligations for its summer 2003 power requirements, NPC's liquidity was significantly constrained during the early summer months of 2003. Consequently, on June 30, 2003, NPC entered into a \$60 million revolving Credit Agreement to provide additional liquidity to NPC for its summer 2003 power purchases. An increase in natural gas prices during SPPC's winter 2003-2004 peak season negatively impacted SPPC's cash flows, which SPPC addressed by issuing and selling its short-term \$25 million Series F General and Refunding Mortgage Notes due March 31, 2004. In addition, SPPC entered into a \$22 million short-term revolving Credit Agreement which expires March 31, 2004 to provide it with back-up liquidity during this winter peak season.

NPC anticipates that based upon its current cash balances and expected cash flows leading up to the summer 2004 season, NPC will need additional liquidity at the onset of the summer 2004 season to support its power purchases. Currently, management believes that NPC will be able to enter into financings and/or credit facilities to meet its summer 2004 cash needs.

SPPC anticipates that based upon its current cash balance and expected cash flows leading up to the summer 2004 peak season, SPPC will not need additional liquidity to support its power and natural gas purchases. Currently, SPPC is exploring the possibility of taking advantage of favorable conditions in the capital markets by entering into new financings to refinance existing debt on more favorable terms and to provide for additional or replacement back-up liquidity facilities.

If the Utilities have to pay significantly higher than expected prices for fuel and purchased power, if their suppliers require significant changes to their current payment terms, or if they do not have sufficient available liquidity to obtain fuel, purchased power and, for SPPC, natural gas, the Utilities may be required to issue or incur additional indebtedness, enter into additional liquidity facilities or utilize their receivables purchase facilities. If they are unable to enter into financings to provide them with sufficient additional liquidity and to repay their maturing indebtedness, whether due to unfavorable conditions in the capital markets, lack of regulatory authority to issue or incur such debt, credit downgrades by either S&P or Moody's resulting from the uncertainties discussed in this section, or restrictive covenants in certain of their financing agreements (See Note 7 - Short-Term Borrowings and Note 8 Long-Term Debt), their ability to provide power and fund their expected construction costs and their financial conditions and cash flows will be adversely affected.

SPR does not have any operations of its own and relies on dividends from the Utilities in order to satisfy its debt service payments. SPR, on a stand-alone basis, had cash and cash equivalents of approximately \$15.4 million at December 31, 2003 and \$16.7 million at January 31, 2004. SPR has approximately \$5.4 million of debt service obligations on its existing debt securities payable during the first quarter of 2004, not including approximately \$10.9 million of debt service obligations previously provided for (discussed below), and a total of \$70 million of debt service obligations payable during 2004. \$22 million of SPR's debt service obligations in 2004, which relate to SPR's 7.25% Convertible Notes due 2010, have been previously provided for through the pledge of U.S. government securities with the trustee at the time the Convertible Notes were issued. See Note 8, Long-Term Debt. Therefore, approximately \$48 million of debt service payment requirements will need to be funded through dividends from the Utilities. Currently, SPR expects to meet its remaining debt service obligations for 2004 through the payment of dividends by the Utilities to SPR. In the event that NPC or SPPC is unable to pay dividends to SPR, SPR's liquidity and cash flows would be adversely impacted. See Note 10 - Dividend Restrictions for a discussion of the dividend restrictions applicable to the Utilities.

Regulatory

Regulatory uncertainties including the outcome of pending and future regulatory filings may have a significant effect on our financial prospects.

NPC filed its biennial General Rate Case on October 1, 2003. NPC has requested a \$133 million increase in the revenue requirement for general rates. Specifically, NPC requested that a \$50 million (computed on an annual revenue basis) or 3.4% rate increase commence on April 1, 2004 and continue for nine months. Beginning January 1, 2005, annualized general revenue would then increase by \$92 million plus the amount necessary to return \$76 million (the estimated amount being deferred (plus interest) during the prior nine month period) over the following 15 months. Various interveners recommended reductions to NPC's request including lower rates for NPC's return on equity ranging from 8.10% to 10.71%, disallowance of certain costs including merger related costs and goodwill, changes to amortizations of regulatory assets, exclusion of certain plant and other assets, etc. The interveners have also recommended a range of decreases and increases to NPC's general rates ranging from \$1 million in reduced general rates to \$17 million in increased general rates as compared to NPC's requested increase of \$133 million. During the course of hearings, NPC agreed to approximately \$18 million in reductions to its request for various items.

On November 14, 2003, NPC filed an application with the PUCN seeking repayment for fuel and purchased power costs accumulated between October 1, 2002 and September 30, 2003. The application sought to establish a rate to collect accumulated costs of \$93 million, together with a carrying charge, to be recovered based on an asymmetric amortization that would result in the recovery of \$14 million in the first year and \$39.5 million in each of the next two years. The application also requested an increase to the going-forward rate for energy. In their testimony, various interveners recommended proposed disallowances from \$23 million to \$39 million, as well as reductions and changes to deferred rates proposed to recover costs of NPC's current and prior deferred energy rate cases, and disagreed with NPC's proposal to gross-up the equity portion of carrying charges for income taxes.

On December 1, 2003, SPPC filed an application with the PUCN seeking an electric general rate increase. In the filing, SPPC requested an increase in its general rates charged to all classes of electric customers, which were designed to produce an increase in annual electric revenues of approximately \$88 million. Similar to NPC, SPPC is also asking for a staggered implementation of the overall revenue requirement. If approved, SPPC would recover \$70 million of the \$95 million request in the first year beginning mid July 2004, delaying the other \$25 million, plus a carrying charge, until the next year.

On January 14, 2004, SPPC filed an application with the PUCN seeking to clear approximately \$42 million of deferred balances for fuel and purchased power costs accumulated between December 1, 2002, and November 30, 2003. The application requests an asymmetric amortization of the deferred energy balance that would result in recovery of \$8 million in the first year, effective mid-July 2004, and \$17 million for each of the two years thereafter. The request for resetting the Base Tariff Energy Rate would result in no change to the currently effective rate.

The PUCN is expected to issue orders with respect to NPC's general and deferred rate cases in late March 2004, SPPC's general rate case in May 2004 and SPPC's deferred rate case in July 2004. Management believes that they have satisfied the requirements necessary to increase the general rates as requested and that fuel and purchased power costs have been prudently incurred; however, management cannot predict the outcome of these proceedings. Material disallowances of deferred energy costs or inadequate base rates would have a significant adverse effect on NPC's and SPPC's financial conditions and future results of operations, could cause additional downgrades of their securities by the rating agencies and make it significantly more difficult to finance operations and to buy fuel and purchased power from third parties. See Note 2 of Notes to Financial Statements, Liquidity Matters and Management's Plans, Regulatory Matters for further discussion.

Business Strategies

SPR and the Utilities are addressing the uncertainties discussed above by focusing on the following business strategies:

Enron Litigation

The Utilities are appealing the judgment of the Enron Bankruptcy Court to the U.S. District Court of the Southern District of New York. In addition, they continue to pursue their FERC Section 206 complaint against Enron. In the event the Utilities were to lose the pending appeal, management currently anticipates that the Utilities would file an appeal in the U.S. Court of Appeals for the Second Circuit and request that a stay be granted pending the second appeal. In connection with any subsequent appeal of the Judgment, the Utilities currently anticipate that they will assert that because of the full protection afforded Enron by the existing collateral, a further stay is warranted, without any material change to the collateral; however, there can be no assurances that either the U.S. District Court for the Southern District of New York or the U.S. Court of Appeals for the Second Circuit would accept NPC's \$235 million General and Refunding Mortgage Bond, Series H and SPPC's \$103 million General and Refunding Mortgage Bond, Series E (collectively referred to as the Bonds) as sufficient collateral to support a stay of the Judgment pending further appeal.

Although management believes that the stay of execution of the Judgment will be continued during the appeal process and no significant change will be made to the requirement to post cash collateral, management believes that through financial arrangements currently being negotiated, the Utilities would have the means to meet a substantial payment obligation on the Judgment. The Utilities expect to enter into a Remarketing Agreement with Enron and one or more investment banks as Remarketing Agent(s) to provide for the remarketing of the Bonds which are presently held in escrow. Although the terms of such a remarketing agreement are not final, management believes that the form of the final agreement will facilitate the successful remarketing of the Bonds to satisfy the Utilities' payment obligations with respect to the Judgment. The Remarketing Agreement will allow Enron, at its option, to require the initiation of a remarketing process with respect to the Bonds and will contain certain provisions that will provide the Utilities with flexibility to modify the terms of the Bonds to attempt a successful initial remarketing effort at the lowest possible interest rate to be determined by the Remarketing Agent(s).

If the Utilities are unsuccessful in the remarketing of the Bonds or if Enron chooses not to have the Bonds remarketed, the Bonds would, from that point forward, accrue interest at 14% and mature in one year; however, Enron would have the right, at any time prior to maturity, to require that the Utilities redeem their bonds at par within four business days. Under the terms of the escrow arrangement between the Utilities and Enron, prior to taking possession of the Bonds, Enron would be required to release the Utilities from any and all payment obligations with respect to the Judgment. In the event that the Bonds are not remarketed, there can be no assurance that the Utilities will have available cash or liquidity facilities in place to provide for the payment of the Bonds.

If the appeal process is unsuccessful and the Judgment is ultimately paid, the Utilities plan to pursue recovery of the amounts paid through future deferred energy filings. Determination of the amount of recovery through rates, if any, will be made through the Utilities' usual regulatory process. There is no assurance that the PUCN will allow recovery of any amounts ultimately paid to Enron.

Liquidity and Financing Matters

Based on current market conditions and the history of market access since the credit rating downgrades, management believes that they will be able to successfully refinance the \$130 million of NPC's 6.20% Series B, Senior Notes due 2004 maturing on April 15, 2004. Management also believes SPPC will be able to successfully remarket the \$80 million of Water Facility Refunding Revenue Bonds prior to May 1, 2004. Management is also giving consideration to obtaining additional funding that would provide for certain amounts of working capital facilities as well as potentially refunding certain debt obligations due in 2005.

On January 21, 2004, NPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing of NPC's \$130 million 6.20% Series B Senior Notes due 2004, as well as to provide an additional \$100 million of liquidity to support utility operations.

On October 9, 2003, NPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. On December 17, 2003, the PUCN issued an order granting NPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities. This authority expires December 31, 2005.

Currently, management believes that NPC will be able to enter into financings and/or credit facilities to meet its summer 2004 cash needs. Alternatively, NPC may draw on its accounts receivable facility for additional liquidity. Actual amounts that may be advanced under the receivables purchase facility will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency rates of NPC's receivables. Based on 2003 accounts receivables and the variables discussed above, NPC had a maximum capacity of \$82 million and minimum capacity of \$32 million under the receivables facility. If NPC does not have sufficient liquidity to meet its power requirements, particularly at the onset of the 2004 summer season, NPC may be required to issue or incur additional indebtedness.

On October 9, 2003, SPPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. On December 17, 2003, the PUCN issued an order granting SPPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities. This short-term debt authority will expire December 31, 2005.

On December 31, 2003, SPPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing and remarketing of existing debt securities, as well as to provide additional liquidity to support utility operations.

Currently, management believes that SPPC will be able to internally generate sufficient cash to meet its power procurement cash needs. Alternatively, management believes that SPPC will be able to enter into financings and/or credit facilities or, if necessary, may draw on its accounts receivable facility for additional liquidity. Actual amounts that may be advanced under the receivables purchase facility will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency rates of SPPC's receivables. Based on 2003 accounts receivables and the variables discussed above, SPPC had a maximum capacity of \$28 million and minimum capacity of \$13 million under the receivables facility. If SPPC does not have sufficient liquidity to meet its power requirements, SPPC may be required to issue or incur additional indebtedness.

In the PUCN order granting the Utilities each \$250 million of short-term financing authority, the PUCN removed the NPC dividend restriction that had previously been in place and replaced it with a restriction limiting the total amount of dividends that could be paid by the Utilities. The PUCN limited cash dividends from NPC and SPPC to an aggregate total of \$70 million per year from NPC and/or SPPC to SPR until December 31, 2005.

Moreover, in February 2004, NPC amended the dividend restriction contained in its First Mortgage Indenture to (1) change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with SPR), and (2) permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR. As amended, NPC does not anticipate that the First Mortgage Indenture dividend restriction will materially limit the amount of dividends that it may pay to SPR in the foreseeable future.

While the Utilities remain subject to a number of restrictions on their ability to pay dividends to SPR, management believes that these restrictions will not prohibit, and that the Utilities' cash flows will be sufficient, to dividend an aggregate \$45 million to SPR, which is the amount needed in order for SPR to meet its debt service requirements for 2004.

Regulatory

The Utilities have worked diligently to improve their relationships with the PUCN, including undertaking steps to address prior concerns the PUCN expressed in connection with the March 2002 deferred fuel disallowance. In addition to working closely with the staff of the PUCN to keep them apprised of developments and proactively address any potential concerns, the Utilities continue to work closely with the PUCN in implementing new energy risk management and fuel procurement policies, which are designed to stabilize the Utilities' risk exposure in the energy market.

The Utilities' long-term integrated resource plans are filed with the PUCN for approval every three years. Nevada law provides that resource additions approved by the PUCN in the resource planning process are deemed prudent for ratemaking purposes. NPC's resource plan was filed with the PUCN on July 1, 2003 and was approved in November 2003. SPPC expects to file its plan in July 2004. The Utilities are required to seek PUCN approval for power purchases with terms of three years or more.

Additionally, the Utilities also seek regulatory input and acknowledgement of intermediate term energy supply plans and resource procurement with a one to three year planning horizon. Management believes this is necessary to ensure that the appropriate levels of risks are being mitigated at reasonable costs and are being retained in the portfolio, and decisions to manage risks with the best available information at the point in time when decisions are made are subject to reasonable mechanisms for rate recovery. NPC's energy supply plan was filed with the PUCN on July 1, 2003 with its 2003-2022 resource plan. The resource plan, including NPC's recommended natural gas hedging strategy, was approved by the PUCN on November 12, 2003. SPPC's plan is in the final stages of development and will be filed with the PUCN for informational purposes.

Our planned strategies are designed to mitigate the risks related to the foregoing uncertainties. However, as discussed in SPR's liquidity discussion, if the uncertainties discussed above are resolved adversely to the Utilities, SPR would likely experience one-time charges that would offset in whole or in part SPR's earnings and gains and could result in significant losses to SPR. Because of the relationships among the uncertainties described above, an adverse development with respect to a combination of these uncertainties, could have a material adverse effect on SPR's, NPC's and SPPC's financial condition, liquidity, and could make it difficult for the Companies to continue to operate outside of bankruptcy. See Note 2 of Notes to Financial Statements, Liquidity Matters and Management's Plans, for additional information regarding the significant uncertainties facing SPR and the Utilities and Management's plans to address those uncertainties.

CRITICAL ACCOUNTING POLICIES

The following items represent critical accounting policies that under different conditions or using different assumptions could have a material effect on the financial condition, liquidity and capital resources of SPR and the Utilities:

Regulatory Accounting

The Utilities' retail rates are currently subject to the approval of the PUCN and, in the case of SPPC, they are also subject to the CPUC and are designed to recover the cost of providing generation, transmission and distribution services. As a result, the Utilities qualify for the application of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," issued by the Financial Accounting Standards Board (FASB). This statement recognizes that the rate actions of a regulator can provide reasonable assurance of the existence of an asset and requires the capitalization of incurred costs that would otherwise be charged to expense where it is probable that future revenue will be provided to recover these costs. SFAS No. 71 prescribes the method to be used to record the financial transactions of a regulated entity. The criteria for applying SFAS No. 71 include the following: (i) rates are set by an independent third party regulator, (ii) approved rates are intended to recover the specific costs of the regulated products or services, and (iii) rates that are set at levels that will recover costs can be charged to and collected from customers. Under federal law, wholesale rates charged by the Utilities and Tuscarora Gas Pipeline Company (TGPC) are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting, and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

Regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections for costs that are not likely to be incurred. Management regularly assesses whether the regulatory assets are probable of future recovery by considering factors such as applicable regulatory environment changes and the status of any pending or potential deregulation legislation. Although current rates do not include the recovery of all existing regulatory assets as discussed further below and in Note 1 of Notes to Financial Statements, Summary of Significant Accounting Policies, management believes the existing regulatory assets are probable of recovery. Management's judgment reflects the current political and regulatory climate in the state, and is subject to change in the future. If future recovery of costs ceases to be probable, the write-off of regulatory assets would be required to be recognized as a charge or expensed in current period earnings.

Regulatory Accounting affects other Critical Accounting Policies, including Deferred Energy Accounting, Accounting for Goodwill and Merger Costs, Accounting for Generation Divestiture Costs, Disposal of and Impairment of Long-Lived Assets, and Accounting for Derivatives and Hedging Activities, all of which are discussed immediately below.

Deferred Energy Accounting

On April 18, 2001, the Governor of Nevada signed into law Assembly Bill 369 (AB 369). The provisions of AB 369 include, among others, a reinstatement of deferred energy accounting for fuel and purchased power costs incurred by electric utilities. In accordance with the provisions of SFAS No. 71, the Utilities implemented deferred energy accounting on March 1, 2001, for their respective electric operations. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, the excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet. Conversely, a liability is recorded to the extent fuel and purchased power costs recoverable through current rates exceed actual fuel and purchased power costs. These excess amounts are reflected in adjustments to rates and recorded as revenue or expense in future time periods, subject to PUCN review. AB 369 provides that the PUCN may not allow the recovery of any costs for purchased fuel or purchased power "that were the result of any practice or transaction that was undertaken, managed or performed imprudently by the electric utility." In reference to deferred energy accounting, AB 369 specifies that fuel and purchased power costs include all costs incurred to purchase fuel, to purchase capacity, and to purchase energy. Both Utilities are entitled under AB 369 to utilize deferred energy accounting for their electric operations and both Utilities accumulate amounts in their deferral of energy costs accounts. The Utilities also record, and are eligible under the statute to recover, a carrying charge on such deferred balances.

The Utilities are exposed to commodity price risk primarily related to changes in the market price of electricity as well as changes in fuel costs incurred to generate electricity. See Item 7A, Quantitative and Qualitative Disclosures About Market Risk, for a discussion of the Utilities' purchased power procurement strategies, and commodity price risk and commodity risk management program. Currently, commodity price increases are recoverable through the deferred energy accounting mechanism, with no anticipated effect on earnings. However, the Utilities are subject to regulatory risk related to commodity price changes due to the fact that the PUCN may disallow recovery for any of these costs that it considers imprudently incurred.

As described in more detail under Regulation and Rate Proceedings, Nevada Matters, on November 14, 2003, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between October 1, 2002 and September 30, 2003 of \$93 million. Management believes all these costs were incurred prudently. However in NPC's 2002 and 2001

deferred energy cases, the PUCN disallowed \$48.1 million and \$434 million of the \$195.7 million and \$922 million requested for recovery, respectively.

As described in more detail under Regulation and Rate Proceedings, Nevada Matters, on January 14, 2004, SPPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between December 1, 2002 and November 30, 2002 of \$42 million. Management believes all these costs were incurred prudently. However, in SPPC's 2003 deferred energy case, the PUCN disallowed \$15.4 million for purchased fuel and power costs and required SPPC to repay customers approximately \$29.6 million. This resulted in a write-off of \$45 million. Furthermore, in SPPC's 2002 deferred energy case, the PUCN disallowed \$53 million of the \$205 million requested for recovery.

See Regulation and Rate Proceedings, later, for additional discussion of the regulatory process underway to recover these deferred costs.

Accounting for Goodwill and Merger Costs

The order issued by the PUCN in December 1998 approving the merger of SPR and NPC directed both NPC and SPPC to defer three categories of merger related costs for a three year period, to be reviewed for recovery through future rates: merger transaction costs, transition costs and goodwill costs. The deferral of these costs was intended to allow adequate time for the anticipated savings from the merger to develop. At the end of the three-year period, the order instructs the Utilities to propose an amortization period for the merger related costs and allows the Utilities to recover the costs to the extent they are offset by merger savings.

Costs deferred as a result of the PUCN order were \$325.1 million of goodwill and \$62.8 million in other merger costs as of December 31, 2003. The deferred other merger costs consist of \$41.5 million of transaction and transition costs and \$21.3 million of employee separation costs. Employee separation costs were comprised of \$16.8 million of employee severance, relocation and related costs, and \$4.5 million of pension and post-retirement benefits net of plan curtailment gains.

On October 1, 2003, and December 1, 2003, NPC and SPPC, respectively, filed applications with the PUCN for general rate increases that included, among other items, requests to recover deferred merger costs, including goodwill based on management's belief that merger savings exceeded goodwill and merger costs. The extent to which goodwill and merger costs will be recovered in future revenues and the timing of those recoveries will be determined in the spring of 2004 in the PUCN decision on NPC's and SPPC's current general rate case. Any portion of merger costs that the Utilities are not permitted to recover in future rates will have to be charged to operating expense in 2004. Furthermore, a decision by the PUCN to disallow any portion of goodwill may result in an impairment of goodwill, under the provisions of SFAS No. 142, Goodwill and Other Intangible Assets.

To determine the extent, if any, goodwill would be impaired as a result of a negative decision by the PUCN, management evaluated goodwill for impairment assuming no recovery in rates as of December 31, 2003. Based on our preliminary calculations, to the extent that the Utilities are not permitted to recover any portion of goodwill in future rates, management does not believe that an impairment charge will be required. However, the \$19.1 million included in other regulatory assets would be a charge to earnings to the extent of the disallowance as this amount would have been charged to earnings previously if not for the provisions of SFAS No. 71. As a result SFAS No. 142 would not apply to this portion.

As part of our analysis, we computed the fair value as the sum of the discounted expected future cash flows without interest charges. We determined that the fair value of each of the reporting units, NPC, SPPC - Electric and SPPC - Gas, exceeded the carrying value including goodwill; accordingly we believe no impairment would be necessary to the extent goodwill is disallowed by the PUCN.

However, we believe that the accounting estimate related to determining the fair value of goodwill, and thus any impairment, is a "critical accounting estimate" because (1) it is highly susceptible to change from period to period because it requires SPR management to make cash flow assumptions about future revenues, operating costs, and regulatory and legal contingencies; and (2) the impact that recognizing an impairment would have on the assets reported on our balance sheet as well as our net loss would be material. Management's assumptions about future revenues, operating costs, and regulatory and legal contingencies require significant judgment because actual operating results, regulatory and legal contingencies are undeterminable.

Accounting for Generation Divestiture Costs

As a condition to its approval of the merger between SPR and NPC, the Utilities filed, and in February 2000 the PUCN approved, a revised Divestiture Plan stipulation for the sale of the Utilities' generation assets. In May 2000, an agreement was announced for the sale of NPC's 14% undivided interest in the Mohave Generating Station (Mohave). In the fourth quarter of 2000, the Utilities announced agreements to sell six additional bundles of generation assets described in the approved Divestiture Plan. The sales were subject to approval and review by various regulatory agencies.

AB 369, which was signed into law on April 18, 2001, prohibited the sale of generation assets until July 2003 and directed the PUCN to vacate any of its orders that had previously approved generation divestiture transactions. In January 2001, California enacted a law that prohibits any further divestiture of generation properties by California utilities until 2006, including SPPC, and could also affect any sale of NPC's interest in Mohave since the majority owner of that project is SCE. SPPC's request for an exemption from the requirements of a separate California law requiring approval of the CPUC to divest its plants was denied.

The sales agreements for the six bundles provided that they would terminate eighteen months after their execution and all of the agreements have now terminated in accordance with their respective provisions. As of December 31, 2003, NPC and SPPC had incurred costs, including carrying charges, of approximately \$21.9 million and \$13.3 million, respectively, in order to prepare for the sale of generation assets. In the fourth quarter of 2001, each Utility requested recovery of its respective costs in its application for a general rate increase filed with the PUCN. In 2002, the PUCN delayed recovery of divestiture costs to future rate case requests and granted a carrying charge on the costs until such time as recovery is allowed. On October 1, 2003, and December 1, 2003, NPC and SPPC, respectively, filed general rate case applications that included requests for the recovery of divestiture costs in future rates. The PUCN is expected to rule on these applications in the spring of 2004. To the extent that the Utilities are not permitted to recover any portion of these costs in future rates, the disallowed costs and related carrying charges would be required to be written off in that period's earnings.

Disposal of and Impairment of Long-Lived Assets

SPR and the Utilities evaluate their Utility Plant and definite-lived tangible assets for impairment whenever indicators of impairment exist. Accounting standards require that if the sum of the undiscounted expected future cash flows from a company's asset (without interest charges that will be recognized as expenses when incurred) is less than the carrying value of the asset, an asset impairment must be recognized in the financial statements. The amount of impairment recognized is calculated by subtracting the fair value of the asset from the carrying value of the asset. The financial statements of SPR and the Utilities include long-lived assets for which we have assessed the application of these provisions.

Sierra Pacific Communications

As discussed in Note 19, Discontinued Operations and Disposal and Impairment of Long-Lived Assets, Sierra Pacific Communication (SPC) operates its telecommunication business in two segments, Metropolitan Area Network and Long Haul Fiber Network. SPC evaluated the assets of its business as of June 30, 2003, as a result of market conditions created by the bankruptcy of Touch America. This event substantially deteriorated the telecommunications market in the areas where SPC operates its long haul fiber assets. SPC anticipates the market for fiber optic cable and conduits will likely become significantly over-supplied which has caused Sierra Pacific Communications to test for, and as a result, recognize an impairment charge. Estimates underlying the asset impairment are significant in determining the impairment charge of \$32.9 million for the twelve months ending December 31, 2003. The assumptions underlying the calculation of the undiscounted future cash flows used to evaluate the impairment, including projected revenues and expenses and the discount rate used to present value future cash flows materially effect the amount of the impairment charge. In estimating undiscounted future cash flows for its long haul fiber assets, SPC used prices for similar asset sales adjusted for the markets factors that resulted from the Touch America bankruptcy discussed above. To estimate the undiscounted cash flows from the metropolitan area network assets, SPC used revenues from current and projected sales and lease contracts and continued operating expenses over the approximate 18-year remaining life of the assets. Any difference from the assumptions used could materially change the results of the asset impairment charge as recognized.

Piñon Pine

SPPC owns a combined cycle generation facility, a post-gasification facility, and, through its wholly owned subsidiaries, a gasifier that are collectively referred to as the Piñon Pine Power Project (Piñon Pine). Construction of Piñon Pine was completed in June 1998. Included in the Consolidated Balance Sheets of SPR and SPPC is the net book value of the gasifier and related assets, which is approximately \$95 million as of December 31, 2003.

To date, SPPC has not been successful in obtaining sustained operation of the gasifier. In 2001, SPPC retained an independent engineering consulting firm to complete a comprehensive study of the Piñon Pine gasification plant. After evaluating the options presented in the draft report, SPPC decided not to pursue modifications intended to make the facility operational and is seeking recovery of the experimental portion of Piñon Pine that was not previously being recovered through regulated rates in its current general rate case, filed December 1, 2003. This recovery is based, in part, on the PUCN's approval of Piñon Pine as a demonstration project in an earlier IRP. However, if SPPC is unsuccessful in obtaining recovery and the asset is deemed impaired in accordance with SFAS No. 144, "Accounting for the Impairment of Disposal of Long-Lived Assets," (SFAS No. 144) there could be a material adverse effect on SPPC's and SPR's results of operations.

Mohave

As discussed in more detail in Note 15, Commitments and Contingencies, Environmental, NPC owns a 14% interest in the Mohave Generating Station located in Laughlin, Nevada. Included in the Consolidated Balance Sheets of SPR and NPC is the net book value of NPC's share of the Mohave facility, which is approximately \$40.5 million as of December 31, 2003.

Due to a lack of progress in negotiations with the parties to resolve several coal and water supply issues, SCE, the operating partner, filed an application with the CPUC to determine whether it is in the public interest to continue operation of the Mohave facility beyond 2005. Also, SCE and the other Mohave co-owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave's operations are extended past 2005 due to the uncertainty over the coal supply and water issues.

Because of the coal and water supply issues at Mohave, NPC is preparing for the shutdown of the facility by the end of 2005. NPC's IRP approved by PUCN in November 2003, assumes the Plant will be unavailable after December 31, 2005. In addition, in its General Rate Case filed on October 1, 2003, NPC requested that the PUCN authorize a higher depreciation rate be applied in order to recover the remaining book value of Mohave. Alternatively, NPC requested that the PUCN authorize the transfer of the remaining book value to a regulatory asset account to be amortized over a period as determined by the PUCN. However, if NPC is unsuccessful in obtaining recovery and the asset is deemed impaired in accordance with SFAS No. 144, there could be an adverse effect on NPC's and SPR's financial position, results of operations, and future cash inflows.

Accounting for Derivatives and Hedging Activities

SPR, NPC, and SPPC apply SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended. SFAS No. 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value.

Fuel and Purchased Power Contracts

In order to manage loads, resources, and energy price risk, the Utilities buy fuel and power under forward contracts. In addition to forward fuel and power purchase contracts, the Utilities also use options and to manage price risk. All of these instruments are considered to be derivatives under SFAS No. 133. The risk management assets and liabilities recorded in the balance sheets of the Utilities and SPR are primarily comprised of the fair value of these forward fuel and power purchase contracts and other energy related derivative instruments.

Fuel and purchased power costs are subject to deferred energy accounting. Accordingly, the energy related risk management assets and liabilities and the corresponding unrealized gains and losses (changes in fair value) are offset with a regulatory asset or liability rather than recognized in the statements of operations and comprehensive income. Upon settlement of a derivative instrument, actual fuel and purchased power costs are recognized if they are currently recoverable or deferred if they are recoverable or payable through future rates.

The fair values of the forward contracts are determined based on quotes obtained from independent brokers and exchanges. The fair values of options are determined using a pricing model that incorporates assumptions such as the underlying commodity's forward price curve, time to expiration, strike price, interest rates, and volatility. The use of different assumptions and variables in the model could have a significant impact on the valuation of the instruments.

Debt Conversion Option

In connection with SPR's issuance of its Convertible Notes in February 2003, the conversion option, which is treated as a cash-settled written call option, was separated from the debt and accounted for separately as a derivative instrument in accordance with EITF Issue No. 90-19, "Convertible Bonds with Issuer Option to Settle for Cash upon Conversion." Upon issuance, the fair value of the option was recorded as a current liability in Other Current Liabilities. Changes in the fair value of the option were recognized in earnings in the period of the change.

EITF Issue No. 00-19, "Accounting for Derivative Instruments Indexed to, and Potentially Settled in, a Company's Own Stock," provides for the recording of the fair value of the derivative in equity, if all applicable provisions of EITF Issue No. 00-19 are met. On August 11, 2003, SPR obtained shareholder approval to issue up to 42,736,920 additional shares of SPR's common stock in lieu of paying the cash payment component upon conversion of the Convertible Notes, which allows for SPR to choose net-cash settlement or settlement in shares upon conversion of the Convertible Notes. In accordance with EITF Issue No. 00-19, the fair value of the derivative of \$118 million previously recorded in current liabilities was reclassified to equity on the date of the shareholder vote. In addition, EITF Issue No. 00-19 indicates that subsequent changes in fair value should not be recognized as long as the derivative remains classified in equity. As long as the derivative remains classified in equity, SPR will not mark this instrument to market.

Accordingly, no unrealized gains or losses will be recorded in earnings subsequent to August 11, 2003. The previous changes in fair value of the derivative instrument recorded in earnings will not be reversed.

Based on the closing price of SPR's common stock at August 11, 2003, of \$4.68 per share, the fair value of the conversion option was determined to be approximately \$118 million, and as a result, SPR recorded an unrealized gain of approximately \$61.5 million in the quarter ended September 30, 2003. SPR recorded a cumulative net unrealized loss of approximately \$46.1 million for the twelve month period ending December 31, 2003.

From time to time, SPR and the Utilities have other non-energy related derivative instruments such as interest rate swaps. The transition adjustment related to these types of derivative instruments resulting from the adoption of SFAS No. 133 was reported as the cumulative effect of a change in accounting principle in Other Comprehensive Income. Additionally, the changes in fair values of these non-energy related derivatives are also reported in Other Comprehensive Income until the related transactions are settled or terminate, at which time the amounts are reclassified into earnings. On April 1, 2002, SPR paid \$9.5 million to terminate an interest rate swap related to \$200 million of SPR floating rate notes maturing April 20, 2003, of which \$7.3 million was reclassified into earnings during the twelve-month period ended December 31, 2002. The remaining \$1.5 million (net of tax) was reclassified into earnings during the twelve months ended December 31, 2003.

Accounting for Income Taxes

As of December 31, 2003, unutilized net operating losses (NOLs) were \$276.6 million. The NOLs may be utilized in future periods to reduce taxes payable to the extent that SPR and the Utilities recognize taxable income. The carryforward period for NOLs incurred is 20 years, and as such the losses incurred in the years ended December 31, 2001, 2002, and 2003 will expire in 2021, 2022, and 2023 respectively. Based on expected future taxable income of SPR, the NOL is expected to be fully utilized by 2008. Accordingly, no valuation allowance has been recorded as of December 31, 2003 because it is more likely than not that the NOLs will be fully utilized.

Litigation Contingencies

Note 15, Commitments and Contingencies, in Notes to Financial Statements discusses the significant legal matters of SPR and its subsidiaries. As described in Note 15, NPC and SPPC established accrued liabilities, included in their Consolidated Balance Sheets as "Contract termination liabilities," of \$280 million and \$105 million, respectively, for amounts claimed for liquidated damages for terminated power supply contracts and for power previously delivered to the Utilities by Enron and other suppliers. Correspondingly, pursuant to the deferred energy accounting provisions of AB 369, NPC and SPPC included approximately \$245 million and \$84 million of charges associated with the terminated power supply contracts, deferred for recovery in rates in future periods. If NPC and SPPC receive unfavorable rulings with respect to the terminated supplier claims and as a result are required to pay part or all of the amounts accrued, the Utilities will pursue recovery of the amounts through future deferred energy filings. To the extent that the Utilities are not permitted to recover any portion of these costs through a deferred energy filing, the disallowed amounts would be charged to current operating expense. A significant disallowance of these costs by the PUCN could have a material adverse effect on the future financial position, results of operations, and cash flows of SPR, NPC, and SPPC.

SPR and its subsidiaries, through the course of their normal business operations, are currently involved in a number of other legal actions, none of which has had or, in the opinion of management, is expected to have, a significant impact on its financial position or results of operations.

Environmental Contingencies

SPR and its subsidiaries are subject to federal, state and local regulations governing air and water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The United States Environmental Protection Agency (EPA), Nevada Division of Environmental Protection (NDEP), and Clark County Health District (CCHD) administer regulations involving air and water quality, solid, and hazardous and toxic waste.

SPR and its subsidiaries are subject to rising costs that result from a steady increase in the number of federal, state and local laws and regulations designed to protect the environment. These laws and regulations can result in increased capital, operating, and other costs as a result of compliance, remediation, containment and monitoring obligations, particularly with laws relating to power plant emissions. In addition, SPR or its subsidiaries may be a responsible party for environmental clean up at a site identified by a regulatory body. The management of SPR and its subsidiaries cannot predict with certainty the amount and timing of all future expenditures related to environmental matters because of the difficulty of estimating clean up costs and compliance and the possibility that changes will be made to the current environmental laws and regulations. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties. SPR and its subsidiaries accrue for

environmental costs only when they can conclude that it is probable that they have an obligation for such costs and can reasonably determine the amount of such costs.

Note 15, Commitments and Contingencies in Notes to Financial Statements, discusses the environmental matters of SPR and its subsidiaries that have been identified, and the estimated financial effect of those matters. To the extent that (1) actual results differ from the estimated financial effects, (2) there are environmental matters not yet identified for which SPR or its subsidiaries are determined to be responsible, or (3) the Utilities are unable to recover through future rates the costs to remediate such environmental matters, there could be a material adverse effect on the financial condition and future liquidity and results of operations of SPR and its subsidiaries.

Defined Benefit Plans and Other Postretirement Plans

As further explained in Note 13 in Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits, SPR maintains a pension plan as well as other postretirement benefit plans that provide health and life insurance for retired employees. All employees are eligible for these benefits if they reach retirement age while still working for SPR or its subsidiaries. These costs are determined in accordance with the provisions of SFAS No. 87, "Employers' Accounting for Pensions," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and ultimately collected in rates billed to customers. The amounts funded are then used to meet benefit payments to plan participants. SPR contributed \$72.2 million and \$41.1 million to its pension plan, in 2003 and 2002, respectively, and \$0.2 million to the other postretirement benefits plan in both 2003 and 2002. Due to the sharp decline in United States equity markets since the third quarter of 2000, the value of a significant portion of the assets held in the plans' trusts to satisfy the obligations of the plans has decreased significantly. As a result, additional contributions may be required in the future to meet the requirements of the plan to pay benefits to plan participants. SPR is expected to contribute in 2004 is \$35.7 million.

Pension Plans

SPR's reported costs of providing non-contributory defined pension benefits (described in Note 13 in Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits) are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience.

For example, pension costs are impacted by actual employee demographics (including age and employment periods), the level of contributions SPR makes to the plan, and earnings on plan assets. Changes made to the provisions of the plan may also impact current and future pension costs. Pension costs may also be significantly affected by changes in key actuarial assumptions, including anticipated rates of return on plan assets and the discount rates used in determining the projected benefit obligation and pension costs.

In accordance with SFAS No. 87, changes in pension obligations associated with these factors may not be immediately recognized as pension costs on the income statement, but generally are recognized in future years over the remaining average service period of plan participants. As such, significant portions of pension costs recorded in any period may not reflect the actual level of cash benefits provided to plan participants. For the twelve months ended December 31, 2003, 2002, and 2001, SPR recorded pension benefit expense of approximately \$35.5 million, \$22.5 million, and \$14.2 million, respectively, in accordance with the provisions of SFAS No. 87. Actual payments of benefits made to retirees and terminated vested employees for the twelve months ended September 30, 2003, 2002 and 2001 were \$17.7 million, \$30.0 million and \$36.4 million respectively.

SPR has not made changes to pension plan provisions in 2003, 2002, and 2001 that had significant impacts on recorded pension expense. As further described in Note 13 in Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits, SPR reduced the discount rate used in determining pension expense for the calendar year 2003 from 7.50% in 2002 to 6.75%. This change did not have a significant impact on reported pension costs for 2003. SPR has further reduced the discount rate to 6.00% for determining the expense to be recorded in 2004. However, pension costs for 2004 are not expected to increase significantly as a result of this change in the discount rate, because of expected improvements in market value of the plan assets and 2003 contributions by SPR.

SPR's pension plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns as well as changes in general interest rates may result in increased or decreased pension costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected rates of return on plan assets could also increase or decrease recorded pension costs.

The following chart reflects the sensitivities associated with a change in certain actuarial assumptions by the indicated percentage. While the chart below reflects an increase in the percentage for each assumption; SPR and its actuaries expect that a decrease would impact the projected benefit obligation (PBO) and the reported annual pension cost on the income statement (PC) by a similar amount in the opposite direction. Each sensitivity below reflects an evaluation of the change based solely on a change in that assumption only.

<u>Actuarial Assumption</u> <u>(dollars in millions)</u>	<u>Change in</u> <u>Assumption</u> <u>Incr/(Decr)</u>	<u>Impact on</u> <u>PBO</u> <u>Incr/(Decr)</u>	<u>Impact on</u> <u>PC</u> <u>Incr/(Decr)</u>
Discount Rate	1%	\$ (55.2)	\$ (7.2)
Rate of Return on Plan Assets	1%	N/A	\$ (2.5)

In selecting an assumed discount rate, SPR considered the yield on high quality bonds as measured by Moody's Investors Service, Inc. (Moody's) Aa composite bond index.

In selecting an assumed rate of return on plan assets, SPR considers past performance and economic forecasts for the types of investments held by the plan. The market value of SPR's plan assets has been affected by sharp declines in equity markets since the third quarter of 2000. However, investment returns on plan assets gained approximately \$58 million in 2003 compared to a \$23.1 million loss in 2002 as a result of improved market conditions in 2003.

As a result of SPR's plan asset returns and funding through September 30, 2003, SPR was able to recognize a reduction in the additional minimum liability in the amount of \$26.2 million, as prescribed by SFAS No. 87. The asset was recorded as an increase to common equity through Accumulated Other Comprehensive Income, and did not affect net income for 2003. The remaining charge to Accumulated Other Comprehensive Income will be restored through common equity in future periods to the extent the fair value of trust assets exceeds the accumulated benefit obligation.

Other Postretirement Benefits

SPR's reported costs of providing other postretirement benefits (described in Note 13 in Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits) are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience.

For example, other postretirement benefit costs are impacted by actual employee demographics (including age and employment periods), the level of contributions made to the plan, earnings on plan assets, and health care cost trends. Changes made to the provisions of the plan may also impact current and future other postretirement benefit costs. Other postretirement benefit costs may also be significantly affected by changes in key actuarial assumptions, including anticipated rates of return on plan assets and the discount rates used in determining the postretirement benefit obligation and postretirement costs.

For the twelve months ended December 31, 2003, 2002, and 2001, SPR recorded other postretirement benefit expense of approximately \$11.4 million, \$3.1 million, and \$2.5 million, respectively, in accordance with the provisions of SFAS No. 106. Actual payments of benefits made to retirees for the twelve months ended September 30, 2003, and 2002, were \$7.1 million and \$6.9 million, respectively.

SPR has not made changes to other postretirement benefit plan provisions in 2003, 2002, and 2001 that have had any significant impact on recorded benefit plan amounts. As further described in Note 13 in Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits, SPR has revised the discount rate in 2003, as compared to 2002, from 7.50% to 6.75%. This change did not have a significant impact on reported other postretirement benefit costs in 2003. SPR has further reduced the discount rate to 6.00% for determining the expense to be recorded in 2004. However, in determining the other postretirement benefit obligation and related cost, these assumptions can change from period to period, and such changes could result in material changes to such amounts.

SPR's other postretirement benefit plan assets are primarily made up of equity and fixed income investments. Fluctuations in actual equity market returns, as well as, changes in general interest rates may result in increased or decreased other postretirement benefit costs in future periods. Likewise, changes in assumptions regarding current discount rates and expected rates of return on plan assets could also increase or decrease recorded other postretirement benefit costs.

The following chart reflects the sensitivities associated with a change in certain actuarial assumptions by the indicated percentage. While the chart below reflects an increase in the percentage for each assumption, SPR and its actuaries expect that a decrease would impact the projected accumulated other postretirement benefit obligation (APBO) and the reported annual other postretirement benefit cost on the income statement (PBC) by a similar amount in the opposite direction. Each sensitivity below reflects an evaluation of the change based solely on a change in that assumption only.

Actuarial Assumption (dollars in millions)	Change in Assumption Incr/(Deer)	Impact on APBO Incr/(Deer)	Impact on PBC Incr/(Deer)
Discount Rate	1%	\$ (25.6)	\$ (1.9)
Health Care Cost Trend Rate	1%	\$ 19.6	\$ 1.0
Rate of Return on Plan Assets	1%	N/A	\$ (0.5)

In selecting an assumed discount rate, SPR considered the yield on high quality bonds as measured by Moody's Aa composite bond index.

In selecting an assumed rate of return on plan assets, SPR considers past performance and economic forecasts for the types of investments held by the plan. The market value of the SPR's plan assets has been affected by sharp declines in equity markets since the third quarter of 2000. However, investment returns on plan assets gained \$9.7 million in 2003 compared to a \$6.8 million loss in 2002 as a result of improved market conditions in 2003.

Asset Retirement Obligations

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 provides accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. Under the standard, these liabilities will be recognized at fair value as incurred and capitalized as part of the cost of the related tangible long-lived assets. Accretion of the liabilities due to the passage of time will be an operating expense. Retirement obligations associated with long-lived assets included within the scope of SFAS No. 143 are those for which a legal obligation exists under enacted laws, statutes written or oral contracts, including obligations arising under the doctrine of promissory estoppel. SPR, NPC and SPPC adopted SFAS No. 143 on January 1, 2003.

Management's methodology to assess its legal obligation included an inventory of assets by system and components, and a review of rights of way and easements, regulatory orders, leases and federal, state, and local environmental laws. In determining its Asset Retirement Obligations, management assumes that transmission, distribution and communications systems will be operated in perpetuity and will continue to be used or sold without land remediation and that mass asset properties that are replaced or retired frequently will be considered normal maintenance.

Management has identified a legal obligation to retire generation plant assets specified in land leases for NPC's jointly-owned Navajo generating station. The land on which the Navajo generating station resides is leased from the Navajo Nation. The provisions of the leases require the lessees to remove the facilities upon request of the Navajo Nation at the expiration of the leases. Although the related retirement obligation and corresponding charges recognized were immaterial to the financial statements of NPC, those amounts were based on certain estimates and assumptions. The estimated liability is based on two levels of decommissioning, minimal and full, and two possible retirement dates. The liability is escalated using average historical Consumer Price Index inflation factors equal to the estimated retirement dates. The liability is discounted using credit-adjusted risk-free rates of return for the respective retirement dates. Changes to future statements of financial position and results of operations will occur to the extent that actual results differ from the estimates and assumptions used, including changes in decommissioning costs, timing, or changes in NPC's credit rating. SPPC has no significant asset retirement obligations.

The Utilities have various transmission and distribution lines as well as substations that operate under various rights of way that contain end dates and restorative clauses. Management operates the transmission and distribution system as though they will be operated in perpetuity and will continue to be used or sold without land remediation. As a result, the Utilities have not recorded any costs associated with the removal of the transmission and distribution systems.

Unbilled Receivables

Revenues related to the sale of energy are recorded based on meter reads, which occur on a systematic basis throughout a month, rather than when the service is rendered or energy is delivered. At the end of each month, the energy delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenues are calculated. These estimates of unbilled sales and revenues are based on the ratio of billable days versus unbilled days, amount of energy procured and generated during that month, historical customer class usage patterns and the Utilities' current tariffs. Accounts receivable as of December 31, 2003, include unbilled receivables of \$63 million and \$56 million for NPC and SPPC, respectively. Accounts receivable as of December 31, 2002, include unbilled receivables of \$60 million and \$63 million for NPC and SPPC, respectively.

SIERRA PACIFIC RESOURCES

RESULTS OF OPERATIONS

Sierra Pacific Resources (Holding Company) and Other Subsidiaries

SPR (Holding Company)

The Holding Company's (stand alone) operating results included approximately \$75.3 million, \$71.5 million, and \$55.8 million of interest costs for the twelve months ended December 31, 2003, 2002, and 2001, respectively, from the issuance of debt. The holding company's operating results for the twelve months ended December 31, 2003, were negatively affected by an unrealized net loss of \$46.1 million on the derivative instrument associated with the convertible note debt. This unrealized loss has no effect on cash flows. See Note 8, Long-Term Debt in the Notes to Financial Statements for further discussion on the Convertible Notes. The holding company's operating results for the twelve months ended December 31, 2001, also reflect a charge of \$22 million in connection with SPR's terminated plans to purchase Portland General Electric Company, including approximately \$7.5 million representing a termination payment for shared expenses.

Tuscarora Gas Pipeline Company

TGPC, a wholly owned subsidiary of SPR, contributed \$3.9 million in net income for the twelve months ended December 31, 2003, \$3.3 million in net income for the twelve months ended December 31, 2002, and \$2.6 million in net income for the twelve months ended December 31, 2001.

Sierra Pacific Communications

SPC, a wholly owned subsidiary of SPR, incurred a net loss of (\$25.2) million for the twelve months ended December 31, 2003, a net loss of (\$5.9) million for the twelve months ended December 31, 2002, and a net loss of (\$2.9) million for the twelve months ended December 31, 2001. SPC's increased loss for the twelve months ended December 31, 2003 was due to the impairment charge of \$32.9 million in the second quarter of 2003. SPC's increased loss for the twelve months ended December 31, 2002, was due to interest charges and other costs associated with its exit from Sierra Touch America LLC, including the \$2.3 million write-off of an uncollectible receivable. As of December 31, 2003, management is considering the sale of SPC's business assets that consist of the Metro Area Networks in Las Vegas and Reno, Nevada. For additional information see Note 19, Discontinued Operations and Disposal and Impairment of Long-Lived Assets and Note 8, Long-Term Debt of the Notes to Financial Statements.

e-three

SPR began negotiations in the second quarter of 2003 to sell its subsidiary, e-three. Accordingly, on June 30, 2003, e-three was reported as discontinued operation. Based on the expected selling price, a pre-tax loss on the disposal of \$8.9 million was recognized for the six months ended June 30, 2003. On September 26, 2003, the sale of e-three was completed. As a result of the final sales price, an additional pre-tax loss on disposal of \$703,787 was recognized for the three months ended September 30, 2003. See Note 19, Discontinued Operations and Disposal and Impairment of Long-Lived Assets of the Notes to Financial Statements for additional information.

Other Subsidiaries

Other Subsidiaries of SPR did not contribute materially to the consolidated results of operations of SPR.

Sierra Pacific Resources (Consolidated)

During 2003, SPR incurred a loss applicable to common stock of approximately \$141 million compared to an approximate \$308 million loss applicable to common stock for the year ending 2002. SPR's consolidated loss was primarily due to a number of charges including (before income taxes):

- an unrealized net loss of \$46.1 million on the derivative instrument associated with the issuance of \$300 million of convertible debt. This unrealized loss had no effect on cash flows;
- the write-off of approximately \$91 million of disallowed deferred energy costs, excluding carrying charges (approximately \$46 million by NPC and approximately \$45 million by SPPC);

- higher interest costs at SPR, NPC, and SPPC, including \$52 million of interest charges recorded as a result of the Enron litigation (see Note 15 of Notes to Financial Statements, Commitments and Contingencies, for further information);
- losses by SPR subsidiaries due to the recognition of asset impairments and business disposals of \$32.9 million and \$9.6 million by Sierra Pacific Communications and e-three, respectively; and
- higher operating expenses that included increased reserves for uncollectible accounts and costs associated with collections for NPC and SPPC (see Other (Income) Expense analysis).

SPR's operating results for the year ended December 31, 2002 were negatively affected by the write-off of \$434.1 million and \$53.1 million of disallowed deferred energy costs by NPC and SPPC, respectively.

Neither SPR nor NPC paid or declared a common dividend in 2003. SPPC declared and paid a common stock dividend to its parent, SPR, during 2003 of \$18.5 million. SPPC paid \$3.9 million in dividends to holders of its preferred stock during 2003.

Management has identified a number of risks and uncertainties that may have a negative impact on SPR's financial condition and results of operations. These risks and uncertainties are discussed in SPR's Liquidity and Capital Resources discussion below. If certain of these risks and uncertainties are decided adversely to SPR and the Utilities, SPR would likely experience one-time charges that would offset in whole or in part SPR's earnings and gains and could result in significant losses to SPR.

ANALYSIS OF CASH FLOWS

SPR's consolidated net cash flows decreased during 2003 compared to 2002, as a result of a decrease in cash from operating activities that was offset in part by increases in cash flows from investing and financing activities. Cash flows from operating activities during 2003 were lower primarily as a result of an income tax refund received in 2002, higher interest costs paid in 2003 and the prepayment and accelerated payment of fuel and energy purchases during 2003. Partially offsetting these items was additional cash provided from the collection of previously deferred fuel and purchased power costs through deferred energy rate increases and lower purchased power costs during 2003. Cash flows from investing activities improved in 2003 because of reduced investments by SPR in its unregulated subsidiary, Sierra Pacific Communications and a decrease in cash utilized for construction activities in 2003. Cash flows from financing activities increased during 2003 because of cash provided from short-term financings and no common dividend payments by SPR in 2003.

SPR's consolidated net cash flows improved in 2002 compared to 2001. As a result of an increase in cash flows from operating activities offset in part by decreases in cash flows from investing and financing activities. Although SPR recorded a net loss during 2002, compared to net income in 2001, the loss in 2002 resulted largely from the write-off of disallowed deferred energy costs at the utilities for which the cash outflow had occurred in 2001. Other factors contributing to 2002's improved cash flows from operating activities include the collection of deferred energy costs from customers and lower energy prices. Also, cash flows from operating activities in 2002 reflect the receipt of an income tax refund. Cash flows from investing activities decreased in 2002 because 2001 investing activities included cash provided from the sale of the assets of SPPC's water business. Also, cash flows from investing activities decreased because of additional cash utilized for construction activities during 2002 compared to 2001. Cash flows from financing activities were lower in 2002 because of decreases in net long-term debt issued, decreases in short-term borrowings and reduced proceeds from the sale of common stock.

LIQUIDITY AND CAPITAL RESOURCES (SPR CONSOLIDATED)

SPR, on a stand-alone basis, had cash and cash equivalents of approximately \$15.4 million at December 31, 2003 and \$16.7 million at January 31, 2004. SPR has approximately \$5.4 million of debt service obligations on its existing debt securities payable during the first quarter of 2004, not including approximately \$10.9 million of debt service obligations previously provided for (discussed below), and a total of \$70 million of debt service obligations payable during 2004. \$22 million of SPR's debt service obligations in 2004, which relate to SPR's 7.25% Convertible Notes due 2010, have been previously provided for through the pledge of U.S. government securities with the trustee at the time the Convertible Notes were issued. See Note 8, Long-Term Debt of Notes to Financial Statements. Therefore, approximately \$48 million of debt service requirements will need to be funded through dividends from the Utilities. Currently, SPR expects to meet its remaining debt service obligations for 2004 through the payment of dividends by the Utilities to SPR. In the event that NPC or SPPC is unable to pay dividends to SPR, SPR's liquidity and cash flows would be adversely impacted. See below for a discussion of the dividend restrictions applicable to the Utilities.

SPR, on a stand-alone basis, does not have any debt maturing in 2004. SPR's \$300 million 8 ¾% Notes due 2005 will mature in May 2005. Currently, management is exploring the possibility of refinancing the \$300 million of debt prior to the May 2005 maturity date in order to take advantage of favorable conditions and opportunities in the capital markets. There can be no assurances that SPR

can successfully refinance such debt on favorable terms. In the event that SPR cannot refinance such debt prior to or at the time of maturity, SPR will experience a material adverse impact on its financial condition.

Management has identified a number of other uncertainties that may have a negative impact on SPR's financial condition and cash flows. The most significant of these uncertainties are:

- whether there will be any further requirements for the Utilities to pay the judgment of the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron or to provide further cash collateral, to secure the stay of the judgment against the Utilities pending further appeal;
- whether the Utilities will be able to recover regulatory assets in their current and future rate cases, especially previously incurred deferred fuel and purchased power costs, and to provide sufficient revenues to support their operations;
- whether the Utilities will have sufficient liquidity and the ability under certain restrictions to provide dividends to SPR; and
- whether SPR and the Utilities will be able to successfully refinance maturing long-term debt and secure additional liquidity necessary to support their operations, including the purchase of fuel and power.

Because of the relationships among the uncertainties described above, an adverse development with respect to a combination of these uncertainties, could have a material adverse effect on SPR's, NPC's and SPPC's financial condition, results of operations and liquidity, and could make it difficult for them to continue to operate outside of bankruptcy.

Dividends from Subsidiaries

Since SPR is a holding company, substantially all of its cash flow is provided by dividends paid to SPR by NPC and SPPC on their common stock, all of which is owned by SPR. Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which may impose limits on investment returns or otherwise impact the amount of dividends that the Utilities may declare and pay, and the Federal Power Act limitation on the payment of dividends. In addition, certain agreements entered into by the Utilities set restrictions on the amount of dividends they may declare and pay and restrict the circumstances under which such dividends may be declared and paid. The specific restrictions on dividends contained in agreements to which NPC and SPPC are party, as well as specific regulatory limitations on dividends, are summarized below.

Dividend Restrictions Applicable to Nevada Power Company

- NPC's Indenture of Mortgage, dated as of October 1, 1953, between NPC and Deutsche Bank Trust Company Americas, as trustee (the "First Mortgage Indenture"), limits the cumulative amount of dividends and other distributions that NPC may pay on its capital stock. In February 2004, NPC amended this restriction in its First Mortgage Indenture to:
 - change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with Resources), and
 - permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR.

As amended, NPC's First Mortgage Indenture dividend restriction is not expected to materially limit the amount of dividends that it may pay to SPR in the foreseeable future.

- NPC's 10⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009, which were issued on October 29, 2002, NPC's 9% General and Refunding Mortgage Notes, Series G, due 2013, which were issued on August 13, 2003, and NPC's General and Refunding Mortgage Bond, Series H, which was issued December 4, 2003, limit the amount of payments in respect of common stock that NPC may pay to SPR. However, that limitation does not apply to payments by NPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's Premium Income Equity Securities (PIES)) provided that:
 - those payments do not exceed \$60 million for any one calendar year,
 - those payments comply with any regulatory restrictions then applicable to NPC, and
 - the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the date of payment is at least 1.75 to 1.

The terms of both series of Notes and the Bond also permit NPC to make payments to SPR in excess of the amounts payable discussed above in an aggregate amount not to exceed: (1) under the Series E Notes, \$15 million from the date of the issuance of the Series E Notes, and (2) under the Series G Notes and the Series H Bond, \$25 million from the date of the issuance of the Series G Notes and the Series H Bond, respectively.

In addition, NPC may make payments to SPR in excess of the amounts described above so long as, at the time of payment and after giving effect to the payment:

- there are no defaults or events of default with respect to the Series E Notes, the Series G Notes or the Series H Bond
- NPC has a ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the payment date of at least 2.0 to 1, and
- the total amount of such dividends is less than:
 - the sum of 50% of NPC's consolidated net income measured on a quarterly basis cumulative of all quarters from the date of issuance of the applicable series of Notes, plus
 - 100% of NPC's aggregate net cash proceeds from contributions to its common equity capital or the issuance or sale of certain equity or convertible debt securities of NPC, plus
 - the lesser of cash return of capital or the initial amount of certain restricted investments, plus
 - the fair market value of NPC's investment in certain subsidiaries.

If NPC's Series E Notes, Series G Notes or Series H Bond are upgraded to investment grade by both Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Group, Inc. (S&P), these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes or the Bond remains investment grade.

- On October 29, 2002, NPC established an accounts receivable purchase facility, which was renewed on October 28, 2003, and will expire on October 26, 2004. The agreements relating to the receivables purchase facility contain various covenants, including a limitation on payments in respect of common stock by NPC to SPR that is identical to the limitation contained in NPC's General and Refunding Mortgage Notes, Series E and Series G, and NPC's General and Refunding Mortgage Bond, Series H, described above.
- The terms of NPC's preferred trust securities provide that no dividends may be paid on NPC's common stock if NPC has elected to defer payments on the junior subordinated debentures issued in conjunction with the preferred trust securities. At this time, NPC has not elected to defer payments on the junior subordinated debentures.

Dividend Restrictions Applicable to Sierra Pacific Power Company

- SPPC's Term Loan Agreement dated October 30, 2002, as amended, which expires October 31, 2005, limits the amount of payments that SPPC may pay to SPR. However, that limitation does not apply to payments by SPPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's PIES) provided that those payments do not exceed \$90 million, \$80 million, and \$60 million in the aggregate for the twelve month periods ending on October 30, 2003, 2004, and 2005, respectively. SPPC's General and Refunding Mortgage Bond, Series E, General and Refunding Mortgage Notes, Series F and General and Refunding Mortgage Note, Series G, contain the same dividend restriction as the Term Loan Agreement.

The Term Loan Agreement, the Series E Bond, the Series F Notes and the Series G Note, also permit SPPC to make payments to SPR in an aggregate amount not to exceed \$10 million during the term of the Term Loan Agreement. In addition, SPPC may make payments to SPR in excess of the amounts described above so long as, at the time of the payment and after giving effect to the payment, there are no defaults or events of default under the applicable financing agreement or security, and such amounts, when aggregated with the amount of payments to SPR by SPPC since the date of execution of the such financing agreement or securities, do not exceed the sum of:

- 50% of SPPC's Consolidated Net Income for the period commencing January 1, 2003, and ending with last day of fiscal quarter most recently completed prior to the date of the contemplated dividend payment, plus
- the aggregate amount of cash received by SPPC from SPR as equity contributions on its common stock during such period.

- On October 29, 2002, SPPC established an accounts receivable purchase facility, which was renewed on October 28, 2003, and expires on October 26, 2004. The agreements relating to the receivables purchase facility contain various covenants, including a limitation on the payment of dividends by SPPC to SPR that is identical to the limitation contained in SPPC's Term Loan Agreement, described above.
- SPPC's Articles of Incorporation contain restrictions on the payment of dividends on SPPC's common stock in the event of a default in the payment of dividends on SPPC's preferred stock. SPPC's Articles also prohibit SPPC from declaring or paying any dividends on any shares of common stock (other than dividends payable in shares of common stock), or making any other distribution on any shares of common stock or any expenditures for the purchase, redemption, or other retirement for a consideration of shares of common stock (other than in exchange for or from the proceeds of the sale of common stock) except from the net income of SPPC, and its predecessor, available for dividends on common stock accumulated subsequent to December 31, 1955, less preferred stock dividends, plus the sum of \$500,000. At the present time, SPPC believes that these restrictions do not materially limit its ability to pay dividends and/or to purchase or redeem shares of its common stock.

Dividend Restrictions Applicable to Both Utilities

- On December 17, 2003, the PUCN issued an order in connection with its authorization of the issuance of short-term debt securities by NPC and SPPC. The PUCN order, for Dockets 03-10022 and 03-10023, permits NPC and SPPC to dividend an aggregate of \$70 million per year to SPR through December 31, 2005. The PUCN order also provides that the dividend limitation may be reviewed in a subsequent application to grant short-term debt authority and that, in the event that exigent circumstances are experienced in the interim, either NPC or SPPC may petition the PUCN to review the dollar limitation.
- The Utilities are subject to the provision of the Federal Power Act, that states that dividends cannot be paid out of funds that are properly included in capital account. Although the meaning of this provision is unclear, the Utilities believe that the Federal Power Act restriction, as applied to their particular circumstances, would not be construed or applied by the FERC to prohibit the payment of dividends for lawful and legitimate business purposes from current year earnings, or in the absence of current year earnings, from other/additional paid-in capital accounts. If, however, the FERC were to interpret this provision differently, the ability of the Utilities to pay dividends to SPR could be jeopardized.
- On November 6, 2003, the Bankruptcy Court issued an order staying execution pending appeal of the September 26, 2003 judgment entered in favor of Enron against the Utilities. One of the conditions of the stay order is that the Utilities cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations. The Utilities have the right to seek modification of the conditions of the stay if there is a material change in the facts upon which the stay order is based.

Assuming that NPC and SPPC meet the requirements to pay dividends under the Federal Power Act and that any dividends paid to SPR are for SPR's debt service obligations and current operating expenses, the most restrictive of the dividend restrictions applicable to the Utilities individually can be found for NPC, in NPC's Series E Notes and, for SPPC, in SPPC's Term Loan Agreement and in the financing agreements that contain substantially similar terms as the Term Loan Agreement. The dividend restriction in the PUCN order is the most restrictive provision applicable to both Utilities and may be more restrictive than the individual dividend restrictions if dividends are paid from both Utilities because the \$70 million PUCN dividend restriction is less than the aggregate amount of the Utilities' most restrictive individual dividend restrictions.

Effects of Rate Case Decisions

Credit Downgrades

On March 29 and April 1, 2002, S&P and Moody's lowered the unsecured debt ratings of SPR, NPC, and SPPC to below investment grade in response to the decision of the PUCN with respect to NPC's rate cases. On April 23 and 24, 2002, the unsecured debt ratings of SPR and the Utilities were further downgraded by both rating agencies, and the Utilities' secured debt ratings were downgraded to below investment grade. The downgrades affected SPR's, NPC's, and SPPC's liquidity primarily in two principal areas: (1) their respective financing arrangements, and (2) NPC's and SPPC's contracts for fuel, for purchase and sale of electricity, and for transportation of natural gas.

As a result of the ratings downgrades, SPR's ability to access the capital markets to raise funds remains severely limited. See Liquidity and Capital Resources -- NPC and SPPC, for more information.

Power Supplier Issues – Contracts

With respect to NPC's and SPPC's contracts for purchased power, NPC and SPPC purchase and sell electricity with counterparties under the Western Systems Power Pool (WSPP) agreement, an industry standard contract that NPC and SPPC are required to use as members of the WSPP. The WSPP contract is posted on the WSPP website.

These contracts provide that a material adverse change may give rise to request adequate financial assurance, which, if not provided within 3 business days, could cause a default. A default must be declared within 30 days of the event, giving rise to the default becoming known. A default will result in a termination payment equal to the present value of the net gains and losses for the entire remaining term of all contracts between the parties aggregated to a single liquidated amount due within 3 business days following the date the notice of termination is received. The mark-to-market value, which is substantially based on quoted market prices, can be used to roughly approximate the termination payment and benefit at any point in time. The net mark-to-market value as of December 31, 2003, for all suppliers continuing to provide power under a WSPP agreement was an approximate \$70 million payment for NPC and an approximate \$12 million payment for SPPC.

Power Supplier Issues – Contract Terminations

In early May of 2002, Enron Power Marketing Inc. (Enron), Morgan Stanley Capital Group Inc. (MSCG), Reliant Energy Services, Inc. and several smaller suppliers terminated their power deliveries to NPC and SPPC. These terminating suppliers asserted their contractual right under the WSPP agreement to terminate deliveries based upon the Utilities' alleged failure to provide adequate assurance of their performance under the WSPP agreement to any of their suppliers. See Note 15, Commitments and Contingencies of Notes to Financial Statements.

NPC and SPPC have established accrued liabilities, included in their Consolidated Balance Sheets as "Contract termination liabilities," of \$280 million and \$105 million, respectively, for terminated power supply contracts and associated interest. Correspondingly, pursuant to the deferred energy accounting provisions of AB 369, included in NPC and SPPC deferred energy balances as of December 31, 2003, is approximately \$245 million and \$84 million of charges associated with the terminated power supply contracts, deferred for recovery in rates in future periods.

If NPC and SPPC are required to pay part or all of the amounts accrued for, the Utilities will pursue recovery of the amounts through future deferred energy filings.

Gas Supplier Issues

With respect to the purchase and sale of natural gas, NPC and SPPC use several types of contracts. Standard industry sponsored agreements include:

- the Gas Industry Standards Board (GISB) agreement which is used for physical gas transactions,
- the North American Energy Standards Board (NAESB) agreement which is used for physical gas transactions, and
- the Gas EDI Base Contract for Short Term Sale and Purchase of Natural Gas which is also used for physical gas transactions.

Alternatively, some gas transactions are governed by a non-standard bilateral master agreement negotiated between the parties, or by the confirmation associated with the transaction. The natural gas contract terms and conditions are more varied than the electric contracts. Consequently, some of the contracts contain language similar to that found in the WSPP agreement and other agreements have unique provisions dealing with material adverse changes. Because of creditworthiness concerns, most contracts and confirmations for natural gas purchases have been modified or separate agreements have been made to either shorten the normal payment due date or require payment in advance of delivery.

At the present time, most natural gas purchase transactions require payment in advance of delivery. NPC and SPPC gas hedging financial transactions are accomplished using long form confirms using gas call option buys and sells with three counter parties.

Gas transmission service is secured under FERC Tariffs or custom agreements. These service contracts and Tariffs require the user establish and maintain creditworthiness to obtain service or otherwise post cash or a letter of credit to be able to receive service. Service contracts are subject to FERC approved tariffs, which, under certain circumstances, require the Utilities to provide collateral to continue receiving service. To date, a letter of credit has been provided to one of NPC's gas transporters.

Accounts Receivable Facility

On October 29, 2002, NPC and SPPC established accounts receivable purchase facilities of up to \$125 million and \$75 million, respectively. Actual amounts that may be advanced under the receivables purchase facilities will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency rates of the Utilities' receivables. Based on 2003 accounts receivables and the variables discussed above NPC and SPPC had a maximum capacity of \$82 million and \$28 million and minimum capacity of \$32 million and \$13 million, respectively under the receivables facility. Both facilities were renewed on October 28, 2003, and will expire on October 26, 2004. If NPC and/or SPPC elect to activate their receivables purchase facilities, they will sell all of their accounts receivable generated from the sale of electricity and natural gas to customers to their newly created bankruptcy-remote special purpose subsidiaries. The receivables sales will be without recourse except for breaches of customary representations and warranties made at the time of sale. The subsidiaries will, in turn, sell these receivables to a bankruptcy-remote subsidiary of SPR. SPR's subsidiary will issue variable rate revolving notes backed by the purchased receivables.

The agreements relating to the receivables purchase facilities contain various conditions to purchase covenants, and trigger events, and other provisions customary in receivables transactions. In addition to customary termination and mandatory repurchase events, each Utilities' receivables purchase facility may terminate in the event that the Utility or SPR defaults: (1) on the payment of indebtedness, or (2) on the payment of amounts due under a swap agreement, and such defaults aggregate to greater than \$10 million and \$5 million for the Utility and SPR, respectively.

Under the terms of the agreements relating to the receivables purchase facility, each Utility's facility may not be activated or, if activated, will be terminated in the event of a material adverse change in the condition, operations or business prospects of the Utility. SPR has agreed to guaranty the performance by NPC and SPPC of certain obligations as sellers and servicers under the receivables purchase facilities. NPC and SPPC intend to use their accounts receivables purchase facilities as back-up liquidity facilities and do not plan to activate these facilities in the foreseeable future.

Cross Default Provisions

Certain financing agreements of SPR and the Utilities contain cross-default provisions that would result in an event of default under such financing agreements if there is a failure under other financing agreements of SPR and the Utilities to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay other indebtedness) provide for a cure period of 30-60 days from the occurrence of a specified event, during which time SPR or the Utilities may rectify or correct the situation before it becomes an event of default. The primary cross-default provisions in SPR's and the Utilities' various financing agreements are briefly summarized below:

- The indenture pursuant to which SPR issued its 7.25% Convertible Notes due 2010 provides for an event of default if SPR or any of its significant subsidiaries (NPC and SPPC) fails to pay indebtedness in excess of \$10 million or has any indebtedness of \$10 million or more accelerated and declared due and payable;
- NPC's General and Refunding Mortgage Indenture, under which NPC has \$1.3 billion of securities outstanding as of December 31, 2003, provides for an event of default if a matured event of default under NPC's First Mortgage Indenture occurs;
- The terms of NPC's Series E Notes, Series G Notes and Series H Bond provide that a default with respect to the payment of principal, interest or premium beyond the applicable grace period under any mortgage, indenture or other security instrument, by NPC or any of its restricted subsidiaries, relating to debt in excess of \$15 million, triggers a right of the holders of each series of Notes and the Bond to require NPC to redeem their series of Notes or the Bond at a price equal to 100% of the aggregate principal amount plus accrued and unpaid interest and liquidated damages, if any, upon notice given by at least 25% of the outstanding noteholders for such series of Notes or the Bond;
- NPC's receivables purchase facility may terminate in the event that either NPC or SPR defaults (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million and \$5 million for NPC and SPR, respectively;
- NPC's Senior Unsecured Note Indenture, pursuant to which NPC issued its \$130 million 6.20% Senior Unsecured Notes, Series B, due April 15, 2004, provides for a default if: (1) NPC fails to pay indebtedness (after any applicable grace period), or any of NPC's indebtedness is accelerated, and (2) such indebtedness aggregates \$15 million, and (3) such indebtedness is not repaid and such acceleration is not rescinded within 30 days;

- SPPC's General and Refunding Mortgage Indenture, under which SPPC has \$627 million of securities outstanding as of December 31, 2003, provides for an event of default if a matured event of default under SPPC's First Mortgage Indenture occurs;
- SPPC's Term Loan Agreement, Series E Bond, Series F Notes and Series G Note provide for an event of default if (a) SPPC or any of its subsidiaries default (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million, or (b) SPPC's General and Refunding Mortgage Indenture ceases to be enforceable; and
- SPPC's receivables purchase facility may terminate in the event that either SPPC or SPR defaults (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million and \$5 million for SPPC and SPR, respectively.

Judgment Related Defaults

Nevada Power Company

NPC's First Mortgage Indenture provides for an event of default if a final, unstayed judgment in excess of \$25,000 is rendered against NPC and remains undischarged for 60 days. Upon a matured event of default, the trustee may, and upon the written request of the holders of at least 25% of the bonds outstanding under NPC's First Mortgage Indenture, is required to declare the principal of and interest on the approximately \$372.5 million of outstanding First Mortgage bonds immediately due and payable.

NPC's \$250 million Series E and \$350 million Series G General and Refunding Mortgage Notes, \$235 million Series H General and Refunding Mortgage Bond and NPC's \$130 million 6.2% Senior Unsecured Notes, Series B, due April 15, 2004, provide for an event of default if a final, unstayed judgment in excess of \$15 million is rendered against NPC and remains undischarged for 60 days. Since the Series E Notes, Series G Notes and Series H Bond were issued under NPC's General and Refunding Mortgage Indenture and NPC's Senior Unsecured Notes are secured by a General and Refunding Mortgage Bond, a default under any of the Series E Notes, the Series G Notes, the Series H Bond and the Senior Unsecured Notes, will trigger a default under NPC's General and Refunding Mortgage Indenture. In addition, a matured event of default under NPC's First Mortgage Indenture will trigger a default under NPC's General and Refunding Mortgage Indenture. Upon a matured event of default under the NPC's General and Refunding Mortgage Indenture, the trustee or the holders of 33% of the General and Refunding Mortgage securities outstanding may declare the principal and accrued interest of the approximately \$1.3 billion of outstanding General and Refunding Mortgage securities immediately due and payable.

If a judgment lien is created on NPC's real property located in Nevada, NPC has been advised that the judgment lien would be an interceding lien that would have priority over subsequent advances under NPC's General and Refunding Mortgage Indenture; therefore, NPC would be unable to provide certain required opinions of counsel to issue additional securities under its General and Refunding Mortgage Indenture until the judgment lien is discharged and released. Since NPC is unable to issue additional bonds under its First Mortgage Indenture, its sole means of issuing secured debt is through its General and Refunding Mortgage Indenture.

If NPC's indebtedness under either its First Mortgage Indenture or its General and Refunding Mortgage Indenture is accelerated, or if NPC is unable to issue additional securities under its General and Refunding Mortgage Indenture in order to raise funds for operations and to repay indebtedness and to provide security, as needed, for its obligations, NPC would likely be unable to continue to operate outside of bankruptcy.

Sierra Pacific Power Company

SPPC's \$100 million Term Loan Agreement, \$103 million Series E Bond, \$25 million Series F Notes and \$22 million Series G Note provide for an event of default if a judgment of \$10 million or more is entered against SPPC and such judgment is not vacated, discharged, stayed or bonded pending appeal within 30 days. The Term Loan Agreement, the Notes and the Bond also prohibit the creation or existence of any liens on SPPC's properties except for liens specifically permitted under the Term Loan Agreement and the terms of Notes and the Bond. If a judgment lien is filed against SPPC, the filing of the lien will trigger an event of default. Upon an event of default under the Term Loan Agreement, the Administrative Agent under the Term Loan Agreement may, upon request of more than 50% of the lenders under the Term Loan Agreement, declare all amounts due under the Term Loan Agreement immediately due and payable. Currently, SPPC has \$99 million outstanding under its Term Loan facility.

SPPC's obligations under the Term Loan Agreement are secured by a General and Refunding Mortgage Bond. If SPPC fails to repay all amounts due upon an acceleration under the Term Loan Agreement within 3 business days, such failure will be deemed a default in the payment of principal and will trigger an event of default under the SPPC General and Refunding Mortgage Indenture that would be applicable to all securities issued under the SPPC General and Refunding Mortgage Indenture.

Since the Series E Bond, Series F Notes and the Series G Note were issued under SPPC's General and Refunding Mortgage Indenture, a default under any of these Notes or the Bond will trigger a default under SPPC's General and Refunding Mortgage Indenture. In the event that SPPC's Term Loan is accelerated and results in the acceleration of all amounts outstanding under SPPC's General and Refunding Mortgage Indenture or a triggering event occurs that effectively accelerates the outstanding amounts due under the securities issued under the General and Refunding Mortgage Indenture, SPPC would likely be unable to continue to operate outside of bankruptcy.

If a judgment lien is created on SPPC's real property located in Nevada, SPPC has been advised that the judgment lien would be an interceding lien that would have priority over subsequent advances under SPPC's General and Refunding Mortgage Indenture; therefore, SPPC would be unable to provide certain required opinions of counsel to issue additional securities under its General and Refunding Mortgage Indenture until the judgment lien is discharged and released. Since SPPC is unable to issue additional bonds under its First Mortgage Indenture, its sole means of issuing secured debt is through its General and Refunding Mortgage Indenture. If SPPC is unable to issue additional securities under its General and Refunding Mortgage Indenture in order to raise funds for operations and to repay indebtedness and to provide security, as needed, for its obligations, SPPC would likely be unable to continue to operate outside of bankruptcy.

Pension Plan Matters

SPR has a qualified pension plan that covers substantially all employees of SPR, NPC and SPPC. The annual net benefit cost for the plan will decrease for 2004 by approximately \$5.3 million over the 2003 cost of \$35.5 million. As of September 30, 2003, the measurement date, the plan had assets with a fair value that was less than the present value of the accumulated benefit obligation under the plan. During 2003, SPR and the Utilities contributed a total of \$72.2 million to meet their funding obligations under the plan. At the present time it is not expected that any near term funding obligations will have a material adverse effect on liquidity.

Financing Transactions (SPR – Holding Company)

In January 2003, SPR acquired \$8.75 million aggregate principal amount of its Floating Rate Notes due April 20, 2003, in exchange for 1,295,211 million shares of its common stock, in two privately-negotiated transactions exempt from the registration requirements of the Securities Act of 1933.

On February 5, 2003, SPR acquired 2,095,650 of PIES including approximately \$104.8 million of 7.93% Senior Notes due 2007 that are a component of the PIES, in exchange for 13,662,393 shares of its common stock in five privately-negotiated transactions exempt from the registration requirements of the Securities Act of 1933.

On February 14, 2003, SPR issued and sold \$300 million of its 7.25% Convertible Notes due 2010. Approximately \$53.4 million of the net proceeds from the sale of the notes were used to purchase U.S. government securities that were pledged to the trustee for the first five interest payments on the notes payable during the first two and one-half years. A portion of the remaining net proceeds of the notes were used to repurchase approximately \$58.5 million of SPR's Floating Rate Notes due April 20, 2003. Of the remaining net proceeds, approximately \$133 million were used to repay SPR's Floating Rate Notes due April 20, 2003, and the remaining proceeds were available for general corporate purposes. The Convertible Notes were issued with registration rights.

On August 11, 2003, SPR obtained shareholder approval to issue up to 42,736,920 additional shares of SPR's common stock in lieu of paying the cash payment component upon conversion of the Convertible Notes. Before SPR received shareholder approval, holders of the Convertible Notes were entitled to receive both shares of common stock and cash upon conversion on their notes. As a result of receiving shareholder approval, through the close of business on February 14, 2010, for each \$1,000 principal amount of the Convertible Notes surrendered, SPR has the option to issue:

- (1) 76.7073 shares of our Common Stock plus an amount of cash equal to the then market value of 142.4564 shares of our Common Stock, subject to adjustment upon the occurrence of certain dilution events; or
- (2) 219.1637 shares of our Common Stock, subject to adjustment upon the occurrence of certain dilution events.

The indenture under which the Convertible Notes were issued does not contain any financial covenants or any restrictions on the payment of dividends, the repurchase of SPR's securities or the incurrence of indebtedness. The indenture does allow the holders of the Convertible Notes to require SPR to repurchase all or a portion of the holders' Convertible Notes upon a change of control. The indenture also provides for an event of default if SPR or any of its significant subsidiaries, including NPC and SPPC, fails to pay any indebtedness in excess of \$10 million or has any indebtedness of \$10 million or more accelerated and declared due and payable.

Effect of Holding Company Structure

Currently, SPR (on a stand-alone basis) has a substantial amount of outstanding debt and other obligations including, but not limited to: \$300 million of its unsecured 8³/₄% Senior Notes due 2005; \$240 million of its unsecured 7.93% Senior Notes due 2007; and \$300 million of its 7.25% Convertible Notes due 2010.

Due to the holding company structure, SPR's right as a common shareholder to receive assets of any of its direct or indirect subsidiaries upon a subsidiary's liquidation or reorganization is junior to the claims against the assets of such subsidiary by its creditors and preferred stockholders. Therefore, SPR's debt obligations are effectively subordinated to all existing and future claims of the creditors of NPC and SPPC and its other subsidiaries, including trade creditors, debt holders, secured creditors, taxing authorities, guarantee holders, NPC's preferred trust security holders, and SPPC's preferred stockholders.

As of December 31, 2003, NPC, SPPC, and their subsidiaries had approximately \$3.0 billion of debt and other obligations outstanding. Additionally, SPPC had \$50.0 million of outstanding preferred stock. Although the Utilities are parties to agreements that limit the amount of additional indebtedness they may incur, the Utilities retain the ability to incur substantial additional indebtedness and other liabilities.

Construction Expenditures and Financing (SPR Consolidated)

The table below provides SPR's consolidated cash construction expenditures and internally generated cash, net for 2001 through 2003 (dollars in thousands):

	2003	2002	2001
Cash construction expenditures	\$ 328,140	\$ 343,474	\$ 302,025
Net cash flow from operating activities	\$ 268,744	\$ 472,505	\$ (1,053,844)
Less common & preferred cash dividends	3,524	24,485	64,917
Internally generated cash	\$ 265,220	\$ 448,020	\$ (1,118,761)
Internally generated cash as a percentage of cash construction expenditures	81%	130%	N/A

SPR's consolidated cash construction expenditures for 2004 through 2008 are estimated to be \$2.4 billion. Construction expenditures for 2004 are projected to be \$487.4 million and are expected to be financed by internally generated funds, including the recovery of deferred energy at the Utilities. It is anticipated that no capital contributions from SPR will be used to fund construction expenditures at the Utilities.

Cash provided by internally generated funds during 2004 assumes, among other things, that the Utilities will be able to refinance their debt maturing in 2004, that the Utilities will not be required to make any significant unanticipated cash outlays including additional payments of collateral into the escrow account established in connection with the Enron judgment, that there will be no material disallowances on the Utilities' deferred energy and general rate cases, that the Utilities will not have to pay higher than expected prices for fuel and purchased power and that the Utilities' current payment terms with their suppliers will remain unchanged. See Regulation and Rate Proceedings, Nevada Matters for additional information regarding the Utilities' recently filed rate cases and prior rate cases and Liquidity and Capital Resources for additional information regarding SPR's liquidity condition and cash flows.

In the event that SPR's and/or the Utilities' financial conditions worsen, they may be unable to finance their construction expenditures with internally generated funds and instead may need to raise all or a portion of the necessary funds through the capital markets or from activating the Utilities' accounts receivable purchase facilities to provide additional liquidity. For additional information regarding the accounts receivable purchase facilities, see Liquidity and Capital Resources. Each of the Utilities may activate its receivables purchase facility within five days upon the delivery of certain customary funding documentation and the delivery of General and Refunding Mortgage Bonds to secure the facility. If a material adverse event were to occur for either of the Utilities, it could potentially trigger a termination event with respect to the receivables facility and would also make it more difficult for the Utilities or SPR to access the capital markets for any such financing needs.

Contractual Obligations (SPR Consolidated)

The table below provides SPR's contractual obligations on a consolidated basis (except as otherwise indicated), not including estimated construction expenditures described above, or Pension funding requirements as discussed in Note 13, Retirement Plan and Post-Retirement Benefits of the Notes to Financial Statements, as of December 31, 2003, that SPR expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt (dollars in thousands):

	<u>Payment Due by Period</u>						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter (1)</u>	<u>Total</u>
NPC/SPPC Other Long-Term Debt	\$ 218,970	\$ 106,491	\$ 58,909	\$ 8,349	\$ 329,466	\$ 2,323,874	\$ 3,046,059
SPR Long-Term Debt	19,666	300,000	—	240,218	—	300,000	859,884
Long-Term Debt Interest Payments	67,049	53,924	40,799	40,799	40,799	233,765	477,135
Purchased Power	415,783	330,607	270,817	241,564	224,633	2,903,001	4,386,405
Coal and Natural Gas	260,983	117,023	115,249	95,558	70,420	501,426	1,160,659
Operating Leases	10,211	9,054	8,133	6,000	5,974	22,603	61,975
Total Contractual Cash Obligations	<u>\$ 992,662</u>	<u>\$ 917,099</u>	<u>\$ 493,907</u>	<u>\$ 632,488</u>	<u>\$ 671,292</u>	<u>\$ 6,284,669</u>	<u>\$ 9,992,117</u>

- (1) SPR Long-Term Debt thereafter amount of \$300 million represents the total amount of the 7.25% Convertible Notes due at maturity. This differs from the carrying value of \$234,118 million included in the balance sheet amount of Long-Term Debt.

Capital Structure (SPR Consolidated)

SPR's actual capital structure on a consolidated basis at December 31, 2003, and 2002 was as follows (dollars in thousands):

	<u>2003</u>		<u>2002</u>	
Short-Term Debt (1)	\$ 263,636	5%	\$ 672,895	13%
Long-Term Debt	3,579,674	67%	3,257,596	61%
Preferred Stock	50,000	1%	50,000	1%
Common Equity	1,435,394	27%	1,327,166	25%
TOTAL	<u>\$ 5,328,704</u>	<u>100%</u>	<u>\$ 5,307,657</u>	<u>100%</u>

- (1) Includes current maturities of long-term debt.

NEVADA POWER COMPANY

RESULTS OF OPERATIONS

NPC recognized net income of \$19.3 million in 2003 compared to a net loss of \$235 million in 2002 and net income \$63.4 million in 2001. NPC's operating results for 2003 were negatively affected by the write-off of \$46 million of disallowed deferred energy costs in May 2003, and the recognition of \$27.8 million of interest costs as a result of the September 26, 2003 judgment entered by the Enron Bankruptcy Court Judge, as described in Note 2, Liquidity Matters and Management's Plans of Notes to Financial Statements.

NPC's operating results for 2002 reflect the write-off of approximately \$465 million (before taxes) of deferred energy costs and related carrying charges as a result of the PUCN's March 29, 2002, decision in NPC's deferred energy rate case to disallow \$434 million of deferred purchased fuel and power costs. The PUCN's decision is being challenged by NPC in a lawsuit filed in Nevada state court.

NPC did not pay or declare a common stock dividend to its parent SPR in 2003. In the first quarter of 2002, NPC paid \$10 million in dividends on its common stock to its parent, SPR, all of which was reinvested in NPC as a contribution to capital. No other dividend payments or capital contributions occurred in 2002.

Management has identified a number of risks and uncertainties that may have a negative impact on NPC's financial condition and results of operations. These risks and uncertainties are discussed in NPC's Liquidity and Financial Condition discussion below. If

certain of these risks and uncertainties are decided adversely to NPC, NPC would likely experience charges that would offset in whole or in part NPC's earnings and gains and could result in significant losses to NPC.

The causes for significant changes in specific lines comprising the results of operations for NPC for the respective years ended are provided below (dollars in thousands except for amounts per unit):

Electric Operating Revenue

	<u>2003</u>		<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	
Electric Operating Revenues:						
Residential	\$ 684,331	1.3%	\$ 675,837	4.8%	\$ 644,875	
Commercial	346,223	0.3%	345,342	14.1%	302,682	
Industrial	<u>513,521</u>	-1.3%	<u>520,116</u>	16.2%	<u>447,766</u>	
Retail Revenues	1,544,075	0.2%	1,541,295	10.5%	1,395,323	
Other (1)	<u>212,071</u>	-41.0%	<u>359,739</u>	-77.9%	<u>1,629,780</u>	
Total Revenues	\$ <u>1,756,146</u>	-7.6%	\$ <u>1,901,034</u>	-37.2%	\$ <u>3,025,103</u>	
Retail sales in thousands of megawatt-hours (MWh)	17,959	4.4%	17,197	2.4%	16,799	
Average retail revenue per MWh	\$ 85.98	-4.1%	\$ 89.63	7.9%	\$ 83.06	

(1) Primarily wholesale, as discussed below

NPC's retail revenues were slightly higher in 2003 compared to 2002 primarily due to hotter than normal summer temperatures and the increase in the number of residential, commercial and industrial customers (4.9%, 4.9% and 6.0%, respectively). Offsetting these increases in revenues was a 6.3% rate decrease that was effective May 19, 2003, which was the result of NPC's Deferred Energy Case (refer to Regulation and Rate Proceedings, later). Also 2003 revenues decreased compared to 2002 due to a one-time rate increase in June 2002 of \$.01 per kilowatt-hour, which allowed NPC to accelerate the recovery of its deferred energy balance.

NPC's retail revenues increased in 2002 compared to 2001 primarily due to a combination of customer growth and a net rate increase resulting from NPC's General Rate and Deferred Energy Cases (refer to Regulation and Rates Proceedings, later). The number of residential, commercial, and industrial customers increased over the prior year by 4.9%, 5.7% and 2.1%, respectively. Effective April 1, 2002, the PUCN authorized an increase in energy related rates that are used to recover current and previously incurred fuel and purchased power costs. In addition to that rate increase, the PUCN also granted NPC the authority to increase its energy recovery rate by \$.01 per kilowatt-hour for the month of June 2002 only. This one-time increase in rates generated approximately \$16 million, which accelerated the recovery of previously incurred fuel and purchased power costs.

The decrease in Electric Operating Revenues – Other for each year was primarily due to a decrease in the sales volumes of wholesale electric power to other utilities, and a reduction in hedging activity, as described under purchased power below.

Purchased Power

	<u>2003</u>		<u>2002</u>		<u>2001</u>	
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	
Purchased Power	\$ 744,271	-40.1%	\$ 1,241,783	-59.0%	\$ 3,026,336	
Purchased power in thousands of MWh	11,637	-9.8%	12,908	-33.0%	19,268	
Average cost per MWh of Purchased Power (1)	\$ 62.57	-20.3%	\$ 78.46	-50.0%	\$ 157.07	

(1) Not including contract termination costs, of \$16.1 million and \$228.5 million for the year ending 2003 and 2002, respectively

NPC's purchased power costs were significantly lower in 2003 compared to 2002 due to decreases in prices and volumes. Per unit costs of power decreased 20.3% primarily due to lower Short-Term Firm energy prices. These price decreases were the result of a less volatile energy market. A \$228 million charge for terminated contracts recorded in 2002 further contributed to the overall decrease in the total cost of purchased power. See Liquidity and Capital Resources, later, for a discussion of these terminated power contracts. Volumes purchased decreased by 9.8% as a result of a reduction in hedging activities due to a change in risk management activities and energy supply strategies described later in Energy Supply. Purchases associated with risk management activities, which are included in Short-Term Firm energy, decreased significantly in both volume and price in 2003. Wholesale sales associated with risk management activities decreased in volume by approximately 61%. Risk management activities include transactions entered into

for hedging purposes and to optimize purchased power costs. See Energy Supply, later, for a discussion of the Utilities' purchased power procurement strategies.

Purchased power costs were lower in 2002 as compared to 2001 due to a 33% decrease in the volume purchased and a decrease in the per unit cost of power of 50%. Purchased power costs were lower primarily due to lower Short-Term Firm energy prices and volumes. Purchases associated with risk management activities, which are included in Short-Term Firm energy, decreased significantly in both volume and price in 2002.

Fuel for Power Generation

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Fuel for Power Generation	\$ 319,711	3.4%	\$ 309,293	-30.0%	\$ 441,900
Thousands of MWhs generated	10,026	-1.2%	10,147	2.5%	9,899
Average fuel cost per MWh of Generated Power	\$ 31.89	4.6%	\$ 30.48	-31.7%	\$ 44.64

NPC's 2003 fuel expense increased 3.4% compared to 2002 primarily due to an increase in fuel costs, mainly in gas prices. This increase was slightly offset by a decrease in overall MWhs generated. In 2002, NPC's fuel expense decreased 30% compared to 2001 primarily due to a substantial decrease in natural gas prices. This was slightly offset by an increase in coal prices and an overall increase in MWhs generated.

Deferral of Energy Costs – Net

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Deferral energy costs-electric-net	\$ 95,911	N/A	\$ (179,182)	-80.9%	\$ (937,322)
Deferred energy costs disallowed	45,964	N/A	434,123	N/A	—
	<u>\$ 141,875</u>	N/A	<u>\$ 254,941</u>	N/A	<u>\$ (937,322)</u>

The increase in Deferral of energy costs-electric-net for the twelve months ended December 31, 2003 compared to the same period in 2002, resulted primarily from the deferral in the second and fourth quarter of 2002 of approximately \$228 million for contract termination costs. Additionally, 2003 costs increased as a result of greater amortization of prior deferred energy costs compared to 2002. The 2003 increase in deferred energy costs was partially offset by an increase over 2002 in the amount that fuel and purchase power costs exceeded the recovery of those costs through rates. During periods when actual fuel and purchase power costs exceed amounts recovered through rates, the excess is shown as a reduction in costs. The increase in deferral energy costs-electric-net for the twelve months ended December 31, 2002, compared to the same period in the prior year, reflects the amortization in 2002 of prior deferred costs pursuant to the PUCN's decision on NPC's deferred energy rate case, which resulted in increased rates beginning April 1, 2002, and the one time rate increase of \$0.01 per kilowatt-hour for the month of June 2002. The amortization was offset, in part, by the recording of current year deferrals of electric energy costs. Deferral of energy costs-electric-net also reflects the \$228 million for contract termination charges discussed above.

Deferred energy costs disallowed for the year ended 2003 reflects the second quarter write-off of \$46 million of electric deferred energy costs incurred in the twelve months ended September 30, 2002, that were disallowed by the PUCN in their May 12, 2003 decision on NPC's deferred energy rate case. Deferred energy costs disallowed for 2002 reflects the second quarter write-off of \$434 million of electric deferred energy costs incurred in the seven months ended September 30, 2001, that were disallowed by the PUCN in its March 29, 2002 decision on NPC's deferred energy rate case.

See Critical Accounting Policies, earlier, and Note 1 of Notes to Financial Statements, Summary of Significant Accounting Policies for more information regarding deferred energy accounting.

Allowance For Funds Used During Construction (AFUDC)

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Allowance for other funds used during construction	\$ 2,845	N/A	\$ (153)	-59.9%	\$ (382)
Allowance for borrowed funds used during construction	2,700	-20.9%	3,412	59.4%	2,141
	<u>\$ 5,545</u>	70.1%	<u>\$ 3,259</u>	85.3%	<u>\$ 1,759</u>

AFUDC for NPC is higher in 2003 compared to 2002 as a result of an increase in the AFUDC rates, however that was offset in part by a decrease in the Construction Work in Progress (CWIP) balance on which AFUDC is calculated. AFUDC for NPC is higher in 2002 compared to 2001 due to increases in CWIP and adjustments in 2001 to amounts assigned to specific components of facilities that were completed in different periods.

Other (Income) and Expenses

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Other operating expense	\$ 195,483	16.5%	\$ 167,768	-1.0%	\$ 169,442
Maintenance expense	\$ 48,226	17.1%	\$ 41,200	-8.7%	\$ 45,136
Depreciation and amortization	\$ 109,655	11.7%	\$ 98,198	5.5%	\$ 93,101
Income taxes	\$ (12,734)	-90.5%	\$ (133,411)	N/A%	\$ 17,775
Interest charges on long-term debt	\$ 142,143	24.1%	\$ 114,527	17.8%	\$ 97,240
Interest charges- other	\$ 51,029	138.5%	\$ 21,395	61.9%	\$ 13,219
Interest accrued on deferred energy	\$ (22,891)	84.4%	\$ (12,414)	-71.0%	\$ (42,743)
Other income	\$ (18,344)	N/A	\$ (742)	-84.1%	\$ (4,669)
Other expense	\$ 5,944	-40.2%	\$ 9,933	110.9%	\$ 4,709
Income taxes - other income and expense	\$ 12,120	N/A%	\$ 1,627	-89.1%	\$ 14,962

The increase in Other operating expense during 2003 compared to 2002 resulted primarily from the increase in the provision for uncollected revenues on transmission service agreements (TSA). The TSA were challenged at FERC by three parties, who had subscribed for service on transmission facilities built to accommodate new generating stations under construction or to be constructed by these parties. Due to delays in constructing their generating facilities, the parties requested delays in the service commencement of their transmission service contracts, claiming that the Open Access Transmission Tariff excused them from paying their full payment obligations under the transmission contracts or otherwise postponed their obligation to pay. Additional factors contributing to higher costs in 2003 include write offs of uncollectible retail customer accounts, higher insurance premiums, higher operating cost at Reid Gardner due to outages and the recognition of short-term incentive compensation plan costs in 2003. NPC did not recognize incentive plan costs during 2002.

The decrease in Other operating expense for 2002 compared to 2001 reflects the absence in 2002 of \$10.0 million of provisions which were established in 2001 for retail uncollectible accounts as well as \$12.6 million for uncollectible amounts associated with the California Power Exchange, which NPC continues to pursue for collection. Additional factors that resulted in lower other operating expenses during 2002 include the reversal of a \$6 million provision originally established in 2001 pursuant to the PUCN order for costs associated with the conclusion of electric industry restructuring. NPC had no 2002 short-term incentive plan expense compared to \$5.5 million in 2001. These increases were substantially offset by increases in Other operating expense during 2002 include \$14.7 million in legal and advisory fees associated with liquidity issues and the consequences of the PUCN's deferred energy rate case decision. Additional increases in Other operating expense in 2002 included \$12.1 million related to collection for and write-off of uncollectible accounts.

NPC's maintenance expense fluctuates from period to period primarily as a result of the scheduling, magnitude, and number of generation unit overhauls performed. The increase in 2003 costs was a result of maintenance performed at the Clark, Mohave and Navajo generating facilities.

Maintenance expense during 2002 decreased compared to the prior year as a result of delaying maintenance at Reid-Gardner. This decrease was partially offset by higher miscellaneous maintenance costs at the Mohave and Navajo generating facilities.

An increase in depreciation and amortization expense between 2003 and 2002 was the result of increases to plant-in-service. An increase in the computer depreciation rate pursuant to a PUCN order and additions to plant-in-service were the primary cause of NPC's increase in depreciation and amortization expense in 2002 compared to 2001.

As a result of pretax operating losses, which include interest charges for 2003 and 2002, NPC incurred income tax benefits. During 2003, NPC's income tax benefit decreased due to smaller pretax operating losses in 2003 compared to pretax operating losses in 2002. The decrease in pretax operating losses resulted largely from the write-off in 2002 of disallowed deferred energy costs partially offset in 2003 by a decrease in revenues and increases in other operating, maintenance, depreciation, and interest expenses. See Note 12 of Notes to Financial Statements, Taxes, for additional information regarding the computation of income taxes.

Interest charges on Long-Term Debt for the year ended December 31, 2003, increased over the same period in 2002 due primarily to the issuance in October 2002 of \$250 million additional debt at an interest rate of 10.875% and the issuance, in August

2003 of \$350 million General and Refunding Bonds at an interest rate of 9.00%. The redemptions, in September 2003 and October 2002, of \$350 million and \$15 million, respectively, slightly offset the increase in interest during 2003 over 2002. NPC's interest charges increased in 2002 compared to 2001 due to additional issuances of long-term debt at higher interest rates during 2002 and to the payment of a full year of interest on \$100 million of long-term debt outstanding throughout 2001. In 2002, NPC redeemed \$15 million in debt and issued additional debt of \$250 million. See Note 8 of Notes to Financial Statements, Long-Term Debt for additional information regarding long-term debt.

Interest charges-other for the year ended December 31, 2003, increased, compared to the same period in 2002, due to higher interest on terminated contracts. In September 2003, NPC recorded \$27.8 million of additional interest costs on terminated contracts as a result of a final judgment issued September 26, 2003, by the Bankruptcy Court Judge overseeing the bankruptcy case of Enron Power Marketing (Enron). See Note 15, Commitments and Contingencies, of Notes to Financial Statements for more information regarding the Enron litigation. NPC's interest charges-other increased in 2002 compared to 2001 due primarily to interest on extended payments to fuel and power suppliers resulting from renegotiated purchased power and fuel contracts, (terminated/delayed contracts). Increased credit facility fees also contributed to the increase in 2002 over the prior year (refer to Liquidity and Capital Resources for further discussion of power and fuel contracts and the credit facilities).

Interest accrued on deferred energy costs for the year ended December 31, 2003 compared favorably to the same period in 2002 due to the first quarter 2002 write-off of approximately \$20.1 million of carrying charges, net of taxes, on deferred energy costs that were disallowed by the PUCN in its March, 29, 2002, decision on NPC's deferred energy rate case. The 2002 write-off was partially offset by the recording of carrying charges on deferred energy costs incurred. Interest accrued on deferred energy decreased during 2002, compared to 2001 due to a significant decline in the related deferred fuel and purchased power balances resulting from the write-off referred to above. (Refer to Regulation and Rate Proceedings for further discussion of deferred energy accounting issues).

NPC's Other income increased for the year ended December 31, 2003 compared to the same period in 2002 due to an increase in gains from the disposition of non-utility property, the recognition of income from the disposition of SO2 allowances in 2003, the income generated as a result of the relocation of electricity lines for Clark County, the recognition of carrying charges related to divestiture costs ordered by the PUCN, and an increase in interest income. Other income for the year ended December 31, 2002 decreased from 2001 due, primarily, to an expense adjustment related to the sale of SO2 emission allowances ordered by the PUCN.

NPC's Other expense decreased for the year ended December 31, 2003 compared to the same period in 2002 due primarily to the absence in 2003 of charges incurred during 2002 associated with NPC's contribution to a group opposed to the inclusion of an Electric Utility Advisory Question to the November 2002 general election ballot and the write-off of amounts relating to the disposition of SO2 allowances as ordered by the PUCN. Other expense increased in 2002 compared to 2001 due primarily to the same costs (ballot initiative and advertising), along with increased costs for assistance programs, corporate advertising, and miscellaneous customer information activities.

Income Taxes—Other Income and Expense increased in 2003 compared to 2002 due to an increase in pretax other income largely as a result of a write-off of disallowed interest charges on deferred energy costs in 2002.

ANALYSIS OF CASH FLOWS

NPC's cash flows were less during 2003 compared to 2002 resulting from a decrease in cash flows from financing activities that was partially offset by smaller increases in cash flows from operating and investing activities. Cash flows from financing activities were lower in 2003 because of cash that was provided during 2002 from the net issuance of long-term debt. Cash flows from operating activities increased as a result of the collection of previously deferred energy costs due to PUCN decisions in NPC's 2001 and 2002 deferred energy rate cases that resulted in rate increases beginning April 1, 2002, and May 19, 2003, respectively. Also contributing to improved operating cash flows in 2003 was lower purchased power costs. Partially offsetting the improved cash flows from operations during 2003 was the requirement for NPC to prepay or accelerate the payment for fuel and power purchases during 2003 and the receipt of an income tax refund in 2002. Cash flows from investing activities were improved during 2003 because of a reduction in cash utilized for construction activities.

NPC's net cash flows improved in 2002 compared to 2001. This resulted from an increase in cash flows from operating activities offset in part by decreases in cash flows from investing and financing activities. Although NPC recorded a substantial loss for 2002, compared to net income in 2001, the 2002 loss resulted largely from the write-off of disallowed deferred energy costs for which the cash outflow had occurred in 2001. Other factors contributing to 2002's improved cash flows from operating activities include the collection of deferred energy costs from customers and lower energy prices. Cash flows from operating activities in the current year also reflect the receipt of an income tax refund. Cash flows from investing activities decreased because of additional cash utilized for construction activities during 2002 compared to 2001. Cash flows from financing activities were lower because of less net long-term debt issued, decreases in short-term borrowings and less cash invested by NPC's parent, SPR, during 2002.

LIQUIDITY AND CAPITAL RESOURCES

NPC had cash and cash equivalents of approximately \$144.9 million at December 31, 2003 and \$141.2 million at January 31, 2004.

As discussed in Construction Expenditures and Financing and Contractual Obligations below, NPC anticipates capital requirements for construction costs in 2004 will be approximately \$381 million which NPC expects to finance with internally generated funds, including the recovery of deferred energy. NPC has \$130 million of long-term debt maturing on April 15, 2004. NPC currently expects to refinance all of this debt prior to maturity through the issuance and sale of its General and Refunding Mortgage Securities.

Due to NPC's weakened financial condition, NPC has been required to either pre-pay its power purchases or make more frequent payments on its power deliveries. As a result of unseasonably cool weather during the spring of 2003 and its prepayment and more frequent payment obligations for its summer 2003 power requirements, NPC's liquidity was significantly constrained during the early summer months of 2003. Consequently, on June 30, 2003, NPC entered into a \$60 million revolving Credit Agreement to provide additional liquidity to NPC for its summer 2003 power purchases.

NPC anticipates that based upon its current cash balances and expected cash flows leading up to the summer 2004 season, NPC will need additional liquidity at the onset of the summer 2004 season to support its power purchases. Currently, management believes that NPC will be able to enter into financings and/or credit facilities to meet its summer 2004 cash needs. If NPC has to pay higher than expected prices for fuel and purchased power, if NPC's suppliers require changes to NPC's current payment terms, or if NPC does not have sufficient available liquidity to obtain fuel and purchased power, particularly at the onset of the 2004 summer season, NPC may be required to issue or incur additional indebtedness, enter into additional liquidity facilities or utilize its receivables purchase facility. If NPC is unable to enter into financings to provide it with sufficient additional liquidity and to repay its maturing indebtedness, whether due to unfavorable conditions in the capital markets, lack of regulatory authority to issue or incur such debt, credit downgrades by either S&P or Moody's resulting from the uncertainties discussed in this section, or restrictive covenants in certain of its financing agreements (see below), its ability to provide power and fund its expected construction costs and its financial condition and cash flows will be adversely affected.

Management has identified a number of other uncertainties that may have a negative impact on NPC's financial condition and cash flows. The most significant of these uncertainties are:

- whether there will be any further requirements to pay the judgment of the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron or to provide further cash collateral, to secure the stay of the judgment against NPC pending further appeal,
- whether NPC will be able to recover regulatory assets in its current and future rate cases, especially previously incurred deferred fuel and purchased power costs, and to provide sufficient revenues to support its operations, and
- whether NPC will be able to successfully refinance its maturing long-term debt and secure additional liquidity necessary to support its operations, including the purchase of fuel and power.

Because of the relationships among the uncertainties described above, an adverse development with respect to a combination of these uncertainties, could have a material adverse effect on NPC's financial condition, results of operations and liquidity, and could make it difficult for NPC to continue to operate outside of bankruptcy.

Effect of Rate Case Decisions

Credit Downgrades and Credit Facilities

On March 29 and April 1, 2002, following the decision by the PUCN in NPC's deferred energy rate case, S&P and Moody's lowered NPC's unsecured debt ratings to below investment grade. On April 23 and 24, 2002, NPC's unsecured debt ratings were further downgraded and its secured debt ratings were downgraded to below investment grade. As a result of these downgrades, NPC's ability to access the capital markets to raise funds were severely limited. Since SPR's credit ratings were similarly downgraded, SPR's ability to make capital contributions to NPC also became severely limited.

In connection with the credit downgrades by S&P and Moody's, NPC lost its A2/P2 commercial paper ratings and can no longer issue commercial paper. NPC does not expect to have direct access to the commercial paper market for the foreseeable future.

Power Supplier Issues – Contract Terminations

In early May of 2002, Enron Power Marketing Inc. (Enron), Morgan Stanley Capital Group Inc. (MSCG), Reliant Energy Services, Inc. and several smaller suppliers terminated their contracts for power deliveries to NPC. These terminating suppliers asserted their contractual right under the WSPP agreement to terminate deliveries based upon NPC's alleged failure to provide adequate assurance of its performance under the WSPP agreement to any of their suppliers. For further discussion of Contract Terminations see, Note 15, Commitments and Contingencies of Notes to Financial Statements.

Included in NPC's Consolidated Balance Sheets as "Contract termination liability," are \$280 million of estimated liabilities, for terminated power supply contracts and associated interest. Correspondingly, pursuant to the deferred energy accounting provisions of AB 369, included in NPC's deferred energy balance as of December 31, 2003, is approximately \$245 million of charges associated with the terminated power supply contracts, deferred for recovery in rates in future periods.

If NPC is required to pay part or all of the amounts accrued for, NPC will pursue recovery of the amounts through future deferred energy filings. To the extent that NPC is not permitted to recover any portion of these costs through a deferred energy filing, the amounts not permitted would be charged as a current operating expense.

Credit Facility

On June 30, 2003, NPC entered into a \$60 million revolving Credit Agreement to provide additional liquidity to NPC for its summer 2003 power purchases. This facility was paid off on August 11, 2003, and was terminated on August 18, 2003.

Accounts Receivable Facility

On October 29, 2002, NPC established an accounts receivable purchase facility for up to \$125 million. Actual amounts that may be advanced under the receivables purchase facilities will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency rates of NPC's receivables. Based on 2003 accounts receivables and the variables discussed above NPC had a maximum capacity of \$82 million and minimum capacity of \$32 million under the receivables facility. The receivables purchase facility was renewed on October 28, 2003, and expires as of October 26, 2004. If NPC elects to activate the receivables purchase facility, NPC will sell all of its accounts receivable generated from the sale of electricity to customers to its newly created bankruptcy-remote special purpose subsidiary. The receivables sales will be without recourse except for breaches of customary representations and warranties made at the time of sale. The subsidiary will, in turn, sell these receivables to a bankruptcy-remote subsidiary of SPR. SPR's subsidiary will issue variable rate revolving notes backed by the purchased receivables.

The agreements relating to the receivables purchase facility contain various conditions to purchase, covenants and trigger events, and other provisions customary in receivables transactions. In addition to customary termination and mandatory repurchase events, the receivables purchase facility may terminate in the event that either NPC or SPR defaults: (1) on the payment of indebtedness, or (2) on the payment of amounts due under a swap agreement and such defaults aggregate to greater than \$10 million and \$5 million for NPC and SPR, respectively.

Under the terms of the agreements relating to the receivables purchase facility, NPC's facility may not be activated or, if activated, will be terminated in the event of a material adverse change in the condition, operations or business prospects of NPC. In addition, the agreements contain a limitation on the payment of dividends by NPC to SPR that is identical to the limitation contained in NPC's General and Refunding Mortgage Notes, Series E, described below. SPR has agreed to guaranty NPC's performance of certain obligations as a seller and servicer under the receivables purchase facility.

NPC has agreed to issue a \$125 million General and Refunding Mortgage Bond upon activation of the receivables purchase facility. The full principal amount of the bond would secure certain of NPC's obligations as seller and servicer, plus certain interest, fees, and expenses thereon to the extent not paid when due, regardless of the actual amounts owing with respect to the secured obligations. As a result, in the event of an NPC bankruptcy or liquidation, the holder of the bond securing the receivables purchase facility may recover more on a pro rata basis than the holders of other General and Refunding Mortgage securities, who could recover less on a pro rata basis than they otherwise would recover. However, in no event will the holder of the bond recover more than the amount of obligations secured by the bond.

NPC intends to use the accounts receivable purchase facility as a back-up liquidity facility and does not plan to activate this facility in the foreseeable future. NPC may activate the facility within five days upon the delivery of certain customary funding documentation and the delivery of the \$125 million General and Refunding Mortgage Bond. As of February 29, 2004, this facility had not been activated.

Mortgage Indentures

NPC's Indenture of Mortgage, dated as of October 1, 1953, between NPC and Deutsche Bank Trust Company Americas (the "First Mortgage Indenture"), creates a first priority lien on substantially all of NPC's properties. As of December 31, 2003, \$372.5 million of NPC's first mortgage bonds were outstanding. In connection with the issuance of its Series E Notes and its Series G Notes NPC agreed that it would not issue any more first mortgage bonds.

NPC's First Mortgage Indenture limits the cumulative amount of dividends and other distributions that NPC may pay on its capital stock. In February 2004, NPC amended this restriction in its First Mortgage Indenture to:

- 1) change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with SPR), and
- 2) permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR.

As amended, NPC does not anticipate that the First Mortgage Indenture dividend restriction will materially limit the amount of dividends that it may pay to SPR in the foreseeable future.

NPC's General and Refunding Mortgage Indenture creates a lien on substantially all of NPC's properties in Nevada that is junior to the lien of the first mortgage indenture. As of December 31, 2003, \$1.3 billion of NPC's General and Refunding Mortgage securities were outstanding. Additional securities may be issued under the General and Refunding Mortgage Indenture on the basis of:

- (1) 70% of net utility property additions,
- (2) the principal amount of retired General and Refunding Mortgage Bonds, and/or
- (3) the principal amount of first mortgage bonds retired after October 19, 2001.

On the basis of (1), (2) and (3) above, as of December 31, 2003, NPC had the capacity to issue approximately \$685.8 million of additional General and Refunding Mortgage securities, which amount does not include the retirement of approximately \$24 million of NPC's \$235 million Series H, General and Refunding Mortgage Bond (discussed below).

Although NPC has substantial capacity to issue additional General and Refunding Mortgage securities on the basis of property additions and retired securities, the financial covenants contained in the Series E Notes, the Series G Notes, the Series H Bond and the Receivables Purchase Facility Agreements limit the amount of additional indebtedness that NPC may issue and the reasons for which such indebtedness may be issued. In the event funding becomes necessary, NPC has reserved \$125 million of General and Refunding Mortgage bonds for issuance upon the initial funding of NPC's receivables facility.

NPC also has the ability to release property from the liens of the two mortgage indentures on the basis of net property additions, cash and/or retired bonds. To the extent NPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of securities issuable under that indenture.

PUCN Order

On December 17, 2003, the PUCN issued an order in connection with its authorization of the issuance of short-term debt securities by NPC and SPPC. The PUCN order, for Dockets 03-10022 and 03-10023, permits NPC and SPPC to dividend an aggregate of \$70 million per year to SPR through December 31, 2005. The PUCN order also provides that the dividend limitation may be reviewed in a subsequent application to grant short-term debt authority and that, in the event that exigent circumstances are experienced in the interim, either NPC or SPPC may petition the PUCN to review the dollar limitation.

Financing Transactions and Covenants

On October 29, 2002, NPC issued and sold \$250 million of its 10⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009. The Series E Notes, which were issued with registration rights, were exchanged for registered notes in January 2003. The \$235.6 million net proceeds of the issuance were used to pay off NPC's \$200 million credit facility and for general corporate purposes. The Series E Notes will mature October 15, 2009.

On August 13, 2003, NPC issued and sold \$350 million of its 9% General and Refunding Mortgage Notes, Series G, due 2013. The Series G Notes were issued with registration rights. The proceeds of the issuance were used to pay off \$210 million of its

unsecured 6% Notes due September 15, 2003 and \$140 million of its General and Refunding Mortgage Notes, Floating Rate, Series B, due October 15, 2003 and for general corporate purposes. The Series G Notes will mature August 15, 2013.

On December 4, 2003, NPC issued its General and Refunding Mortgage Bond, Series H, in the principal amount of \$235 million, to an escrow agent in accordance with the Enron stay order. See Note 15, Commitments and Contingencies of Notes to Financial Statements for more information regarding the Enron litigation. The Series H Bond will be held in escrow until such time as the stay order is lifted, entry of an order affirming the judgment and a denial of stay of such order, or a settlement agreement is entered into between NPC and Enron. NPC expects to enter into a Remarketing Agreement with Enron and a Remarketing Agent which will provide for the possibility of the Series H Bond being remarketed in the event that the Series H Bond is released from escrow for the benefit of Enron. On February 10, 2004, in accordance with the terms of the Enron stay order, NPC deposited approximately \$24 million into the escrow account which amount was deducted from the outstanding principal amount of the Series H Bond. The terms of the Series H Bond are substantially similar to NPC's Series G Notes.

The Series E Notes, the Series G Notes and the Series H Bond limit the amount of payments in respect of common stock that NPC may pay to SPR. However, that limitation does not apply to payments by NPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's PIES) provided that:

- those payments do not exceed \$60 million for any one calendar year,
- those payments comply with any regulatory restrictions then applicable to NPC, and
- the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the date of payment is at least 1.75 to 1.
- The terms of both series of Notes and the Bond also permit NPC to make payments to SPR in an aggregate amount not to exceed: (1) under the Series E Notes, \$15 million from the date of the issuance of the Series E Notes, and (2) under the Series G Notes and the Series H Bond, \$25 million from the date of the issuance of the Series G Notes and the Series H Bond, respectively.

In addition, NPC may make payments to SPR in excess of the amounts described above so long as, at the time of payment and after giving effect to the payment:

- there are no defaults or events of default with respect to the Series E Notes, the Series G Notes or the Series H Bond,
- NPC has a ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the payment date of at least 2.0 to 1, and
- the total amount of such dividends is less than:
 - the sum of 50% of NPC's consolidated net income measured on a quarterly basis cumulative of all quarters from the date of issuance of the applicable series of Notes, plus
 - 100% of NPC's aggregate net cash proceeds from contributions to its common equity capital or the issuance or sale of certain equity or convertible debt securities of NPC, plus
 - the lesser of cash return of capital or the initial amount of certain restricted investments, plus
 - the fair market value of NPC's investment in certain subsidiaries.

The terms of the Series E Notes, Series G Notes and Series H Bond also restrict NPC from incurring any additional indebtedness unless:

- at the time the debt is incurred, the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four quarter period on a pro forma basis is at least 2 to 1, or
- the debt incurred is specifically permitted, which includes certain credit facility or letter of credit indebtedness, obligations incurred to finance property construction or improvement, indebtedness incurred to refinance existing indebtedness, certain intercompany indebtedness, hedging obligations, indebtedness incurred to support bid, performance or surety bonds, and certain letters of credit issued to support NPC's obligations with respect to energy suppliers, or
- in the case of the Series G Notes and the Series H Bond, indebtedness incurred to finance capital expenditures pursuant to NPC's 2003 IRP.

If NPC's Series E Notes, the Series G Notes or the Series H Bond are upgraded to investment grade by both Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Group, Inc. (S&P), these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes remains investment grade.

Among other things, the Series E Notes, Series G Notes and the Series H Bond also contain restrictions on liens (other than permitted liens, which include liens to secure certain permitted debt) and certain sale and leaseback transactions. In the event of a change of control of NPC, the holders of these securities are entitled to require that NPC repurchase their securities for a cash payment equal to 101% of the aggregate principal amount plus accrued and unpaid interest.

Cross Default Provisions

Certain financing agreements of NPC contain cross-default provisions that would result in an event of default under such financing agreements if there is a failure under other financing agreements of NPC and SPR to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay other indebtedness) provide for a cure period of 30-60 days from the occurrence of a specified event during which time, NPC or SPR may rectify or correct the situation before it becomes an event of default. The primary cross-default provisions in NPC's various financing agreements are summarized below:

- NPC's General and Refunding Mortgage Indenture, under which NPC has \$1.3 billion of securities outstanding as of December 31, 2003, provides for an event of default if a matured event of default under NPC's First Mortgage Indenture occurs;
- The terms of NPC's Series E Notes, Series G Notes and Series H Bond provide that a default with respect to the payment of principal, interest or premium beyond the applicable grace period under any mortgage, indenture or other security instrument, by NPC or any of its restricted subsidiaries, relating to debt in excess of \$15 million, triggers a right of the holders of each series of securities to require NPC to redeem their securities at a price equal to 100% of the aggregate principal amount plus accrued and unpaid interest and liquidated damages, if any, upon notice given by at least 25% of the outstanding holders for such series of securities;
- NPC's receivables purchase facility may terminate in the event that either NPC or SPR defaults (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million and \$5 million for NPC and SPR, respectively; and
- NPC's Senior Unsecured Note Indenture, pursuant to which NPC issued its \$130 million 6.20% Senior Unsecured Notes, Series B, due April 15, 2004, provides for a default if: (1) NPC fails to pay indebtedness (after any applicable grace period), or any of NPC's indebtedness is accelerated, and (2) such indebtedness aggregates \$15 million, and (3) such indebtedness is not repaid and such acceleration is not rescinded within 30 days.

Judgment Related Defaults

NPC's First Mortgage Indenture provides for an event of default if a final, unstayed judgment in excess of \$25,000 is rendered against NPC and remains undischarged for 60 days. Upon a matured event of default, the trustee may, and upon the written request of the holders of at least 25% of the bonds outstanding under NPC's First Mortgage Indenture, is required to declare the principal of and interest on the approximately \$372.5 million of outstanding First Mortgage bonds immediately due and payable.

NPC's \$250 million Series E and \$350 million Series G General and Refunding Mortgage Notes, \$235 million Series H General and Refunding Mortgage Bond and NPC's \$130 million 6.2% Senior Unsecured Notes, Series B, due April 15, 2004, provide for an event of default if a final, unstayed judgment in excess of \$15 million is rendered against NPC and remains undischarged for 60 days. Since the Series E Notes, Series G Notes and the Series H Bond were issued under NPC's General and Refunding Mortgage Indenture and NPC's Senior Unsecured Notes are secured by a General and Refunding Mortgage Bond, a default under any of the Series E Notes, the Series G Notes, the Series H Bond and the Senior Unsecured Notes, will trigger a default under NPC's General and Refunding Mortgage Indenture. In addition, a matured event of default under NPC's First Mortgage Indenture will trigger a default under NPC's General and Refunding Mortgage Indenture. Upon a matured event of default under the NPC's General and Refunding Mortgage Indenture, the trustee or the holders of 33% of the General and Refunding Mortgage securities outstanding may declare the principal and accrued interest of the approximately \$1.3 billion of outstanding General and Refunding Mortgage securities immediately due and payable.

If a judgment lien is created on NPC's real property located in Nevada, NPC has been advised that the judgment lien would be an interceding lien that would have priority over subsequent advances under NPC's General and Refunding Mortgage Indenture; therefore, NPC would be unable to provide certain required opinions of counsel to issue additional securities under its General and

Refunding Mortgage Indenture until the judgment lien is discharged and released. Since NPC is unable to issue additional bonds under its First Mortgage Indenture, its sole means of issuing secured debt is through its General and Refunding Mortgage Indenture.

If NPC's indebtedness under either its First Mortgage Indenture or its General and Refunding Mortgage Indenture is accelerated, or if NPC is unable to issue additional securities under its General and Refunding Mortgage Indenture in order to raise funds for operations and to repay indebtedness and to provide security, as needed, for its obligations, NPC would likely be unable to continue to operate outside of bankruptcy.

Limitations on Indebtedness

The terms of NPC's Series E Notes, which mature in 2009, NPC's Series G Notes, which mature in 2013, and NPC's Series H Bond restrict NPC from incurring any additional indebtedness unless:

- (1) at the time the debt is incurred, the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four quarter period on a pro forma basis is at least 2 to 1, or
- (2) the debt incurred is specifically permitted, which includes limited amounts of debt with respect to certain credit facility or letter of credit indebtedness, obligations incurred to finance property construction or improvement, indebtedness incurred to refinance existing indebtedness, certain intercompany indebtedness, hedging obligations, indebtedness incurred to support bid, performance or surety bonds, certain letters of credit issued to support NPC's obligations with respect to energy suppliers, and for the Series G Notes and the Series H Bond, indebtedness to finance capital expenditures incurred pursuant to NPC's 2003 IRP.

At December 31, 2003, NPC met the fixed charge ratio test set forth in (1) above. If NPC's Series E Notes, Series G Notes or the Series H Bond are upgraded to investment grade by both Moody's and S&P, these restrictions will be suspended and will no longer be in effect so long as the applicable series of securities remains investment grade.

In addition, the PUCN conducted hearings on NPC's IRP on October 16, 2003. The PUCN approved an order on NPC's IRP on November 12, 2003. In general, the order approved NPC's various requests made in its filing and also imposed additional requirements for various briefings, and required amendments to the IRP if there are delays in the construction of the combined cycle units, issues with transmission reservations, or difficulties financing the IRP. As such, NPC may need to expend up to approximately \$500 million prior to the summer of 2007 for the construction and/or acquisition of generation facilities.

Pension Plan Matters

SPR has a qualified pension plan that covers substantially all employees of SPR, NPC and SPPC. The annual net benefit cost for the plan will decrease for 2004 by approximately \$5.3 million over the 2003 cost of \$35.5 million. As of September 30, 2003, the measurement date, the plan had assets with a fair value that was less than the present value of the accumulated benefit obligation under the plan. During 2003, NPC contributed a total of \$58.7 million to meet its funding obligations under the plan. At the present time it is not expected that any near term funding obligations will have a material adverse effect on liquidity.

Construction Expenditures and Financing

The table below provides an overview of NPC's consolidated cash construction expenditures and internally generated cash, net for 2001 through 2003 (dollars in thousands):

	2003	2002	2001
Cash construction expenditures	\$ 204,611	\$ 250,441	\$ 196,896
Net cash flow from operating activities	\$ 265,628	\$ 257,607	\$ (757,402)
Common and preferred cash dividends paid	—	10,000	33,014
Internally generated cash	265,628	247,607	(790,416)
Investment by parent company	—	10,000	474,921
Total cash available	\$ 265,628	\$ 257,607	\$ (315,495)
Internally generated cash as a percentage of cash construction expenditures	130%	99%	N/A
Total cash generated (used) as a percentage of cash construction expenditures	130%	103%	N/A

NPC's estimated cash construction expenditures for 2004 through 2008 are \$1.97 billion. Construction expenditures for 2004 are projected to be \$381 million and are expected to be financed by internally generated funds, including the recovery of deferred energy.

Cash provided by internally generated funds during 2004 assumes, among other things, that NPC will be able to refinance its debt maturing in 2004, that NPC will not be required to make any significant unanticipated cash outlays including additional payments of collateral into the escrow account established in connection with the Enron judgment, that there will be no material disallowances in NPC's 2003 deferred energy and general rate cases, that NPC will not have to pay higher than expected prices for fuel and purchased power and that NPC's current payment terms with its suppliers will remain unchanged. See Regulation Proceedings, Nevada Matters for additional information regarding the NPC recently filed deferred energy rate case and prior deferred energy rate cases and Liquidity and Capital Resources for additional information regarding NPC's liquidity condition and cash flows.

In the event that NPC is unable to finance its construction expenditures with internally generated funds NPC may need to raise all or a portion of the necessary funds through the capital markets or from activating its accounts receivables purchase facility to provide additional liquidity. For additional information regarding the accounts receivables purchase facility, see Liquidity and Capital Resources. NPC may activate its receivables purchase facility within five days upon the delivery of certain customary funding documentation and the delivery of \$125 million of its General and Refunding Mortgage Bonds to secure the facility. If a material adverse event were to occur, it could potentially trigger a termination event with respect to the receivables facility and would also make it more difficult for NPC to access the capital markets for any such financing needs.

Contractual Obligations

The table below provides NPC's consolidated contractual obligations, not including estimated construction expenditures described above, as of December 31, 2003, that NPC expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt (dollars in thousands):

	<u>Payment Due by Period</u>						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter</u>	<u>Total</u>
Long-Term Debt	\$ 135,570	\$ 6,091	\$ 6,509	\$ 5,949	\$ 7,066	\$ 1,886,023	\$ 2,047,208
Long-Term Debt Interest	145,984	141,617	141,617	141,615	141,614	1,373,886	2,086,333
Purchased Power	358,753	301,222	240,848	210,797	192,374	2,897,461	4,201,455
Coal and Natural Gas	97,439	41,436	44,058	42,736	24,736	245,764	496,169
Operating Leases	<u>1,882</u>	<u>1,501</u>	<u>936</u>	<u>35</u>	<u>8</u>	<u>450</u>	<u>4,812</u>
Total Contractual Cash Obligations	<u>\$ 739,628</u>	<u>\$ 491,867</u>	<u>\$ 433,968</u>	<u>\$ 401,132</u>	<u>\$ 365,798</u>	<u>\$ 6,403,584</u>	<u>\$ 8,835,977</u>

Capital Structure

As of December 31, 2003, NPC had no short-term debt outstanding and current maturities of Long-Term Debt of \$130 million due April 15, 2004.

For a complete discussion of the NPC financing transactions please see the both the Accounts Receivable Facility and the Financing Transactions sections of the Liquidity and Capital Resources – NPC discussion.

NPC's actual consolidated capital structure at December 31, 2003, and 2002 was as follows (dollars in thousands):

	<u>2003</u>		<u>2002</u>	
Short-Term Debt (1)	\$ 135,570	4%	\$ 354,677	11%
Long-Term Debt	1,899,709	59%	1,683,310	53%
Common Equity	<u>1,174,645</u>	<u>37%</u>	<u>1,149,131</u>	<u>36%</u>
TOTAL	<u>\$ 3,209,924</u>	<u>100%</u>	<u>\$ 3,187,118</u>	<u>100%</u>

(1) Includes current maturities of long-term debt and capital lease obligations.

SIERRA PACIFIC POWER COMPANY

RESULTS OF OPERATIONS

SPPC recognized a net loss of \$23.3 million in 2003, compared to a net loss of \$14.0 million in 2002 and net income of \$49.6 million in 2001. SPPC's operating results were negatively affected by a write off of \$45 million of disallowed deferred energy costs in June 2003, and the recognition of \$12.4 million of interest costs as a result of the September 26, 2003, Judgment by the Enron Bankruptcy Court Judge as described in Note 2, Liquidity Matters and Management's Plans of Notes to Financial Statements. SPPC's operating results for 2002 reflect the write-off of approximately \$58 million (before taxes) of deferred energy costs and related carrying charges as a result of the PUCN's May 28, 2002 decision in SPPC's deferred energy rate case. The PUCN's decision is being challenged by SPPC in a lawsuit filed in Nevada state court.

During 2003, SPPC paid \$3.9 million in dividends to holders of its preferred stock and an \$18.5 million dividend on its common stock, all of which is held by its parent, SPR. During 2002, SPPC paid \$44.9 million in common stock dividends to its parent, SPR, \$10 million of which was reinvested in SPPC as a contribution to capital.

Management has identified a number of risks and uncertainties that may have a negative impact on SPPC's financial condition and results of operations. These risks and uncertainties are discussed in SPPC's Liquidity and Capital Resources discussion below. If certain of these risks and uncertainties are decided adversely to SPPC, SPPC would likely experience one-time charges that would offset in whole or in part SPPC's earnings and gains and could result in significant losses to SPPC.

SPPC closed the sale of its water utility business in June 2001. Accordingly, the water business is reported as a discontinued operation and the continuing operating results have been reclassified to report separately the net results of operations from the water business.

The components of gross margin are (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating Revenues:			
Electric	\$ 868,280	\$ 931,251	\$ 1,401,778
Gas	<u>161,586</u>	<u>149,783</u>	<u>145,652</u>
Total Revenues	<u>\$ 1,029,866</u>	<u>\$ 1,081,034</u>	<u>\$ 1,547,430</u>
Energy Costs:			
Purchased Power	\$ 360,073	\$ 545,040	\$ 1,025,741
Fuel for Power generation	201,701	144,143	286,719
Deferred energy costs disallowed (1)	45,000	56,958	—
Deferral of energy costs—electric—net	1,982	(54,632)	(198,826)
Gas purchased for resale	111,675	91,961	136,534
Deferral of energy costs—gas—net	<u>16,155</u>	<u>24,785</u>	<u>(23,170)</u>
Total Energy Costs	<u>\$ 736,586</u>	<u>\$ 808,255</u>	<u>\$ 1,226,998</u>
Energy Costs by Segment:			
Electric	\$ 608,756	\$ 687,652	\$ 1,113,634
Gas	<u>127,830</u>	<u>120,603</u>	<u>113,364</u>
Total Energy Costs	<u>736,586</u>	<u>808,255</u>	<u>1,226,998</u>
Gross Margin	<u>\$ 293,280</u>	<u>\$ 272,779</u>	<u>\$ 320,432</u>
Gross Margin by Segment:			
Electric	\$ 259,524	\$ 243,599	\$ 288,144
Gas	<u>33,756</u>	<u>29,180</u>	<u>32,288</u>
Total	<u>\$ 293,280</u>	<u>\$ 272,779</u>	<u>\$ 320,432</u>

(1) 2002 deferred energy costs disallowed includes \$53,101 and \$3,857 of disallowed electric and gas costs, respectively.

Gross margin is presented by SPPC in order to provide information by segment that management believes aids the reader in determining how profitable the electric and gas businesses are at the most fundamental level. Gross margin provides a measure of income available to support the other operating expenses of the business and is utilized by management in its analysis of its business.

The causes for significant changes in specific lines comprising the results of operations for the years ended are provided below (dollars in thousands except for amounts per unit):

Electric Operating Revenues

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Electric Operating Revenues:					
Residential	\$ 230,299	5.3%	\$ 218,663	4.0%	\$ 210,350
Commercial	276,453	2.9%	268,631	10.1%	243,883
Industrial	<u>280,047</u>	3.9%	<u>269,610</u>	6.2%	<u>253,936</u>
Retail revenues	786,799	3.9%	756,904	6.9%	708,169
Other(1)	<u>81,481</u>	-53.3%	<u>174,347</u>	-74.9%	<u>693,609</u>
Total Revenues	\$ <u>868,280</u>	-6.8%	\$ <u>931,251</u>	-33.6%	\$ <u>1,401,778</u>
Retail sales in thousands of megawatt-hours (MWh)	8,901	2.4%	8,692	-0.4%	8,729
Average retail revenue per MWh	\$ 88.39	1.5%	\$ 87.08	7.3%	\$ 81.13

(1) Primarily wholesale, as discussed below

SPPC's retail revenues increased in 2003 as compared to 2002 due to a combination of factors. Increased sales resulting from hotter than normal summer temperatures, which resulted in higher revenues from air conditioning were partially offset by lower winter sales from heating as a result of warmer than normal winter weather. Retail revenues also increased as a result of a small net rate increase and an increase in the number of residential, commercial and industrial customers (2.2%, 1.9% and 6.7%, respectively). The net rate increase was effective June 1, 2002, (see below) and was partially offset by a decrease in energy related rates effective June 1, 2003. The June 2003 rate decrease was the result of SPPC's Deferred Energy Case (see Regulation and Rate Proceedings, later).

SPPC's retail revenues were higher in 2002 than 2001 primarily as a result of a net rate increase resulting from SPPC's General Rate and Deferred Energy cases. Effective June 1, 2002, the PUCN authorized an increase in SPPC's energy related rates that were used to recover current and previously incurred fuel and purchased power costs.

The decrease in Electric Operating Revenues—Other during 2003 and 2002 compared to the preceeding years was primarily due to a decrease in the sales volumes of wholesale electric power to other utilities and a reduction in sales associated with risk management activities.

Gas Operating Revenues

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Gas Operating Revenues:					
Residential	\$ 75,571	-1.1%	\$ 76,400	19.7%	\$ 63,815
Commercial	36,531	-1.3%	37,018	20.7%	30,680
Industrial	<u>13,930</u>	-31.2%	<u>20,252</u>	12.9%	<u>17,941</u>
Retail revenues	126,032	-5.7%	133,670	18.9%	112,436
Wholesale	32,978	133.5%	14,121	-57.6%	33,298
Miscellaneous	<u>2,576</u>	29.3%	<u>1,992</u>	N/A	<u>(82)</u>
Total Revenues	\$ <u>161,586</u>	7.9%	\$ <u>149,783</u>	2.8%	\$ <u>145,652</u>
Retail sales in thousands of decatherms	13,089	-6.7%	14,030	-1.7%	14,276
Average retail revenues per decatherm	\$ 9.63	1.0%	\$ 9.53	20.9%	\$ 7.88

SPPC's retail gas revenues were lower in 2003 primarily due to warmer than normal winter weather and a decrease in energy related rates that became effective December 26, 2002. This decrease in the retail rates was the result of SPPC's Purchased Gas Adjustment filing (see Regulation and Rate Proceedings). Partially offsetting these items was an increase in revenues as result of an increase in the number of residential and commercial customers (3.7% and 2.1%, respectively). The significant decrease in industrial retail revenues was attributable to a shift of industrial customers to SPPC's gas transportation tariff. Under SPPC's gas transportation tariff, customers can procure their own gas from a source other than SPPC but continue to compensate SPPC for its gas transportation costs (see miscellaneous revenues below).

The significant increase in wholesale revenues during 2003 compared to 2002 was primarily due to the utilization of idle gas transportation capacity that allowed SPPC to move gas from Canada to California for resale.

Miscellaneous revenues increased in 2003 compared to 2002 primarily due to an increase in revenues pertaining to the transportation of gas for industrial customers that shifted to SPPC's transportation tariff.

2002 retail gas revenues were significantly higher than the prior year primarily due to a rate increase resulting from SPPC's 2001 Purchased Gas Adjustment filing. Effective November 5, 2001, the PUCN authorized this increase in energy related rates that are used to recover current and previously incurred purchased gas. Wholesale gas revenues were significantly lower during 2002 compared to 2001, due to fewer wholesales and lower prices.

Purchased Power

	<u>2003</u>			<u>2002</u>			<u>2001</u>
	<u>Amount</u>	<u>Change from Prior Year</u>		<u>Amount</u>	<u>Change from Prior Year</u>		<u>Amount</u>
Purchased Power	\$ 360,073	-33.9%		\$ 545,040	-46.9%		\$ 1,025,741
Purchased power in thousands of MWh	6,575	-8.8%		7,206	-5.1%		7,591
Average cost per MWh of Purchased power(1)	\$ 54.44	-14.4%		\$ 63.59	-52.9%		\$ 135.13

(1) Not including contract termination costs, of \$2.1 million and \$86.8 for the years ending 2003 and 2002, respectively

Purchased power costs decreased in 2003 due to overall price and volume decreases, 14.4% and 8.8% respectively. Price decreases were the result of a less volatile energy market. In addition, an \$86.8 million provision for terminated contracts was recorded in the second quarter of 2002. Purchased power costs also reflect a 48% decrease in wholesale sales activity. Purchases associated with risk management activities, which include transactions entered into for hedging purposes and to optimize purchased power costs, are included in the purchased power amounts. See Energy Supply, later, for a discussion of the Utilities' purchased power procurement strategies.

Purchased power costs were lower in 2002 than 2001 as a result of lower prices (due to a more stable energy market) and a 40% decrease in wholesale sales activity.

Fuel For Power Generation

	<u>2003</u>			<u>2002</u>			<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>
Fuel for Power Generation	\$ 201,701	39.9%		\$ 144,143	-49.7%		\$ 286,719
Thousands of MWh generated	4,226	-10.1%		4,699	-21.5%		5,986
Average fuel cost per MWh of Generated Power	\$ 47.73	55.6%		\$ 30.67	-36.0%		\$ 47.90

Fuel for power generation costs increased in 2003 as compared to 2002 as fuel prices increased, especially natural gas. Partially offsetting these increases was a reduction in volume due to lower system load requirements.

Fuel for power generation costs in 2002 were lower than 2001 due to lower gas prices and to a lesser extent to lower system load requirements.

Gas Purchased for Resale

	<u>2003</u>			<u>2002</u>			<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>
Gas Purchased for Resale	\$ 111,675	21.4%		\$ 91,961	-32.6%		\$ 136,534
Gas Purchased for Resale (in thousands of decatherms)	20,026	11.7%		17,930	7.0%		16,756
Average cost per decatherm	\$ 5.58	8.8%		\$ 5.13	-37.1%		\$ 8.15

The cost of gas purchased for resale increased in 2003 as compared to 2002 as a result of higher unit prices and an increase in quantities purchased. The higher unit prices were attributable to increased demand for gas in the Pacific Northwest and additional transportation fees. The increase in quantities purchased was the result of increased wholesale sales discussed earlier.

The cost of gas purchased for resale decreased in 2002 as compared to 2001 primarily as a result of lower unit prices more than offsetting an increase in quantities. The significant gas price decreases are consistent with the increase in availability. Although there was a lower demand by retail customers as a result of warmer weather, SPPC sold more gas to wholesale customers causing the increase in quantity sold.

Deferral of Energy Costs – Net

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Deferred energy costs—electric—net	\$ 1,982	N/A	\$ (54,632)	-72.5%	\$ (198,826)
Deferred energy costs disallowed	45,000	-21.0%	56,958	N/A	—
Deferred energy costs—gas—net	16,155	-34.8%	24,785	N/A	(23,170)
Total	<u>\$ 63,137</u>	132.9%	<u>\$ 27,111</u>	N/A	<u>\$ (221,996)</u>

The increase in deferred energy costs-electric-net for the twelve months ended December 31, 2003, compared to the same period in 2002, resulted primarily from the deferral in the second quarter of 2002 of approximately \$82 million for contract termination claims. Additionally, 2003 costs increased as a result of greater amortization of prior deferred energy costs compared to 2002. The 2003 increase in deferred energy costs was partially offset by an increase over 2002 in the amount that fuel and purchase power costs exceeded the recovery of those costs through rates. The change in Deferred energy costs-electric-net for the twelve months ended December 31, 2002 compared to the same period in 2001 reflects the amortization in 2002 of prior deferred costs pursuant to the PUCN's decision on SPPC's deferred energy rate case, which resulted in increased rates beginning June 1, 2002. The amortization was offset in part by the recording of current year deferrals of electric energy costs, reflecting the extent to which actual fuel and purchased power costs exceeded the fuel and purchased power costs recovered through current rates. During periods when actual fuel and purchase power costs exceed amounts recovered through rates, the excess is shown as a reduction in costs.

Deferred energy costs disallowed for the twelve months ended December 31, 2003, reflects a reduction in the deferral of energy costs incurred in the twelve months ended November 30, 2002 of \$45 million, pursuant to a stipulation approved by the PUCN and effective June 1, 2003. Deferred energy costs disallowed for the twelve months ended December 31, 2002, reflects the write-off of \$53 million of electric deferred energy costs, disallowed by the PUCN in their May 28, 2002 decision, and a write-off of \$4 million in gas costs, disallowed by the PUCN in their December 23, 2002 decision on SPPC's Purchase Gas Adjustment rate case.

SPPC's Deferred energy costs-gas-net decreased for the twelve months ended December 31, 2003, primarily as a result of a decrease in the amount by which the recovery of natural gas costs through current rates exceeded the cost of natural gas incurred during 2003. The significant change from 2001 is attributed to lower gas costs in 2002 combined with the recovery of fuel and purchased power costs through current rates, which exceeded the actual fuel and purchase power costs.

Allowance For Funds Used During Construction (AFUDC)

	<u>2003</u>		<u>2002</u>		<u>2001</u>
	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>	<u>Change from Prior year</u>	<u>Amount</u>
Allowance for other funds used during construction	\$ 2,920	N/A	\$ 117	-86.3%	\$ 856
Allowance for borrowed funds used during construction	3,276	76.3%	1,858	N/A	660
	<u>\$ 6,196</u>	N/A	<u>\$ 1,975</u>	30.3%	<u>\$ 1,516</u>

AFUDC for SPPC is higher in 2003 compared to 2002 due to an increase in the AFUDC rates and an increase in construction work-in-progress (CWIP). AFUDC is higher in 2002 compared to 2001 due to an adjustment in 2001, which was made to refine amounts assigned to components of facilities that were completed in different periods. This increase was offset in part by a decrease in the AFUDC rate in 2002.

Other (Income) and Expenses

	<u>2003</u>			<u>2002</u>			<u>2001</u>		
	<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>	<u>Change from Prior year</u>		<u>Amount</u>		
Other operating expense	\$ 116,390	9.7%		\$ 106,122	-10.5%		\$ 118,526		
Maintenance expense	\$ 21,410	-7.9%		\$ 23,240	-4.6%		\$ 24,363		
Depreciation and amortization	\$ 81,514	6.7%		\$ 76,373	5.9%		\$ 72,103		
Income taxes	\$ (13,704)	98.0%		\$ (6,922)	N/A		\$ 8,507		
Interest charges on long-term debt	\$ 76,002	14.3%		\$ 66,474	13.1%		\$ 58,797		
Interest charges-other	\$ 23,367	119.1%		\$ 10,663	43.5%		\$ 7,433		
Interest accrued on deferred energy	\$ (5,163)	-51.5%		\$ (10,644)	-14.6%		\$ (12,461)		
Other income	\$ (4,403)	3.2%		\$ (4,266)	101.9%		\$ (2,113)		
Other expense	\$ 6,767	2.9%		\$ 6,577	6.5%		\$ 6,176		
Income taxes—other income and expense	\$ 1,467	-39.7%		\$ 2,431	N/A		\$ (91)		

The increase in Other operating expense during 2003 compared to 2002 resulted primarily from increased provisions for uncollectible retail customer accounts of approximately \$5.3 million, the recognition of short-term incentive compensation plan costs during 2003, higher operating costs at the Valmy and Tracy generating facilities and higher insurance premiums.

The decrease in Other operating expense for 2002 compared to 2001 reflects \$8.6 million of provisions which were established in 2001 for retail uncollectible accounts. Additional factors that resulted in lower Other operating expenses during 2002 include the reversal of a \$7.0 million provision originally established in 2001 pursuant to the PUCN order for costs associated with the conclusion of electric industry restructuring. SPPC had no 2002 short-term incentive plan expense compared to \$4.2 million in 2001. Increases in Other operating expense during 2002 include \$9.0 million in legal and advisory fees associated with liquidity issues and the consequences of the PUCN's deferred energy rate case decision.

The decrease in 2003 maintenance expense compared to 2002 was a result of less miscellaneous maintenance activities performed during 2003. Maintenance expense during 2002 was comparable to the prior year.

Depreciation and amortization were higher in 2003 than 2002 due to an increase in plant-in-service. This increase was offset in part by an increase in 2002 depreciation of \$1.8 million to reflect an adjustment to depreciation rates related to combustion turbines. Depreciation and amortization were higher in 2002 than 2001 due to an increase in plant-in-service.

As a result of net pretax losses from continuing operations recognized during 2002 and 2003, SPPC recorded an income tax benefit for those years. SPPC's income tax benefit for the year ended December 31, 2003 increased compared to the amount recognized during the same period in 2002. The change resulted from an increase in pretax losses. The increase in pretax losses resulted primarily from a decrease in operating revenue while incurring increases in operating expenses, depreciation and amortization, and interest expense.

SPPC's interest charges on Long-Term Debt for the year ended December 31, 2003, increased over the same period, 2002 due to the issuance in October 2002 of \$100 million of additional debt at an interest rate of 10.5% and the remarketing in May 2003 of \$80 million of Washoe County Water Bonds at a higher interest rate. Interest charges on long-term debt increased in 2002 compared to 2001 due to additional issuances of long-term debt at higher interest rates and the full year of interest incurred on \$320 million of long-term debt issued in May 2001. In 2002, SPPC redeemed approximately \$4 million in debt and issued additional debt of \$100 million.

SPPC's interest charges-other for the year ended December 31, 2003 increased compared to the same period in 2002. In September 2003, SPPC recorded \$12.4 million of additional interest costs on terminated contracts as a result of a final judgment issued on September 26, 2003, by the Bankruptcy Court Judge overseeing the bankruptcy case of Enron. See Note 15, Commitments and Contingencies, of Notes to Financial Statements for more information regarding the Enron litigation. Additionally, interest charges-other increased due to higher debt discount and expenses related to the issuance in October 2002 of \$100 million of additional debt, an increase in interest on delayed/terminated contracts, and was reduced by the absence in 2003 of interest on short-term debt existing during the same period in 2002. Interest charges-other increased in 2002 compared to 2001 due to interest on extended payments to fuel and power suppliers resulting from renegotiated purchased power and fuel contracts, interest on short term notes, and credit facility fees (refer to Liquidity and Capital Resources for further discussion of power and fuel contracts and the credit facilities).

Interest accrued on deferred energy costs decreased for the year ended December 31, 2003, compared to the same period in 2002 and for the year ended December 31, 2002, compared to the same period 2001 due to lower deferred fuel and purchased power balances during 2003. (Refer to Regulation and Rate Proceedings for discussion of deferred energy issues).

SPPC's Other income increased slightly for the year ended December 31, 2003, compared to the same period in 2002 due primarily to gains recognized from the sale of non-utility property and an increase in lease revenues. The increase was partially offset by a decrease in interest income. Other income for 2002 compared to 2001 increased due to increased interest and dividend income and gains on disposition of property.

SPPC's Other expense for the year ended December 31, 2003 was comparable to the same period in 2002. Higher expense was recognized during 2003 related to SPPC's general office building and advertising and was substantially offset by charges during 2002 related to SPPC's divestiture of its water division. Other expense increased in 2002 compared to 2001 due primarily to increased expenditures related to low-income energy assistance programs.

Taxes other than income taxes for the year ended December 31, 2003 were comparable to the amounts recognized during the same periods in 2002.

ANALYSIS OF CASH FLOWS

SPPC's cash flows were less during 2003 compared to 2002, as a result of decreases in cash from operating, investing and financing activities. Cash flows from operating activities during 2003 were lower primarily as a result of an income tax refund received in 2002, the prepayment and accelerated payment of fuel and energy purchases during 2003 and higher interest costs. Cash flows from investing activities decreased in 2003 because of additional cash requirements for construction activity during 2003. Cash flows from financing activities were lower primarily as a result of the cash provided in 2002 from the issuance of long-term debt, offset partially by reduced common dividend payments to SPR during 2003.

SPPC's net cash flows improved in 2002 compared to 2001, resulting primarily from an increase in cash flows from operating activities offset in part by a decrease in cash flows from investing activities. Although SPPC recorded a net loss during 2002 compared to net income in 2001 the current year's loss resulted largely from the write-off of disallowed deferred energy costs for which the cash outflow had occurred in 2001. Other factors contributing to 2002's improved cash flows from operating activities include the collection of deferred energy costs from customers and lower energy prices. Also, cash flows from operating activities in the current year reflect the receipt of an income tax refund. Cash flows from investing activities decreased in 2002 because 2001 investing activities included cash provided from the sale of the assets of SPPC's water business. Cash flows from financing activities during 2002 were comparable to 2001.

LIQUIDITY AND CAPITAL RESOURCES

SPPC had cash and cash equivalents of approximately \$20.9 million at December 31, 2003 and \$39.3 million at January 31, 2004.

As discussed in Construction Expenditures and Financing and Contractual Obligations, SPPC anticipates capital requirements for construction costs during 2004 totaling approximately \$107 million, which SPPC expects to finance with internally generated funds, including the recovery of deferred energy. SPPC has \$80 million of long-term debt that it will be required to remarket or purchase by May 3, 2004.

An increase in natural gas prices during SPPC's winter 2003-2004 peak season negatively impacted SPPC's cash flows, which SPPC addressed by issuing and selling its short-term \$25 million Series F General and Refunding Mortgage Notes due March 31, 2004. In addition, SPPC entered into a \$22 million short-term revolving Credit Agreement which expires March 31, 2004 to provide it with back-up liquidity during this winter peak season. SPPC has not and currently expects that it will not borrow any funds under this revolving credit facility.

Due primarily to SPPC's weakened financial condition, SPPC has been required to either pre-pay its power and natural gas purchases or make more frequent payments on its power and natural gas deliveries.

SPPC currently anticipates that based upon its current cash balance and expected cash flows leading up to the summer 2004 peak season, SPPC will not need additional liquidity to support its power and natural gas purchases. If SPPC has to pay higher than expected prices for fuel, natural gas and purchased power, if SPPC's suppliers require changes to SPPC's current payment terms, or if SPPC does not have sufficient available liquidity to obtain fuel and purchased power, particularly at the onset of their winter and summer peak seasons, SPPC may be required to issue or incur additional indebtedness, enter into additional liquidity facilities or utilize its receivables purchase facility. Currently, SPPC is exploring the possibility of taking advantage of favorable conditions in the capital markets by entering into new financings to refinance existing debt on more favorable terms and to provide for additional or replacement back-up liquidity facilities. If SPPC is unable to enter into financings to provide it with sufficient additional liquidity and to repay its maturing indebtedness, whether due to unfavorable conditions in the capital markets, lack of regulatory authority to issue

or incur such debt, credit downgrades by either S&P or Moody's resulting from the uncertainties discussed in this section, or restrictive covenants in certain of its financing agreements (see below), its ability to provide power and natural gas and fund its expected construction costs and its financial condition will be adversely affected.

Management has identified a number of other uncertainties that may have a negative impact on SPPC's financial condition and cash flows. The most significant of these uncertainties are:

- whether there will be any further requirements to pay the judgment of the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron or to provide further cash collateral, to secure the stay of the judgment against SPPC pending further appeal,
- whether SPPC will be able to recover regulatory assets in its current and future rate cases, especially previously incurred deferred fuel and purchased power costs, and to provide sufficient revenues to support its operations, and
- whether SPPC will be able to successfully refinance its maturing long-term debt and secure additional liquidity necessary to support its operations, including the purchase of fuel, power and natural gas.

Because of the relationships among the uncertainties described above, an adverse development with respect to a combination of these uncertainties, could have a material adverse effect on SPPC's financial condition, results of operations and liquidity, and could make it difficult for SPPC to continue to operate outside of bankruptcy.

Effect of Rate Case Decisions

Credit Downgrades

On March 29 and April 1, 2002, following the decision by the PUCN in NPC's 2001 deferred energy rate case, S&P and Moody's lowered SPPC's unsecured debt ratings to below investment grade. On April 23 and 24, 2002, SPPC's unsecured debt ratings were further downgraded and its secured debt ratings were downgraded to below investment grade. The decision of the PUCN on May 29, 2002, on SPPC's deferred energy application to disallow \$53 million of deferred purchased fuel and power costs accumulated between March 1, 2001 and November 30, 2001, did not result in any further downgrades of SPPC's securities. As a result of the downgrades, SPPC's ability to access the capital markets to raise funds is severely limited. Since SPR's credit ratings were similarly downgraded, SPR's ability to make capital contributions to SPPC also became severely limited.

In connection with the credit ratings downgrades referenced above, SPPC lost its A2/P2 commercial paper ratings and can no longer issue commercial paper. SPPC does not expect to have direct access to the commercial paper market for the foreseeable future.

Power Supplier Issues – Contract Terminations

In early May of 2002, Enron Power Marketing Inc. (Enron), Morgan Stanley Capital Group Inc. (MSCG), Reliant Energy Services, Inc. and several smaller suppliers terminated their power deliveries to SPPC. These terminating suppliers asserted their contractual right under the WSPP agreement to terminate deliveries based upon SPPC's alleged failure to provide adequate assurance of its performance under the WSPP agreement to any of their suppliers. For further information regarding contract terminations see Note 15, Commitments and Contingencies of Notes to Financial Statements.

SPPC has established accrued liabilities, included in its Consolidated Balance Sheets as "Contract termination liabilities," of \$105 million for terminated power supply contracts and associated interest. Correspondingly, pursuant to the deferred energy accounting provisions of AB 369, included in SPPC's deferred energy balances as of December 31, 2003, is approximately \$84 million of charges associated with the terminated power supply contracts, deferred for recovery in rates in future periods.

If SPPC is required to pay part or all of the amounts accrued for, SPPC will pursue recovery of the amounts through future deferred energy filings. To the extent that SPPC is not permitted to recover any portion of these costs through a deferred energy filing, the amounts not permitted would be charged as a current operating expense. SPPC has appealed the Enron Bankruptcy Court Judgment to the U.S. District Court of New York.

Accounts Receivable Facility

On October 29, 2002, SPPC established an accounts receivable purchase facility of up to \$75 million. Actual amounts that may be advanced under the receivables purchase facilities will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency notes of SPPC's receivables. Based on 2003 accounts receivables and the variables discussed above SPPC had a maximum capacity of \$28 million and minimum capacity of \$13 million under the receivables facility. The

receivables purchase facility was renewed on October 28, 2003, and expires on October 26, 2004. If SPPC elects to activate the receivables purchase facility, SPPC will sell all of its accounts receivable generated from the sale of electricity and natural gas to customers to its newly created bankruptcy-remote special purpose subsidiary. The receivables sales will be without recourse except for breaches of customary representations and warranties made at the time of sale. The subsidiary will, in turn, sell these receivables to a bankruptcy-remote subsidiary of SPR. SPR's subsidiary will issue variable rate revolving notes backed by the purchased receivables.

The agreements relating to the receivables purchase facility contain various conditions to purchase, covenants and trigger events, and other provisions customary in receivables transactions. In addition to customary termination and mandatory repurchase events, the receivables purchase facility may terminate in the event that either SPPC or SPR defaults: (1) on the payment of indebtedness, or (2) on the payment of amounts due under a swap agreement, and such defaults aggregate to greater than \$10 million and \$5 million for SPPC and SPR, respectively.

Under the terms of the agreements relating to the receivables purchase facility, SPPC's facility may not be activated or, if activated, will be terminated in the event of a material adverse change in the condition, operations or business prospects of SPPC. In addition, the agreements contain a limitation on the payment of dividends by SPPC to SPR that is identical to the limitation contained in SPPC's Term Loan Agreement, described below. SPR has agreed to guaranty SPPC's performance of certain obligations as a seller and servicer under the receivables purchase facility.

SPPC has agreed to issue \$75 million principal amount of its General and Refunding Mortgage Bonds upon activation of the receivables purchase facility. The full principal amount of the bond would secure certain of SPPC's obligations as seller and servicer, plus certain interest, fees and expenses thereon to the extent not paid when due, regardless of the actual amounts owing with respect to the secured obligations. As a result, in the event of an SPPC bankruptcy or liquidation, the holder of the bond securing the receivables purchase facility may recover more on a pro rata basis than the holders of other General and Refunding Mortgage securities, who could recover less on a pro rata basis, than they otherwise would recover. However, in no event will the holder of the bond recover more than the amount of obligations secured by the bond.

SPPC intends to use the accounts receivable purchase facility as a back-up liquidity facility and does not plan to activate this facility in the foreseeable future. SPPC may activate the facility within five days upon the delivery of certain customary funding documentation and the delivery of the \$75 million General and Refunding Mortgage Bond. As of February 29, 2004, this facility had not been activated.

Mortgage Indentures

SPPC's First Mortgage Indenture creates a first priority lien on substantially all of SPPC's properties in Nevada and California. As of December 31, 2003, \$487.3 million of SPPC's first mortgage bonds were outstanding. SPPC agreed in its General and Refunding Mortgage Indenture that it would not issue any additional first mortgage bonds.

SPPC's General and Refunding Mortgage Indenture creates a lien on substantially all of SPPC's properties in Nevada that is junior to the lien of the first mortgage indenture. As of December 31, 2003, \$627 million of SPPC's General and Refunding Mortgage bonds were outstanding. Additional securities may be issued under the General and Refunding Mortgage Indenture on the basis of:

- (1) 70% of net utility property additions,
- (2) the principal amount of retired General and Refunding Mortgage bonds, and/or
- (3) the principal amount of first mortgage bonds retired after April 8, 2002.

On the basis of (1), (2) and (3) above, as of December 31, 2003, SPPC had the capacity to issue approximately \$308 million of additional General and Refunding Mortgage securities, which amount does not include SPPC's \$22 million Series G, General and Refunding Mortgage Note (discussed below) or the retirement of approximately \$11 million of SPPC's \$103 million Series E, General and Refunding Mortgage Bond (also discussed below).

Although SPPC has substantial capacity to issue additional General and Refunding Mortgage securities on the basis of property additions and retired securities, the financial covenants contained in SPPC's Term Loan Agreement and Receivable Purchase Facility Agreements limit the amount of additional indebtedness that SPPC may issue and the reasons for which such indebtedness may be issued. SPPC has reserved \$75 million of General and Refunding Mortgage Bonds for issuance upon the initial funding of its receivables purchase facility.

SPPC also has the ability to release property from the liens of the two mortgage indentures on the basis of net property additions, cash and/or retired bonds. To the extent SPPC releases property from the lien of its General and Refunding Mortgage Indenture, it will reduce the amount of bonds issuable under that indenture.

PUCN Order

On December 17, 2003, the PUCN issued an order in connection with its authorization of the issuance of short-term debt securities by NPC and SPPC. The PUCN order, for Dockets 03-10022 and 03-10023, permits NPC and SPPC to dividend an aggregate of \$70 million per year to SPR through December 31, 2005. The PUCN order also provides that the dividend limitation may be reviewed in a subsequent application to grant short-term debt authority and that, in the event that exigent circumstances are experienced in the interim, either NPC or SPPC may petition the PUCN to review the dollar limitation.

Credit Facilities, Financing Transactions and Covenants

On October 30, 2002, SPPC entered into a \$100 million Term Loan Agreement with several lenders and Lehman Commercial Paper Inc., as Administrative Agent. The net proceeds of \$97 million from the Term Loan Facility, along with available cash, were used to pay off SPPC's \$150 million credit facility, which was secured by SPPC's Series B General and Refunding Mortgage Bond.

SPPC's Term Loan Agreement limits the amount of dividends that SPPC may pay to SPR. However, that limitation does not apply to payments by SPPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's premium income equity securities) provided that those payments do not exceed \$90 million, \$80 million and \$60 million in the aggregate for the twelve month periods ending on October 30, 2003, 2004 and 2005, respectively.

The Term Loan Agreement also permits SPPC to make dividend payments to SPR in an aggregate amount not to exceed \$10 million during the term of the Term Loan Agreement. In addition, SPPC may make dividend payments to SPR in excess of the amounts described above so long as, at the time of the payment and after giving effect to the payment, there are no defaults or events of default under the Term Loan Agreement, and such amounts, when aggregated with the amount of dividends paid to SPR by SPPC since the date of execution of the Term Loan Agreement, does not exceed the sum of:

- (1) 50% of SPPC's Consolidated Net Income for the period commencing January 1, 2003 and ending with last day of fiscal quarter most recently completed prior to the date of the contemplated dividend payment, plus
- (2) the aggregate amount of cash received by SPPC from SPR as equity contributions on its common stock during such period.

SPPC's Term Loan Agreement requires that SPPC maintain a ratio of consolidated total debt to consolidated total capitalization at all times during each of the following quarter in an amount not to exceed,

- (1) .650 to 1.0 for the fiscal quarters ended December 31, 2002 through December 31, 2003,
- (2) .625 to 1.0 for the fiscal quarters ended March 31, 2004 through December 31, 2004, and
- (3) .600 to 1.0 for the fiscal quarter ended March 31, 2005 and for fiscal quarter thereafter.

SPPC's Term Loan Agreement also requires that SPPC maintain a consolidated interest coverage ratio for any four consecutive fiscal quarters ending with the fiscal quarter set for below of not less than

- (1) 1.75 to 1.00 for the fiscal quarters ended December 31, 2002, March 31, 2003, and June 30, 2003,
- (2) 1.85 to 1.0 for the fiscal quarter ended September 30, 2003,
- (3) 2.00 to 1.0 for the fiscal quarter ended December 30, 2003,
- (4) 2.25 to 1.0 for the fiscal quarter ended March 31, 2004,
- (5) 2.40 to 1.0 for the fiscal quarter ended June 30, 2004,
- (6) 2.70 to 1.0 for the fiscal quarter ended September 30, 2004, and

(7) 3.00 to 1.0 for the fiscal quarter ended December 31, 2004 and for each fiscal quarter thereafter.

As of December 31, 2003, SPPC was in compliance with these financial covenants. The Term Loan Facility, which is secured by SPPC's \$100 million Series C General and Refunding Mortgage Bond, will expire October 31, 2005. Currently, SPPC is exploring the possibility of taking advantage of favorable conditions in the capital markets by entering into new financings to refinance existing debt, including the Term Loan Facility, on more favorable terms. In the event that SPPC does refinance its Term Loan Facility, after the maturing of SPPC's Series F General and Refunding Mortgage Notes due March 31, 2004 and SPPC's Series G General and Refunding Mortgage Notes due March 31, 2004, the covenants in the Term Loan Facility will continue to remain in effect under the terms of SPPC's Series E General and Refunding Mortgage Bond (discussed below). If SPPC is unable to conform the terms of its Series E Bond to the more favorable terms of the refinancings or if SPPC is otherwise unable to modify the covenants in the Series E Bond, SPPC may encounter difficulty continuing to meet such covenants in future periods.

On May 1, 2003, SPPC's \$80 million Washoe County, Nevada, Water Facilities Refunding Revenue Bonds, Series 2001, were successfully remarketed. The interest rate on the bonds was adjusted from their prior two-year 5.75% term rate to a 7.50% term rate for the period of May 1, 2003 to and including May 3, 2004. The bonds will be subject to remarketing on May 3, 2004 and will continue to be included in current maturities of long-term debt. In the event that the bonds cannot be successfully remarketed on that date, SPPC will be required to purchase the outstanding bonds at a price of 100% of principal amount, plus accrued interest. From May 1, 2003 to and including May 3, 2004, SPPC's payment and purchase obligations in respect of the bonds are secured by SPPC's \$80 million General and Refunding Mortgage Note, Series D, due 2004.

On December 4, 2003, SPPC issued its General and Refunding Mortgage Bond, Series E, in the principal amount of \$103 million, to an escrow agent in accordance with the Enron stay order. See Note 15, Commitments and Contingencies of Notes to Financial Statements for more information regarding the Enron litigation. The Series E Bond will be held in escrow until such time as the stay order is lifted, entry of an order affirming the judgment and a denial of stay of such order, or a settlement agreement is entered into between SPPC and Enron. SPPC expects to enter into a Remarketing Agreement with Enron and a Remarketing Agent which will provide for the possibility of the Series E Bond being remarketed in the event that the Series E Bond is released from escrow for the benefit of Enron. On February 10, 2004, in accordance with the terms of the Enron stay order, SPPC deposited approximately \$11 million into the escrow account which amount was deducted from the outstanding principal amount of the Series E Bond. The terms of the Series E Bond are substantially similar to SPPC's Term Loan Facility.

On December 22, 2003, SPPC issued and sold its \$25 million General and Refunding Mortgage Notes, Series F, due March 31, 2004, to Merrill Lynch in order to provide additional liquidity for SPPC's fuel and power purchases during its 2003-2004 winter peak. The terms of the Series F Notes are substantially similar to SPPC's Term Loan Facility.

On January 30, 2004, SPPC issued its General and Refunding Mortgage Note, Series G, due March 31, 2004, in the maximum principal amount of \$22 million under a revolving Credit Agreement with Lehman Commercial Paper Inc. Borrowings under the Series G Note will be used to provide back-up liquidity for SPPC during its 2003-2004 winter peak. Currently, SPPC does not expect to borrow under this facility. The terms of the Series G Note are substantially similar to SPPC's Term Loan Facility.

Cross Default Provisions

Certain financing agreements of SPPC contain cross-default provisions that would result in an event of default under such financing agreements if there is a failure under other financing agreements of SPPC and SPR to meet payment terms or to observe other covenants that would result in an acceleration of payments due. Most of these default provisions (other than ones relating to a failure to pay other indebtedness) provide for a cure period of 30-60 days from the occurrence of a specified event during which time, SPPC or SPR may rectify or correct the situation before it becomes an event of default. The primary cross-default provisions in SPPC's various financing agreements are briefly summarized below:

- SPPC's General and Refunding Mortgage Indenture, under which SPPC has \$627 million of securities outstanding as of December 31, 2003, provides for an event of default if a matured event of default under SPPC's First Mortgage Indenture occurs;
- SPPC's Term Loan Agreement, Series E Bond, Series F Notes and Series G Note provides for an event of default if (a) SPPC or any of its subsidiaries default (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million, or (b) SPPC's General and Refunding Mortgage Indenture ceases to be enforceable; and
- SPPC's receivables purchase facility may terminate in the event that either SPPC or SPR defaults (i) in the payment of indebtedness, or (ii) in the payment of amounts due under hedge agreements, and such defaults aggregate to greater than \$10 million and \$5 million for SPPC and SPR, respectively.

Judgment Related Defaults

SPPC's \$100 million Term Loan Agreement, \$103 million Series E General and Refunding Mortgage Bond, \$25 million Series F General and Refunding Mortgage Notes and Series G Note in the maximum principal amount of \$22 million, provide for an event of default if a judgment of \$10 million or more is entered against SPPC and such judgment is not vacated, discharged, stayed or bonded pending appeal within 30 days. The Term Loan Agreement and the Series E Bond, Series F Notes and Series G Note also prohibit the creation or existence of any liens on SPPC's properties except for liens specifically permitted under the Term Loan Agreement or the Series E Bond, Series F Notes and Series G Note. If a judgment lien is filed against SPPC, the filing of the lien will trigger an event of default under the Term Loan Agreement and the Series E Bond, Series F Notes and Series G Note. Upon an event of default, the Administrative Agent under the Term Loan Agreement may, upon request of more than 50% of the lenders under the Term Loan Agreement, declare all amounts due under the Term Loan Agreement immediately due and payable. Currently, SPPC has \$99 million outstanding under its Term Loan facility. A similar acceleration provision applies to the Series E Bond, Series F Notes and Series G Note.

SPPC's obligations under the Term Loan Agreement are secured by a General and Refunding Mortgage Bond and SPPC's Series E Bond, Series F Notes and Series G Note were issued under NPC's General and Refunding Mortgage Indenture. If SPPC fails to repay all amounts due upon an acceleration under the Term Loan Agreement or the applicable series of securities within 3 business days, such failure will be deemed a default in the payment of principal and will trigger an event of default under the SPPC General and Refunding Mortgage Indenture that would be applicable to all securities issued under the SPPC General and Refunding Mortgage Indenture.

In the event that SPPC's Term Loan or its Series E Bond, Series F Notes or Series G Note is accelerated and results in the acceleration of all amounts outstanding under SPPC's General and Refunding Mortgage Indenture, SPPC would likely be unable to continue to operate outside of bankruptcy.

If a judgment lien is created on SPPC's real property located in Nevada, SPPC has been advised that the judgment lien would be an interceding lien that would have priority over subsequent advances under SPPC's General and Refunding Mortgage Indenture; therefore, SPPC would be unable to provide certain required opinions of counsel to issue additional securities under its General and Refunding Mortgage Indenture until the judgment lien is discharged and released. Since SPPC is unable to issue additional bonds under its First Mortgage Indenture, its sole means of issuing secured debt is through its General and Refunding Mortgage Indenture. If SPPC is unable to issue additional securities under its General and Refunding Mortgage Indenture in order to raise funds for operations and to repay indebtedness and to provide security, as needed, for its obligations, SPPC would likely be unable to continue to operate outside of bankruptcy.

Limitations on Indebtedness

The terms of SPPC's \$100 million Term Loan Facility, which expires October 31, 2005, and its Series E Bond, Series F Notes due March 31, 2004 and Series G Note due March 31, 2004 restrict SPPC from issuing additional indebtedness unless the debt issued is specifically permitted, which includes certain letter of credit indebtedness, certain capital lease obligations, indebtedness incurred to refinance existing indebtedness, certain intercompany indebtedness, certain letters of credit issued to support SPPC's obligations with respect to energy suppliers, and a limited amount of general indebtedness.

If SPPC is unable to access the capital markets to issue additional indebtedness to support its operations, including the purchase of fuel and power, and to refinance its existing indebtedness, whether due to lack of access to the capital markets, lack of regulatory authority, or restrictive covenants in its Term Loan Agreement, Series E Bond, Series F Notes and Series G Note, its ability to provide power and its financial condition will be adversely affected.

Pension Plan Matters

SPR has a qualified pension plan that covers substantially all employees of SPR, NPC and SPPC. The annual net benefit cost for the plan will decrease for 2004 by approximately \$5.3 million over the 2003 cost of \$35.5 million. As of September 30, 2003, the measurement date, the plan had assets with a fair value that was less than the present value of the accumulated benefit obligation under the plan. During 2003, SPPC contributed a total of \$11.9 million to meet its funding obligations under the plan. At the present time it is not expected that any near term funding obligations will have a material adverse effect on liquidity.

Construction Expenditures and Financing

The table below provides an overview of SPPC's consolidated cash construction expenditures and internally generated cash, net for 2001 through 2003 (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Cash construction expenditures	\$ 123,529	\$ 93,033	\$ 105,129
Net cash flow from operating activities	\$ 72,111	\$ 173,600	\$ (211,699)
Common and preferred cash dividends paid	22,430	48,805	89,901
Internally generated cash	49,681	124,795	(301,600)
Investment by parent company	—	10,000	104,948
Total cash available	\$ 49,681	\$ 134,795	\$ (196,652)
Internally generated cash as a percentage of cash construction expenditures	40%	134%	N/A
Total cash generated (used) as a percentage of cash construction expenditures	40%	145%	N/A

SPPC's estimated cash construction expenditures for 2004 through 2008 are \$470.8 million. Construction expenditures for 2004 are projected to be approximately \$107 million and are expected to be financed by internally generated funds, including the recovery of deferred energy costs.

Cash provided by internally generated funds during 2004 assumes, among other things, that SPPC will be able to refinance its debt maturing in 2004, that SPPC will not be required to make any significant unanticipated cash outlays including additional payments of collateral into the escrow account established in connection with the Enron judgment, that there will be no material disallowances in SPPC's 2003 deferred energy rate case and its 2004 general rate case, that SPPC will not have to pay higher than expected prices for fuel, natural gas and purchased power and that SPPC's current payment terms with its suppliers will remain unchanged. See Regulation Proceedings, Nevada Matters for additional information regarding the recently filed rate cases and prior rate case and Liquidity and Capital Resources for additional information regarding NPC's liquidity condition and cash flows.

In the event that SPPC is unable to finance its construction expenditures with internally generated funds, SPPC may need to raise all or a portion of the necessary funds through the capital markets or from activating its accounts receivables purchase facility to provide additional liquidity. For additional information regarding the accounts receivables purchase facility, see Liquidity and Capital Resources. SPPC may activate its receivables purchase facility within five days upon the delivery of certain customary funding documentation and the delivery of \$75 million of its General and Refunding Mortgage Bonds to secure the facility. If a material adverse event were to occur, it could potentially trigger a termination event with respect to the receivables facility and would also make it more difficult for SPPC to access the capital markets for any such financing needs.

Contractual Obligations

The table below provides SPPC's contractual obligations, not including estimated construction expenditures described above, as of December 31, 2003, that SPPC expects to satisfy through a combination of internally generated cash and, as necessary, through the issuance of short-term and long-term debt (dollars in thousands):

	<u>Payment Due by Period</u>						
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter</u>	<u>Total</u>
Long-Term Debt	\$ 83,400	\$ 100,400	\$ 52,400	\$ 2,400	\$ 322,400	\$ 437,850	\$ 998,850
Long-Term Debt Interest	69,515	39,452	39,420	36,008	125,608	514,465	824,468
Purchased Power	57,030	29,385	29,969	30,767	32,259	5,540	184,950
Coal and Natural Gas	163,544	75,587	71,191	52,822	45,684	255,662	664,490
Operating Leases	8,152	7,553	7,197	5,965	5,966	22,153	56,986
Total Contractual Cash Obligations	\$ 381,641	\$ 252,377	\$ 200,177	\$ 127,962	\$ 531,917	\$ 1,235,670	\$ 2,729,744

Capital Structure

As of December 31, 2003, SPPC had \$25 million of short-term debt outstanding and \$83.4 million of current maturities of long-term debt.

For a complete discussion of the SPPC financing transactions please see both the Accounts Receivable Facility and the Financing Transactions sections of the Liquidity and Capital Resources – SPPC discussion.

SPPC's actual capital structure at December 31, 2003, and 2002 was as follows (dollars in thousands):

	<u>2003</u>		<u>2002</u>	
Short-Term Debt (1)	\$ 108,400	7%	\$ 101,400	6%
Long-Term Debt	912,800	54%	914,788	54%
Preferred Stock	50,000	3%	50,000	3%
Common Equity	<u>593,771</u>	<u>36%</u>	<u>639,295</u>	<u>37%</u>
TOTAL	<u>\$ 1,664,971</u>	<u>100%</u>	<u>\$ 1,705,483</u>	<u>100%</u>

(1) Including current maturities of long-term debt.

ENERGY SUPPLY (UTILITIES)

The energy supply function at the Utilities encompasses the reliable and efficient operation of the Utilities' owned generation, the procurement of all fuels and purchased power and resource optimization (i.e., physical and economic dispatch). The Utilities have undertaken a rigorous review of the energy supply function and have implemented policy, planning and organizational changes to address the dramatic changes that have and are occurring in the energy industry.

The structure of the western wholesale energy market has seen dramatic changes in recent years. Significant amongst these are the collapse of the energy trading model and the merchant energy sector, which has resulted in reduced liquidity in the traded spot and forward markets for standard products. In addition, a credit crisis in the broader energy sector has resulted in a series of cancellations of new generation projects; putting intermediate term capacity margins in the broader region and within both Utilities' sub-region in jeopardy.

The Utilities also face energy supply challenges for their respective load control areas. There is the potential for continued price volatility in each Utility's service territory, particularly during peak periods. A greater dependence on gas-fired generation in the service territory subjects power prices to gas price volatilities. Both Utilities face load obligation uncertainty due to the potential for customer switching. Counterparties in these areas have significant credit difficulties, representing credit risk to the Utilities. Finally, each Utility's own credit situation can have an impact on its ability to enter into transactions.

In response to these energy supply challenges, the Utilities have adopted an approach to managing the energy supply function that has three primary elements. The first element is a set of management guidelines to procuring and optimizing the supply portfolio that is consistent with the requirements of a load serving entity with a full requirements obligation. The second element is an energy risk management and risk control approach that ensures clear separation of roles between the day-to-day management of risks and compliance monitoring and control; and ensures clear distinction between policy setting (or planning) and execution. Lastly, the Utilities will pursue a process of ongoing regulatory involvement and acknowledgement of the resource portfolio management plans.

Energy Supply Planning

Within the energy supply planning process, there are three key components covering different time frames:

- (1) the PUCN-approved long-term IRP has a twenty-year year planning horizon;
- (2) the energy supply plan, which is an intermediate term resource procurement and risk management plan that establishes the supply portfolio parameters within which intermediate term resource requirements will be met, has a one to three year planning horizon; and
- (3) tactical execution activities with a one-month to twelve-month focus.

The energy supply plan operates in conjunction with the PUCN-approved twenty-year IRP. It will serve as a guide for near-term execution and fulfillment of energy needs. When the energy supply plan calls for executing contracts with a duration of more than three years, the IRP requires PUCN approval as part of the integrated resource planning process.

In developing energy supply plans and implementing on those plans, management guidelines followed by the Utilities include:

- Maintaining an energy supply plan that balances costs, risks, price volatility, reliability and predictability of supply.
- Investigating feasible commercial options to implement against the energy supply plan.

- Applying quantitative techniques and diligence commensurate with risk to evaluate and execute each transaction.
- Implementing the approved energy supply plan in a manner that manages ratepayer risk in terms of reliability, volatility and cost.
- Monitoring the portfolio against evolving market conditions and managing the resource optimization options.
- Ensuring simple, transparent and well-documented decisions and execution processes.

Energy Risk Management and Control

The Utilities' efforts to manage energy commodity (electricity, natural gas, coal and oil) price risk are governed by a Board of Directors' revised and approved Enterprise Risk Management and Control Policy. That policy created the Enterprise Risk Oversight Committee (EROC) and made that committee responsible for the overall policy direction of the Utilities' risk management and control efforts. That policy further instructed the EROC to oversee the development of appropriate risk management and control policies including the Energy Supply Risk Management and Control Policy.

The Utilities' commodity risk management program establishes a control framework based on existing commercial practices. The program creates predefined risk limits and delineates management responsibilities and organizational relationships. The program requires that transaction accounting systems and procedures be maintained for systematically identifying, measuring, evaluating and responding to the variety of risks inherent in the Utilities' commercial activities. The program's control framework consists of a disclosure and reporting mechanism designed to keep management fully informed of the operation's compliance with portfolio and credit limits.

The Utilities, through the purchase and sale of financial instruments and physical products, maintain an energy risk management program that limits energy risk to levels consistent with energy supply plans approved by the Chief Executive Officer and the EROC.

Regulatory Issues

The Utilities' long-term IRPs are filed with the PUCN for approval every three years. Nevada law provides that resource additions approved by the PUCN in the resource planning process are deemed prudent for ratemaking purposes. NPC's IRP was filed in July 2003 and received approval in November 2003. SPPC expects to file its IRP in July 2004. Between IRP filings, the Utilities are required to seek PUCN approval for power purchases with terms of three years or greater by filing amendments to prior IRP filings.

The Utilities will also seek regulatory input and acknowledgement of intermediate term energy supply plans. The Utilities feel this is necessary to ensure that the appropriate levels of risks are being mitigated at reasonable costs, the appropriate levels of risks are being retained in the portfolio, and decisions to manage risks with best available information at the point in time when decisions are made are subject to reasonable mechanisms for recovery in rates.

Intermediate Term Energy Supply Plans

The Utilities are in the process of developing and implementing their intermediate term energy supply plans. Those plans cover the years 2004 through 2005 and require EROC and the CEO approval prior to implementation. The energy supply plans will operate within the framework of the PUCN-approved twenty-year IRPs. They serve as a guide for near-term execution and fulfillment of energy needs. When the energy supply plans call for the execution of contracts of duration of more than three years, an amended IRP will be prepared and submitted for PUCN approval. The energy supply plans will be updated at least annually.

NPC's energy supply plan was filed with the PUCN on July 1, 2003 with NPC's 2003-2022 IRP. The IRP was approved by the PUCN on November 12, 2003. SPPC's plan is in the final stages of development and will be filed with the PUCN for informational purposes.

The key features of the IRP that were approved by the PUCN include:

- Approval of NPC's plan to reserve up to 650 MW of additional native load transmission rights on the Centennial Transmission Project,
- Approval for re-conductoring the 230 kV Mead system that would increase system import by 450 MW at an estimated cost of \$24 million,

- Approval to construct a combustion turbine at the Harry Allen site at an estimated cost of \$44 million,
- Approval to construct a combined cycle plant rate at 520 MW at the Harry Allen site at an estimated cost of \$415 million,
- Approval to study a coal generation plant for \$500,000,
- Approval to conduct generation siting study at a estimated cost of \$400,000,
- Approval to conduct generation life assessment study at a cost of \$500,000 per year over the next five years,
- Approval to spend \$9.2 million, \$9.3 million, and \$9.3 million for the calendar years 2004, 2005, and 2006 respectively for demand side programs,
- Approval of the recommended Natural Gas hedging strategy, and
- Approval to conduct two long term purchase power requests for proposals. One for renewable to comply with the state law requiring a renewable portfolio standard and one for all bidders to fill up to 1,500 MW.

The Utilities intermediate-term portfolio mix shall consist of peaking and seasonal capacity, or synthetic tolling based contracts (i.e., power prices indexed to gas prices), to meet the following requirements:

- Optimize the tradeoff between overall fuel and purchase power cost and market price risk.
- Pursue in-region capacity to enhance long-term regional reliability.
- Represent the set of transactions/products available in the market.
- Reduce credit risk—in a market with weak counter-party financials.
- Procure to match the difficult load profile, to the extent possible.
- Hedge the gas price risk exposure in the fuel portfolio through the purchase of call options.
- Manage off-peak and shoulder month energy price risk through ongoing intermediate and short-term optimization activities (e.g., optimizing the dispatch of NPC generation and/or buying directly from the market).

SPPC's energy supply plan will have many of the same features of NPC's plan with respect to managing fuel and purchased power cost and risk exposure, but SPPC's plan is being specifically tailored to its load obligation and the energy supply characteristics of its sub-region.

Both of the energy supply plans represent a change in procurement strategy from previous years. The strategy now focuses on executing contracts for power deliveries to the Utilities' physical points of delivery. In previous years, the Utilities used hedges to reduce price and commodity risk for future purchases by executing power contracts at so-called "liquid" trading points. A typical hedge transaction involved the purchase of power at one of the major trading hubs where prices were highly correlated with a physical delivery point to the Utility. The hedged purchase was either delivered to the Utilities' service territories to service their customers or, if the hedged purchase was not needed to fulfill power requirements, resold in the liquid market. With the significant drop in liquidity in wholesale markets, the Utilities have changed their procurement strategy to focus on power deliveries to the Utilities' physical points of delivery.

Long Term Purchase Power Activities

In January 2003, NPC entered into long-term purchase agreements with three companies – Panda Gila River LP, Calpine Energy Services and Mirant Americas Energy Marketing LP. All of the agreements involve energy deliveries to NPC's control area.

The agreement with Panda Gila River LP (PGR) provides 200 MW of power to be delivered from Gila River Power Station in Gila Bend, Arizona, during the summer months of 2003, 2004 and 2005. Due to financial uncertainties of PGR, they provided NPC with a letter of credit to secure their obligations under the agreement. Further, PGR has waived under certain conditions its right to receive financial assurances or security from NPC.

Calpine Energy Services, a wholly-owned subsidiary of Calpine Corporation, agreed to deliver 100 MW of energy between the hours of 9 a.m. and midnight and 50 MW of energy from 1 a.m. to 8 a.m., seven days a week from June 1, 2003 through May 31, 2006. Energy is delivered from Calpine's South Point Energy Center.

The arrangement with Mirant involves three separate agreements under which Mirant provides a total of 325 MW of capacity and energy to NPC. Each agreement identifies specific delivery dates ranging from May of 2003 and continuing through April of 2008. A majority of the energy (225 MW) is delivered from the Apex facility located near Las Vegas. In July 2003, Mirant filed for bankruptcy. As such, NPC became part of Mirant's Counterparty Assurance Program ("CAP") which entitles NPC to the benefit of a pool of collateral in the event that Mirant fails to deliver under its purchased power contract. The CAP has been approved by the U.S. Bankruptcy Court overseeing Mirant's bankruptcy proceedings, which should provide a higher level of assurance for delivery of energy.

The above agreements were approved by the PUCN on April 14, 2003.

On December 19, 2003, NPC entered into a ten-year 224 MW purchase power agreement with the Las Vegas Cogeneration II facility owned by Black Hills Power and Light and located in North Las Vegas. The agreement was filed with the PUCN for approval on December 23, 2003. Deliveries of power to NPC will begin on the first day of the month following PUCN approval.

Short-Term Resource Optimization Strategy

The Utilities' short-term resource optimization strategy involves both day-ahead (next day through the end of the current month) and real-time (next hour through the end of the current day) activities that require buying, selling and scheduling power resources to determine the most economical way to produce or procure the power resources needed to meet the retail customer load. After connecting generation units to the system, the Utilities dispatch the generation output based on the comparative economics of generation versus spot-market purchase opportunities and determine the amount of excess capacity, which is then sold on the wholesale market, or the amount of deficiency capacity, which must be procured on an hourly basis.

The day-ahead resource optimization begins with an analysis of projected loads and existing resources. Firm forward take-or-pay contracts are scheduled and counted towards meeting the capacity needs of the day being pre-scheduled. Any deficiency in the projected operating reserve for the next day, after consideration of available internal generation resources, is met by additional firm purchased power resources. The day-of resource optimization involves minimizing system production costs each hour by either changing the generation output or buying needed power and/or selling excess power in the wholesale market. Any sale of excess power priced above the incremental cost of producing such power reduces the net production cost of operating the electrical system and thereby benefits the end use customer. The Utilities endeavor to reduce the electrical systems' net production cost by selling the available excess power resources.

Real-time resource optimization requires an hourly determination of whether to run generation or purchase power in order to achieve the lowest production costs by calculating the projected incremental or detrimental cost of generation required to meet the forecast load in comparison to obtaining power in the wholesale power market. In the event that committed generators suffer a forced outage that is expected to last through the remaining monthly period, the operating cost of the next available generation resource is compared to purchase power options to determine the lowest cost option.

REGULATORY PROCEEDINGS (UTILITIES)

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the CPUC with respect to rates, standards of service, siting of and necessity for, generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to electric distribution and transmission operations. NPC and SPPC submit IRPs to the PUCN for approval.

Under federal law, the Utilities and TGPC are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

As a result of regulation, many of the fundamental business decisions of the Utilities, as well as the rate of return they are permitted to earn on their utility assets, are subject to the approval of governmental agencies. The following regulatory proceedings have affected, or are expected to affect the utilities financial positions, results of operations and cash flows.

Nevada Matters

Nevada Power Company 2003 General Rate Case

NPC filed its biennial General Rate Case on October 1, 2003, as required by statute (NRS 704.110(3)). NPC's analysis and presentation of the costs of providing electric service (exclusive of purchased fuel and purchased power) indicated that it is necessary to increase the revenue requirement for general rates by \$142 million annually. Factors supporting the requested revenue increase included

- investments in infrastructure of \$433 million since the last general rate case,
- a requested Return on Equity (ROE) of 12.4%, and Rate of Return (ROR) 10.0%,
- recovery of the costs to merge NPC and SPPC,
- recovery of the costs NPC spent on the generation divestiture project, which was cancelled by legislation,
- a return on the cash balances NPC must maintain to provide continuous service, and
- increased operating costs.

NPC is recommending that the PUCN authorize a deferred collection of the increase to reduce customers' rate volatility. Specifically NPC requested a \$50 million (computed on an annual revenue basis) or 3.4% rate increase to commence on April 1, 2004 and for this initial increase, to continue for nine months. Beginning January 1, 2005, coincident with a requested deferred energy rate reduction resulting from the expected payoff of the 2001 deferred account balances, annualized general revenue would then increase by \$92 million plus the amount necessary to return \$76 million over the following 15 months. The requested increase in general rates is expected to be offset by the requested decrease in general rates. This \$76 million is the estimated amount being deferred (\$73 million plus interest of \$3 million) during the prior nine month period between April 1, 2004 and January 1, 2005.

NPC updated the General Rate Case filing with its Certification filing dated December 14, 2003. The certification filing reduced NPC's request from \$142 million to \$133 million. Interveners' testimony, received in late January 2004 recommends reductions to NPC's request including lower ROEs ranging between 8.10% and 10.71% disallowance of certain costs including merger related costs and goodwill, changes to amortizations of regulatory assets, exclusion of certain plant and other assets, etc. The testimony recommends ranges from \$1 million in reduced general rates to \$17 million in increased general rates as compared to NPC's requested increase of \$133 million. During the course of hearing, NPC agreed to approximately \$18 million in reductions to its request for various items. Hearings were completed on February 12, 2004, and a decision is expected during the later part of March 2004.

Nevada Power Company 2001 General Rate Case

On October 1, 2001, NPC filed an application with the PUCN, as required by law, seeking an electric general rate increase. On December 21, 2001, NPC filed a certification to its general rate filing updating costs and revenues pursuant to Nevada regulations. In the certification filing, NPC requested an increase in its general rates charged to all classes of electric customers designed to produce an increase in annual electric revenues of \$22.7 million, or an overall 1.7% rate increase. The application also sought a return on common equity (ROE) for NPC's total electric operations of 12.25% and an overall rate of return (ROR) of 9.30%.

On March 27, 2002, the PUCN issued its decision on the general rate application, ordering a \$43 million revenue decrease with an ROE of 10.1% and ROR of 8.37%. The effective date for the decision was April 1, 2002. The decision also resulted in adjustments increasing accumulated depreciation by \$6.7 million, and the inclusion of approximately \$5 million of revenues related to SO2 Allowances. The PUCN delayed consideration of recovery of SPR/NPC merger costs until a future rate case. NPC was not granted a carrying charge on these deferred costs. Recovery of costs related to the generation divestiture project, which supported Nevada's now-abandoned utility restructuring policy, were also delayed. A carrying charge was allowed by the PUCN for the delayed recovery of divestiture costs. NPC renewed its request to recover merger related and divestiture costs in its general rate case which was filed on October 1, 2003.

On April 15, 2002, NPC filed a petition for reconsideration with the PUCN. On May 24, 2002, the PUCN issued an order on the petition for reconsideration. The PUCN modified its original order reversing the adjustment to accumulated depreciation of \$6.7 million, and decreased the SO2 allowance revenue amortization to \$3.2 million per year. Revised rates for these changes went into effect on June 1, 2002.

Nevada Power Company 2003 Deferred Energy Case

On November 14, 2003, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between October 1, 2002 and September 30, 2003, as required by law. The application sought to establish a rate to collect accumulated purchased fuel and power costs of \$93 million, together with a carrying charge to be recovered based on an asymmetric amortization that would result in the recovery of \$14 million in the first year and \$39.5 million in each of the next two years. The application also requested an increase to the going-forward rate for energy. The combined effect of these two adjustments resulted in a request for an overall rate increase of 5.74%. In their testimony, various interveners recommended a proposed disallowance from \$23 million to \$39 million, reductions and changes to deferred rates proposed to recover costs in this case and prior cases, and disagreed with NPC's proposal to gross-up the equity portion of carrying charges for income taxes. The PUCN is expected to rule on this filing the later part of March 2004.

Nevada Power Company 2002 Deferred Energy Case

On November 14, 2002, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between October 1, 2001, and September 30, 2002, as required by law. The application sought to establish a rate to collect accumulated purchased fuel and power costs of \$195.7 million, together with a carrying charge, over a period of not more than three years. The application also requested a reduction to the going-forward rate for energy, reflecting reduced wholesale energy costs. The combined effect of these two adjustments resulted in a request for an overall rate reduction of approximately 6.3%.

The decision on this case was issued May 13, 2003, and authorized the following:

- recovery of \$147.6 million, with a carrying charge, and a \$48.1 million disallowance;
- a three-year amortization of the balance commencing on May 19, 2003;
- a reduction in the Base Tariff Energy Rate (BTER) to an effective non-residential rate of \$0.04322 per kWh, and an effective residential rate of \$0.04186 per kWh.

The new rates went into effect on May 19, 2003.

The BCP filed a Petition that challenged the recovery of all costs with the District Court of Clark County, Nevada, for Judicial Review of the PUCN Order on August 8, 2003, against PUCN, Case No. A471928. On September 8, 2003, the PUCN filed its answer to the BCP Petition. The PUCN response cites a number of affirmative defenses to the allegations contained in the BCP petition and asks that the court dismiss the BCP petition. The BCP filed its opening brief on January 8, 2004. The PUCN and NPC are expected to file responding briefs on March 9, 2004. The court has not ruled on this matter.

Nevada Power Company 2001 Deferred Energy Case

On November 30, 2001, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between March 1, 2001, and September 30, 2001, as required by law. The application sought to establish a rate to repay accumulated purchased fuel and power costs of \$922 million and spread the recovery of the deferred costs, together with a carrying charge, over a period of not more than three years.

On March 29, 2002, the PUCN issued its decision on the deferred energy application, allowing NPC to recover \$478 million over a three-year period, but disallowing \$434 million of deferred purchased fuel and power costs and \$30.9 million in carrying charges consisting of \$10.1 million in carrying charges accrued through September 2001 and \$20.8 million in carrying charges accrued from October 2001 through February 2002. The order stated that the disallowance was based on alleged imprudence in incurring the disallowed costs. NPC and the BCP both sought individual review of the Commission Order in the First District Court of Nevada. The District Court affirmed the PUCN's decision. Both NPC and the BCP filed Notices of Appeal to the Nevada Supreme Court. Supreme Court rules mandate settlement talks before a matter is set for briefing and argument. The Settlement Judge has yet to recommend closure of the settlement process given current caseloads at the Supreme Court. Briefing, oral argument and a decision are not expected to occur until 2005. NPC is not able to predict the outcome of the process or of the Supreme Court's deliberation on the matter.

Nevada Power Company 2003 IRP

On July 1, 2003, NPC filed its 2003 IRP with the PUCN. The IRP was prepared in compliance with Nevada laws and regulations and covers the 20-year period from 2003 through 2022. The IRP develops a comprehensive, integrated plan that considers customer energy requirements and proposes the resources to meet those requirements in a manner that is consistent with prevailing

market fundamentals. The ultimate goal of the IRP is to balance the objectives of minimizing costs and reducing volatility while reliably meeting the electric needs of NPC's customers.

The IRP also includes a three-year action plan that covers calendar years 2004, 2005, and 2006. During this period, NPC proposes a number of specific projects to be completed. NPC proposes building an 80 MW combustion turbine at the Harry Allen power plant site with an in-service date prior to the 2006 summer peak and a 520 MW combined cycle generating turbine, also at the Harry Allen power plant site, with a 2007 in-service date. Delivery of the energy from this new generation to NPC's customers will require a reservation on the Harry Allen-to-Mead 500 kilovolt (kV) transmission line. The construction of this transmission project is required to fulfill existing wholesale transmission contractual obligations to Independent Power Producers located within NPC's control area.

The PUCN approved an order on NPC's IRP on November 12, 2003. In general, the order approved NPC's various requests made in its filing and also imposed additional requirements for various briefings, and required amendments to the IRP if there are delays in the combined cycle units construction, issues with transmission reservations, or difficulties financing the IRP. As such, NPC may need to expend up to approximately \$500 million prior to the summer of 2007 for the construction and/or acquisition of generation facilities. If NPC is unable to provide this amount with internally generated funds, it may need to access the capital markets to do so. See NPC's Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources for a discussion of NPC's financial condition and limitations on NPC's ability to issue additional indebtedness.

On December 23, 2003, NPC filed its first amendment to the Supply-Side Action Plan previously approved in NPC's 2003 IRP. In the application NPC is seeking approval from the Commission for a long-term purchase obligation of approximately 224 MW of capacity dispatchable seven days a week and twenty-four hours a day with Las Vegas Cogeneration II. On February 13, 2004, a stipulation was filed with the PUCN that included the long-term purchase obligation. The PUCN is expected to issue a decision on the stipulation in early March 2004.

Nevada Power Company Additional Finance Authority

\$235 Million Long-Term Debt Authority

On September 26, 2003, NPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$235 million through the period ending October 30, 2005. This authority was requested to support a stay of the judgment in the Enron matter against NPC by the U.S. Bankruptcy Court of the Southern District of New York. This matter was designated as Docket Number 03-9027, and the PUCN consolidated this docket with the related SPPC Docket Number 03-9026.

On October 30, 2003, the PUCN issued an Interim Order granting the authority to issue up to \$235 million in secured long-term debt securities to be issued as collateral to support a stay of judgment of the Bankruptcy Court. Further, the PUCN noted that no party is barred from questioning the reasonableness or prudence of any action undertaken by NPC pursuant to this authority, nor does the authority in any way indicate the ratemaking treatment to be afforded expenses related to this authority.

The PUCN noted that, while the use of a secured bond as collateral for the judgment would not affect NPC's balance sheet, the sale of such bond would have such an effect. Accordingly, the PUCN directed NPC that, as soon as NPC determines that it is likely that the bonds will be sold, NPC shall report those developments in detail in a filing with the PUCN so that they can convene a hearing prior to the sale of the debt. This ruling was later confirmed in a PUCN order issued December 3, 2003.

\$250 Million Short-Term Debt Authority

On October 9, 2003, NPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. This matter was designated as Docket Number 03-10023, and the PUCN consolidated this docket with the related SPPC Docket Number 03-10022.

On December 17, 2003, the PUCN issued an order granting NPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities, such authority to expire December 31, 2005. In that order the PUCN also removed the NPC dividend restriction that had been put into place in the Compliance Order for Docket No. 02-4037. Rather, in this docket the PUCN has placed a limitation on total dividends that may be made to SPR. The PUCN limited cash dividends from NPC and SPPC to an aggregate total of \$70 million per year from NPC and/or SPPC to SPR until December 31, 2005. It also indicated that the dividend limitation may be reviewed in a subsequent application to grant additional short-term debt authority, and also granted NPC leave to petition the PUCN to review the dollar limitation in the event exigent circumstances are experienced in the interim.

Additionally, the PUCN found that the prudence of any action pursuant to the authority granted would be subject to future review and to demonstration that the actions taken were reasonable. They further ordered that any proceeds obtained pursuant to the granted authority are to be used only for utility purposes in NPC's service territory.

NPC Application for \$230 Million Long-Term Debt Authority

On January 21, 2004, NPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing of existing debt securities, as well as to provide additional liquidity to support utility operations. This matter was designated as Docket Number 04-1014. A prehearing conference is scheduled for March 2004.

Sierra Pacific Power Company 2003 General Rate Case

On December 1, 2003, as required by law, SPPC filed an application with the PUCN seeking an electric general rate increase. In the filing, SPPC requested an increase in its general rates charged to all classes of electric customers, which were designed to produce an increase in annual electric revenues of approximately \$95 million representing an overall 13.13% rate increase. The application seeks a ROE for SPPC's total electric operations of 12.4% and an overall ROR of 10.11%. SPPC has also asked for a staggered implementation of the overall revenue requirement. If approved SPPC would implement \$70 million of the requested \$95 million the first year, delaying the other \$25 million, plus an amount necessary to return those dollars deferred the first year, until the next year. A pre-hearing conference was held on January 16, 2004. Evidentiary hearings are scheduled to begin on April 1, 2004 and the PUCN is expected to rule on this filing in May 2004.

Sierra Pacific Power Company 2001 General Rate Case

On November 30, 2001, as required by law, SPPC filed an application with the PUCN seeking an electric general rate increase. On February 28, 2002, SPPC filed a certification to its general rate filing, updating costs and revenues pursuant to Nevada regulations. In the certification filing, SPPC requested an increase in its general rates charged to all classes of electric customers, which were designed to produce an increase in annual electric revenues of \$15.9 million representing an overall 2.4% rate increase. The application also sought an ROE for SPPC's total electric operations of 12.25% and an overall ROR of 9.42%.

On May 28, 2002, the PUCN issued its decision on the general rate application, ordering a \$15.3 million revenue decrease with an ROE of 10.17% and ROR of 8.61%. The effective date of the decision was June 1, 2002. The PUCN delayed consideration of recovery of SPR/NPC merger costs until a future rate case, and SPPC was not granted a carrying charge on these deferred costs. Recovery of costs related to the generation divestiture project, which supported Nevada's now-abandoned utility restructuring policy, were delayed. A carrying charge was allowed by the PUCN for the delayed recovery of divestiture costs. SPPC renewed its request to recover merger and divestiture costs in its general rate case which was filed on December 1, 2003.

Sierra Pacific Power Company 2004 Deferred Energy Case

On January 14, 2004, SPPC filed an application with the PUCN, as required by law, seeking to clear deferred balances for purchased fuel and power costs accumulated between December 1, 2002, and November 30, 2003. The Application requests a deviation from regulation and historic practice and to put in place an asymmetric amortization of the deferred energy balance of approximately \$42 million, that would result in recovery of \$8 million effective July 2004; \$17 million effective July 2005; and \$17 million effective July 2006. The Application also requests a deviation from regulation in resetting the BTER (Base Tariff Energy Rate). That methodology and its results would result in no change to the currently effective BTER. The PUCN is expected to rule on this filing in July 2004.

Sierra Pacific Power Company 2003 Deferred Energy Case

On January 14, 2003, SPPC filed an application with the PUCN, as required by law, seeking to clear deferred balances for purchased fuel and power costs accumulated between December 1, 2001, and November 30, 2002. The application sought to establish a rate to clear accumulated purchased fuel and power costs of \$15.4 million and spread the cost recovery over a period of not more than three years. It also sought to recalculate the rate to reflect anticipated ongoing purchased fuel and power costs. The total rate increase request amounted to 0.01%. The interveners' testimony was received April 25, 2003, and included proposed disallowances from \$34 million to \$76 million. Prior to the hearing that was scheduled to begin on May 12, 2003, the parties negotiated a settlement agreement. The agreement included the following provisions:

- A reduction in the current deferred energy balance of \$45 million leaving a balance payable to customers of approximately \$29.6 million.
- A two-year amortization of the amount payable returning one third of the balance in the first year (approximately \$9.9 million), and two thirds of the balance the second year (approximately \$19.7 million).

- Discontinue carrying charges on deferred energy balances that SPPC is already collecting from customers and on the \$29.6 million amount payable as a result of the agreement.
- Maintain the currently effective Base Tariff Energy Rate.
- SPPC maintains the rights to claim the cost of terminated energy contracts in future deferred filings.
- Parties agreed that with the \$45 million reduction the remaining costs for purchasing fuel and power during the test year were prudently incurred and are just and reasonable.
- SPPC and the Bureau of Consumer Protection agreed to file a motion to dismiss the civil lawsuits filed in relation to the 2002 SPPC deferred energy case.

The agreement was approved by the PUCN at the agenda meeting held on May 19, 2003, and the new rates went into effect on June 1, 2003.

Sierra Pacific Power Company 2002 Deferred Energy Case

On February 1, 2002, SPPC filed an application with the PUCN, as required by law, seeking to clear deferred balances for purchased fuel and power costs accumulated between March 1, 2001 and November 30, 2001. The application sought to establish a DEAA rate to clear accumulated purchased fuel and power costs of \$205 million and spread the cost recovery over a period of not more than three years. It also sought to recalculate the Base Tariff Energy Rate to reflect anticipated ongoing purchased fuel and power costs.

On May 28, 2002, the PUCN issued its decision on the deferred energy application, allowing SPPC three years to collect \$150 million but disallowing \$53 million of deferred purchased fuel and power costs and \$2 million in carrying charges.

On August 22, 2002, SPPC filed a lawsuit in the First District Court of Nevada seeking to reverse portions of the decision of the PUCN denying the recovery of deferred energy costs incurred by SPPC on behalf of its customers in 2001 on the grounds that such power costs were not prudently incurred. As part of the settlement agreement reached in connection with SPPC's 2003 deferred energy case, SPPC agreed to dismiss the lawsuit in May 2003.

Sierra Pacific Power Company Additional Finance Authority

\$103 Million Long-Term Debt Authority

On September 26, 2003, SPPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$103 million through the period ending October 30, 2005. This authority was requested to support a stay of the judgment in the Enron matter against SPPC by the U.S. Bankruptcy Court of the Southern District of New York. This matter was designated as Docket Number 03-9026, and the PUCN consolidated this docket with the related SPPC Docket Number 03-9027.

On October 30, 2003, the PUCN issued an Interim Order granting the authority to issue up to \$103 million in secured long-term debt securities to be issued as collateral to support a stay of judgment of the Bankruptcy Court. It also found that the issue of dividend restrictions, raised by the intervener Southern Nevada Water Authority (SNWA) was not appropriate for this docket. Further, the PUCN noted that no party is barred from questioning the reasonableness or prudence of any action undertaken by SPPC pursuant to this authority, nor does the authority in any way indicate the ratemaking treatment to be afforded expenses related to this authority.

The PUCN noted that, while the use of a secured bond as collateral in this matter would not affect the Company's balance sheet, the issuance and sale of securities related to the bond would have such an effect. Accordingly, the PUCN directed SPPC that, as soon as the SPPC determines that it is likely that the bonds issued will have to be sold and the debt incurred, the SPPC shall report those developments in detail in a filing with the PUCN so that they can convene a hearing prior to the sale of the debt. This ruling was later confirmed in a PUCN order issued December 3, 2003.

\$250 Million Short-Term Debt Authority

On October 9, 2003, SPPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. This matter was designated as Docket Number 03-10022, and the PUCN consolidated this docket with the related NPC Docket Number 03-10023.

On December 17, 2003, the PUCN issued an order granting SPPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities, such authority to expire December 31, 2005. In addition, in this docket the PUCN has placed a limitation on total dividends that may be made to the parent company SPR. The PUCN limited cash dividends from NPC and SPPC to an aggregate total of \$70 million per year from NPC and/or SPPC to SPR until December 31, 2005. It also indicated that the dividend limitation may be reviewed in a subsequent application to grant additional short-term debt authority, and also granted SPPC leave to petition the PUCN to review the dollar limitation in the event exigent circumstances are experienced in the interim.

Additionally, the PUCN found that the prudence of any action pursuant to the authority granted would be subject to future review and to demonstration that the actions taken were reasonable. They further ordered that any proceeds obtained pursuant to the granted authority are to be used only for utility purposes in SPPC's service territory.

SPPC Application for \$230 Million Long-Term Debt Authority

On December 31, 2003, SPPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing and remarketing of existing debt securities, as well as to provide additional liquidity to support utility operations. This matter was designated as Docket Number 03-12030. A procedural schedule has been set which calls for a prehearing conference which is scheduled for early March 2004 and a hearing on this matter on March 26, 2004.

Annual Purchased Gas Cost Adjustment 2003 (SPPC)

On May 15, 2003, SPPC filed its annual application for Purchased Gas Cost Adjustment for its natural gas local distribution company. In the application, SPPC asked for an increase of \$0.02524 per therm to its Base Purchased Gas Rate (BPGR) and a Balancing Account Adjustment (BAA) credit to customers of \$0.04833 per therm to be amortized over two years. This request would have resulted in a decrease of approximately 5% in customer rates.

SPPC, the PUCN Staff, and the Bureau of Consumer Protection agreed upon a Stipulation, which was approved by the PUCN on October 1, 2003.

As a result of the stipulation, overall, rates for SPPC's natural gas customers decreased by approximately 3%. The Parties agreed that the new BAA will be amortized over two years with 67% of the balance recovered in the first year, and 33% of the balance recovered in the second year. The BAA rate for the first year will be a credit of \$0.06448 per therm. The BAA rate for the second year will be a credit of \$0.03176 per therm. A BPGR of \$0.66375 per therm was approved, an increase from the previous BPGR of \$0.05316 per therm. The new rates were implemented November 1, 2003.

Annual Purchased Gas Cost Adjustment 2002 (SPPC)

On July 1, 2002, SPPC filed a Purchased Gas Cost Adjustment application for its natural gas local distribution company. In the application, SPPC has asked for a reduction of \$0.05421 to its Base Purchased Gas Rate (BPGR) and an increase in its Balancing Account Adjustment charge (BAA) by the same amount. This request would result in no change to revenues or customer rates. This docket was consolidated for hearing purposes with the Liquid Petroleum Gas Cost Adjustment below.

On December 23, 2002, the PUCN voted to decrease rates for SPPC's natural gas customers by approximately 3% (\$3.2 million plus applicable carrying charges). The new rates were implemented January 1, 2003.

California Matters (SPPC)

Rate Stabilization Plan

SPPC serves approximately 44,500 customers in California. On June 29, 2001, SPPC filed with the CPUC a Rate Stabilization Plan, which included two phases. Phase One, which was also filed June 29, 2001, was an emergency electric rate increase of \$10.2 million annually or 26%. If granted, the typical residential monthly electric bill for a customer using 650 kilowatt-hours would have increased from approximately \$47.12 to \$60.12. On July 17, 2002, the CPUC approved the requested 2-cent per kilowatt-hour surcharge, subject to refund and interest pending the outcome of Phase Two. The increase of \$10 million or 26% is applicable to all customers except those eligible for low-income and medical-needs rates and went into effect July 18, 2002.

Phase Two of the Rate Stabilization Plan was filed with the CPUC on April 1, 2002, and included a general rate case and requests the CPUC to reinstate the Energy Cost Adjustment Clause, which would allow SPPC to file for periodic rate adjustments to reflect its actual costs for wholesale energy supplies. This request was for an additional overall increase in revenues of 17.1%, or \$8.9 million annually.

On January 8, 2004, the CPUC issued Decision No. 04-01-027, which approved a settlement agreement which included an increase of \$3.02 million or 5.8%, adopted a rate design methodology and re-instituted the Energy Cost Adjustment (ECAC) mechanism. The rate increase was effective January 16, 2004.

Open Access Transmission Tariff

On September 27, 2002, the Utilities filed with the FERC a revised Open Access Transmission Tariff (OATT) designated as Docket No. ER02-2609-000. The purpose of the filing was to implement changes that are required to implement retail open access in Nevada. The Utilities requested the changes to become effective November 1, 2002, the date retail access was scheduled to commence in Nevada in accordance with provisions of AB 661, passed in the 2001 session of the Nevada Legislature.

On October 11, 2002, the Utilities filed with the FERC revised rates, terms, and conditions for ancillary services offered in the OATT designated Docket No. ER03-37-000. On November 25, 2002, FERC combined Docket No. ER02-2609-000 with Docket No. ER03-37-000 and suspended the rates in Docket No. ER03-37-000 for a nominal period and made them effective subject to refund on January 1, 2003. On July 1, 2003, FERC approved the offer of settlement that was filed on May 12, 2003. The Utilities have issued refunds for amounts collected in excess of settlement rates and filed a report of such refunds at the FERC as instructed in the July 1 letter order. The Utilities have not yet received final approval of the refund report.

On September 11, 2003, the Utilities filed with the FERC revised rates for transmission service offered by NPC under Docket No. ER03-1328. The purpose of the filing is to update rates to reflect recent transmission additions and to improve rate design. On November 7, 2003, FERC accepted the revised tariff sheets, made rates effective on November 10, 2003, subject to refund, and established hearing procedures. A procedural schedule was issued that included a settlement conference on January 21, 2004, and pre-trial briefs due on June 4, 2004.

RECENT PRONOUNCEMENTS

On June 25, 2003, the Derivatives Implementation Group of the FASB (DIG) issued Statement 133 Implementation Issue No. C20 (C20). C20 addresses contracts with price adjustment features that are not clearly and closely related to the asset being sold or purchased, and whether that would preclude the use of the normal purchases and normal sales scope exception provided in paragraph 10(b) of SFAS 133. Management has concluded that this scope exception continues to apply to NPC's and SPPC's power contracts, as such it does not have an effect on NPC's or SPPC's financial position or results of operations.

The DIG revised Statement 133 Implementation Issue No. C15 (C15) on November 5, 2003. C15, which was originally issued June 27, 2001, and revised December 19, 2001, addresses the normal purchases and normal sales scope exceptions for option-type contracts and forward contracts in electricity. It defines capacity contracts, that continue to receive the scope exception, and financial option contracts that do not. Management has concluded that the current classifications of such contracts for purposes of mark to market valuations follow the revised guidelines specified in C15.

The Emerging Issues Task Force of the FASB (EITF) reached consensus on Issue No. 03-11 (EITF 03-11) on July 31, 2003. EITF 03-11 addresses gross versus net treatment on gains and losses of derivative instruments held for trading purposes, and those that are settled physically. NPC and SPPC's derivative instruments are held solely for the mitigation of price risk associated with power contracts and, as explained in Note 11, Derivative and Hedging Activities, all gains and losses are recorded as risk management regulatory liabilities and risk management regulatory assets on the balance sheet due to deferred energy accounting. EITF 03-11 did not have an effect on NPC's or SPPC's financial position or results of operations.

In November 2002, the Financial Accounting Standards Board (FASB) issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees" (FIN 45), which elaborates on the disclosures to be made in interim and annual financial statements of a guarantor about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing a guarantee. Initial recognition and measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements were effective for financial statements of interim or annual periods beginning January 1, 2003. As of December 31, 2003, all guarantees of SPR and its subsidiaries were intercompany, whereby the parent issued the guarantees on behalf of its consolidated subsidiaries to a third party. Therefore, there was no impact on the financial position, results of operation or cash flows of SPR, NPC or SPPC as a result of the adoption.

See Note 1, Summary of Significant Accounting Policies of the Notes to Financial Statements for further discussion of accounting policies and recent pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

SPR, NPC and SPPC have evaluated their risk related to financial instruments whose values are subject to market sensitivity. Such instruments are fixed and variable rate debt and preferred trust securities obligations. Fair market value is determined using quoted market price for the same or similar issues or on the current rates offered for debt of the same remaining maturities (dollars in thousands).

December 31, 2003

	<u>Expected Maturity Date</u>							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value</u>
Long-term Debt								
<u>SPR</u>								
Fixed Rate	\$ 19,666	\$ 300,000	\$ —	\$ 240,218	\$ —	\$ 300,000	\$ 859,884	\$ 1,062,997
Average Interest Rate	8.00%	8.75%	0.00%	7.93%	0.00%	7.25%	7.98%	
<u>NPC</u>								
Fixed Rate	\$ 130,013	\$ 15	\$ 15	\$ 17	\$ 13	\$ 1,733,548	\$ 1,863,621	\$ 1,913,704
Average Interest Rate	6.20%	8.17%	8.17%	8.17%	8.17%	8.10%	7.83%	
Variable Rate						\$ 115,000	\$ 115,000	\$ 115,000
Average Interest Rate						1.74%	1.74%	
<u>SPPC</u>								
Fixed Rate	\$ 83,400	\$ 100,400	\$ 52,400	\$ 2,400	\$ 322,400	\$ 437,850	\$ 998,850	\$ 1,020,327
Average Interest Rate	5.82%	10.39%	6.71%	6.10%	7.99%	6.86%	7.31%	
Total Debt	\$ 233,079	\$ 400,415	\$ 52,415	\$ 242,635	\$ 322,413	\$ 2,586,398	\$ 3,837,355	\$ 4,112,028

December 31, 2002

	<u>Expected Maturity Date</u>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value</u>
Long-term Debt								
<u>SPR</u>								
Fixed Rate	\$ 16,886	\$ 14,498	\$ 300,000	\$ —	\$ 345,000	\$ —	\$ 676,384	\$ 527,432
Average Interest Rate	8.00%	8.00%	8.75%	0.00%	7.93%	0.00%	8.17%	
Variable Rate	\$ 200,000						\$ 200,000	\$ 142,000
Average Interest Rate	2.49%						2.49%	
<u>NPC</u>								
Fixed Rate	\$ 210,013	\$ 130,013	\$ 15	\$ 15	\$ 17	\$ 1,383,561	\$ 1,723,634	\$ 1,515,767
Average Interest Rate	6.00%	6.20%	8.17%	8.17%	8.17%	7.88%	7.43%	
Variable Rate	\$ 140,000					\$ 115,000	\$ 255,000	\$ 243,800
Average Interest Rate	3.59%					1.74%	2.67%	
<u>SPPC</u>								
Fixed Rate	\$ 101,400	\$ 3,400	\$ 100,400	\$ 52,400	\$ 2,400	\$ 760,250	\$ 1,020,250	\$ 947,315
Average Interest Rate	5.77%	7.39%	10.39%	6.71%	6.10%	7.34%	7.28%	
Total Debt	\$ 668,299	\$ 147,911	\$ 400,415	\$ 52,415	\$ 347,417	\$ 2,258,811	\$ 3,875,268	\$ 3,376,314

Commodity Price Risk

Commodity price increases due to changes in market conditions are recovered through the deferred energy accounting mechanism. Although the Utilities actively manage energy commodity (electric, natural gas coal and oil) price risk through their procurement strategies, the ability to recover commodity price changes through future rates substantially mitigates commodity price risk. However, the Utilities are subject to cash flow risk due to changes in the value of their open positions and are subject to regulatory risk because the PUCN may disallow recovery for any costs that it considers imprudently incurred. The Utilities mitigate both risk associated with its open positions and regulatory risk through prudent energy supply practices which include the use of long-term fuel supply agreements, long-term purchase power agreements and derivative instruments such as forwards, options and swaps to meet the anticipated fuel and power requirements. See Energy Supply in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for a discussion of the Utilities' purchased power procurement strategies and Note 15, Commitments and Contingencies, Regulatory Contingencies, of the Notes to Financial Statements for a discussion of amounts subject to regulatory risk.

Credit Risk

The Utilities monitor and manage credit risk with their trading counterparties. Credit risk is defined as the possibility that a counterparty to one or more contracts will be unable or unwilling to fulfill its financial or physical obligations to the Utilities because of the counterparty's financial condition. The Utilities' credit risk associated with trading counterparties was approximately \$877,000 as of December 31, 2003. In the event that the trading counterparties are unable to deliver under their contracts, it may be necessary for the Utilities to purchase alternative energy at a higher market price.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
Sierra Pacific Resources
Reno, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of Sierra Pacific Resources and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, comprehensive income (loss), common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sierra Pacific Resources and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1, to the consolidated financial statements, during 2002 the Company changed its method of accounting for goodwill to conform to Statement of Financial Accounting Standard No. 142, "Accounting for Goodwill."

As discussed in Note 1 to the consolidated financial statements, during 2003 the Company changed the classification of asset removal costs as a result of the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

Deloitte & Touche LLP

Reno, Nevada
March 7, 2004

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Nevada Power Company
Reno, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of Nevada Power Company and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, comprehensive income (loss), common shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Nevada Power Company and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, during 2003 the Company changed the classification of asset removal costs as a result of the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

Deloitte & Touche LLP

Reno, Nevada
March 7, 2004

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder of
Sierra Pacific Power Company
Reno, Nevada

We have audited the accompanying consolidated balance sheets and statements of capitalization of Sierra Pacific Power Company and subsidiaries as of December 31, 2003 and 2002, and the related consolidated statements of operations, comprehensive income (loss), common shareholder's equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Sierra Pacific Power Company and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, during 2003 the Company changed the classification of asset removal costs as a result of the adoption of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

Deloitte & Touche LLP

Reno, Nevada
March 7, 2004

SIERRA PACIFIC RESOURCES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
ASSETS		
Utility Plant at Original Cost:		
Plant in service	\$ 6,353,399	\$ 5,989,701
Less accumulated provision for depreciation	<u>1,953,271</u>	<u>1,792,700</u>
	4,400,128	4,197,001
Construction work-in-progress	<u>242,522</u>	<u>263,346</u>
	<u>4,642,650</u>	<u>4,460,347</u>
Investments and other property, net	<u>109,642</u>	<u>130,421</u>
Current Assets:		
Cash and cash equivalents	181,789	192,064
Restricted cash (Note 1)	54,705	13,705
Accounts receivable less allowance for uncollectible accounts: 2003—\$44,917; 2002—\$44,184	301,615	358,972
Deferred energy costs—electric	295,677	268,979
Deferred energy costs—gas	1,358	17,045
Materials, supplies and fuel, at average cost	80,941	87,348
Risk management assets (Note 11)	22,099	29,570
Deposits and prepayments for energy	63,847	17,194
Other	<u>34,832</u>	<u>31,704</u>
	<u>1,036,863</u>	<u>1,016,581</u>
Deferred Charges and Other Assets:		
Goodwill (Note 1)	309,971	309,971
Deferred energy costs—electric	497,905	685,875
Regulatory tax asset	155,547	163,889
Other regulatory assets (Note 1)	142,507	136,933
Risk management regulatory assets—net (Note 11)	14,283	44,970
Unamortized debt issuance expense	50,842	49,804
Other	<u>103,548</u>	<u>98,986</u>
	<u>1,274,603</u>	<u>1,490,428</u>
Assets of Discontinued Operations (Note 19)	<u>—</u>	<u>12,862</u>
	<u>\$ 7,063,758</u>	<u>\$ 7,110,639</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholders' equity	\$ 1,435,394	\$ 1,327,166
Preferred stock	50,000	50,000
Long-term debt	<u>3,579,674</u>	<u>3,257,596</u>
	<u>5,065,068</u>	<u>4,634,762</u>
Current Liabilities:		
Short-term borrowings	25,000	—
Current maturities of long-term debt	238,636	672,895
Accounts payable	166,440	232,424
Accrued interest	62,199	44,744
Dividends declared	1,046	1,045
Accrued salaries and benefits	24,428	20,798
Deferred federal income taxes	133,844	123,507
Risk management liabilities (Note 11)	16,540	69,953
Contract termination liabilities (Note 15)	338,704	—
Other current liabilities	<u>44,987</u>	<u>46,719</u>
	<u>1,051,824</u>	<u>1,212,085</u>
Commitments & Contingencies (Note 15)		
Deferred Credits and Other Liabilities:		
Deferred federal income taxes	271,091	336,875
Deferred investment tax credit	45,329	48,492
Regulatory tax liability	41,877	42,718
Customer advances for construction	126,506	116,032
Accrued retirement benefits	112,075	163,752
Risk management liabilities (Note 11)	—	3,917
Contract termination liabilities (Note 15)	45,766	318,158
Regulatory liabilities (Note 1)	218,158	28,904
Accrued removal costs	—	151,651
Other	<u>86,064</u>	<u>52,506</u>
	<u>946,866</u>	<u>1,263,005</u>
Liabilities of Discontinued Operations (Note 19)	<u>—</u>	<u>787</u>
	<u>\$ 7,063,758</u>	<u>\$ 7,110,639</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands, Except Per Share Amounts)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
OPERATING REVENUES:			
Electric	\$ 2,624,426	\$ 2,832,285	\$ 4,426,881
Gas	161,586	149,783	145,652
Other	<u>3,146</u>	<u>3,236</u>	<u>2,728</u>
	<u>2,789,158</u>	<u>2,985,304</u>	<u>4,575,261</u>
OPERATING EXPENSES:			
Operation:			
Purchased power	1,104,344	1,786,823	4,052,077
Fuel for power generation	521,412	453,436	728,619
Gas purchased for resale	111,675	91,961	136,534
Deferred energy costs disallowed	90,964	491,081	—
Recovery (Deferral) of energy costs—electric—net	97,893	(233,814)	(1,136,148)
Recovery (Deferral) of energy costs—gas—net	16,155	24,785	(23,170)
Impairment of subsidiary assets (Note 19)	32,911	—	—
Other	328,962	287,422	319,107
Maintenance	69,636	64,440	69,499
Depreciation and amortization	191,940	174,726	165,808
Taxes:			
Income tax benefit	(70,138)	(167,935)	(1,764)
Other than income	<u>45,155</u>	<u>44,428</u>	<u>42,976</u>
	<u>2,540,909</u>	<u>3,017,353</u>	<u>4,353,538</u>
	248,249	(32,049)	221,723
OPERATING INCOME (LOSS)			
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	5,765	(36)	474
Interest accrued on deferred energy	28,054	23,058	55,204
Other income	29,931	10,988	12,450
Other expense	(14,243)	(18,373)	(13,634)
Income taxes	(12,801)	(4,058)	(14,870)
Unrealized loss on derivative instrument (Note 11)	<u>(46,065)</u>	<u>—</u>	<u>—</u>
	<u>(9,359)</u>	<u>11,579</u>	<u>39,624</u>
Total Income (Loss) Before Interest Charges	238,890	(20,470)	261,347
INTEREST CHARGES:			
Long-term debt	295,458	250,173	207,358
Other	78,783	35,478	23,892
Allowance for borrowed funds used during construction	<u>(5,976)</u>	<u>(5,270)</u>	<u>(2,801)</u>
	<u>368,265</u>	<u>280,381</u>	<u>228,449</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(129,375)</u>	<u>(300,851)</u>	<u>32,898</u>
DISCONTINUED OPERATIONS:			
Gain (loss) from discontinued operations (net of income taxes (benefits) of \$(3,906), \$(563), and \$19,659 respectively)	(7,254)	(1,204)	27,535
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, net of tax (Note 1)	<u>—</u>	<u>(1,566)</u>	<u>—</u>
NET INCOME (LOSS)	(136,629)	(303,621)	60,433
Preferred stock dividend requirements of subsidiary	3,900	3,900	3,700
EARNINGS (LOSS) APPLICABLE TO COMMON STOCK	<u>\$ (140,529)</u>	<u>\$ (307,521)</u>	<u>\$ 56,733</u>
Amount per share - basic and diluted			
Income / (Loss) from continuing operations	\$ (1.12)	\$ (2.95)	\$ 0.38
Income / (Loss) per share applicable to common stock	\$ (1.21)	\$ (3.01)	\$ 0.65
Weighted Average Shares of Common Stock Outstanding	<u>115,774,810</u>	<u>102,126,079</u>	<u>87,542,441</u>
Dividends Paid Per Share of Common Stock	<u>\$ —</u>	<u>\$ 0.20</u>	<u>\$ 0.65</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
NET INCOME (LOSS)	\$ (136,629)	\$ (303,621)	\$ 60,433
OTHER COMPREHENSIVE INCOME (LOSS)			
Adoption of SFAS No. 133—Accounting for Derivative Instruments and Hedging Activities:			
Cumulative effect upon adoption of change in accounting principle as of January 1 (Net of income taxes of \$1,035)	—	—	(1,923)
Change in market value of risk management assets and liabilities as of December 31 (Net of income taxes (benefits) of \$884, \$3,083, and (\$2,726) in 2003, 2002 and 2001, respectively)	1,642	5,726	(5,063)
Minimum pension liability adjustment (Net of income taxes (benefits) of \$8,698 and (\$24,904) in 2003 and 2002, respectively)	<u>15,508</u>	<u>(46,251)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>17,150</u>	<u>(40,525)</u>	<u>(6,986)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ (119,479)</u>	<u>\$ (344,146)</u>	<u>\$ 53,447</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDERS' EQUITY
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Common Stock:</u>			
Balance at Beginning of Year	\$ 102,177	\$ 102,111	\$ 78,475
Stock issuance/exchange and dividend reinvestment	15,059	66	23,636
Balance at end of year	<u>117,236</u>	<u>102,177</u>	<u>102,111</u>
<u>Other Paid-In Capital:</u>			
Balance at Beginning of Year	1,599,024	1,598,634	1,295,221
Premium on issuance/exchange of common stock	99,192	—	330,050
Common Stock issuance costs	(1,184)	—	(13,910)
Purchase contract adjustment payment	—	—	(13,676)
Value of derivative transferred to equity	118,143	—	—
CSIP, DRP, ESPP and other	27	390	949
Balance at End of Year	<u>1,815,202</u>	<u>1,599,024</u>	<u>1,598,634</u>
<u>Retained Earnings (Deficit):</u>			
Balance at Beginning of Year	(326,524)	1,577	(13,984)
Income (loss) from continuing operations before preferred dividends	(129,375)	(300,851)	32,898
Gain (loss) from discontinued operations (before preferred dividend allocation of \$200 in 2001), net of taxes	(7,254)	(1,204)	27,735
Cumulative effect of change in accounting principle, net of tax	—	(1,566)	—
Preferred stock dividends declared	(3,900)	(3,900)	(3,900)
Common stock dividends declared, net of adjustments	370	(20,580)	(41,172)
Balance at End of Year	<u>(466,683)</u>	<u>(326,524)</u>	<u>1,577</u>
<u>Accumulated Other Comprehensive Income (Loss):</u>			
Balance at Beginning of Year	(47,511)	(6,986)	—
Adoption of SFAS No. 133—Accounting for Derivative Instruments and Hedging Activities			
Cumulative effect upon adoption of change in accounting principle as of January 1 (Net of income taxes of \$1,035)	—	—	(1,923)
Change in market value of risk management assets and liabilities as of December 31 (Net of taxes (benefits) of \$884, \$3,083 and (\$2,726) in 2003, 2002 and 2001, respectively)	1,642	5,726	(5,063)
Minimum pension liability adjustment (Net of income taxes (benefits) of \$8,698 and (\$24,904) in 2003, and 2002, respectively)	15,508	(46,251)	—
Balance at End of Year	<u>(30,361)</u>	<u>(47,511)</u>	<u>(6,986)</u>
Total Common Shareholders' Equity at End of Year	<u>\$ 1,435,394</u>	<u>\$ 1,327,166</u>	<u>\$ 1,695,336</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	<u>2003</u>	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$ (136,629)	\$ (303,621)	\$ 60,433
Preferred dividends included in discontinued operations	—	—	200
Non-cash items included in income (loss):			
Depreciation and amortization	191,940	175,218	169,289
Deferred taxes and deferred investment tax credit	(50,724)	(169,714)	85,917
AFUDC	(11,741)	(5,234)	(3,285)
Amortization of deferred energy costs—electric	250,134	176,718	—
Amortization of deferred energy costs—gas	13,095	13,231	3,562
Deferred energy costs disallowed	90,964	493,053	—
Early retirement and severance amortization	2,786	2,706	3,121
Unrealized loss on derivative instrument	46,065	—	—
Impairment of assets of subsidiary	32,911	—	—
Loss (gain) on disposal of discontinued operations	9,555	—	(44,082)
Other non-cash	(12,489)	5,818	2,863
Adjustment in value of Premium Income Equity Securities	—	—	(13,677)
Changes in certain assets and liabilities:			
Accounts receivable	57,357	32,896	(887)
Deferral of energy costs—electric	(179,826)	(434,279)	(1,187,840)
Deferral of energy costs—gas	2,592	10,270	(30,245)
Materials, supplies and fuel	6,407	6,448	(18,328)
Other current assets	(49,781)	(35,055)	4,454
Accounts payable	(65,984)	(29,307)	(97,340)
Income tax receivable	—	185,011	—
Other current liabilities	358,057	28,758	13,025
Change in net assets of discontinued operations	—	535	(10,893)
Other assets	47,358	(3,073)	(9,331)
Other liabilities	(333,303)	322,126	19,200
Net Cash from Operating Activities	<u>268,744</u>	<u>472,505</u>	<u>(1,053,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to utility plant	(373,961)	(399,807)	(333,606)
AFUDC and other charges to utility plant	11,741	5,234	3,285
Customer advances for construction	10,475	7,852	815
Contributions in aid of construction	23,605	43,247	27,481
Net cash used for utility plant	(328,140)	(343,474)	(302,025)
Proceeds from sale of assets of water business	—	—	318,882
Investments in subsidiaries and other property—net	(10,190)	(59,077)	(9,065)
Net Cash from Investing Activities	<u>(338,330)</u>	<u>(402,551)</u>	<u>7,792</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings	25,000	(177,000)	(36,074)
Restricted cash	(41,000)	(13,705)	—
Proceeds from issuance of long-term debt	650,000	350,000	1,225,503
Retirement of long-term debt	(570,409)	(112,269)	(323,091)
Redemption of preferred stock	—	—	(48,500)
Sale of common stock, net of issuance cost	(756)	460	340,737
Dividends paid	(3,524)	(24,485)	(64,917)
Net Cash from Financing Activities	<u>59,311</u>	<u>23,001</u>	<u>1,093,658</u>
Net Increase (decrease) in Cash and Cash Equivalents	<u>(10,275)</u>	<u>92,955</u>	<u>47,606</u>
Beginning Balance in Cash and Cash Equivalents	<u>192,064</u>	<u>99,109</u>	<u>51,503</u>
Ending Balance in Cash and Cash Equivalents	<u>\$ 181,789</u>	<u>\$ 192,064</u>	<u>\$ 99,109</u>
Supplemental Disclosures of Cash Flow Information:			
Cash paid (received) during period for:			
Interest	\$ 307,870	\$ 257,462	\$ 208,390
Income taxes	\$ (1,521)	\$ (185,011)	\$ (55,022)
Noncash financing activities (Note 8):			
Exchanged Floating Rate Notes for SPR common stock	\$ 8,750	\$ —	\$ —
Exchanged Premium Income Equity Securities for SPR common stock	\$ 104,782	\$ —	\$ —

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	<u>December 31,</u> <u>2003</u>	<u>2002</u>
Common Shareholders' Equity:		
Common stock \$1.00 par value, authorized 250 million; issued and outstanding 2002:		
102,177,000 shares; 2001: 102,111,000 shares	\$ 117,236	\$ 102,177
Other paid-in capital	1,815,202	1,599,024
Retained earnings (deficit)	(466,683)	(326,524)
Accumulated Other Comprehensive Loss	(30,361)	(47,511)
Total Common Shareholders' Equity	<u>1,435,394</u>	<u>1,327,166</u>
Preferred Stock of Subsidiaries:		
Not subject to mandatory redemption		
Outstanding at December 31		
Class A Series 1; \$1.95 dividend	<u>50,000</u>	<u>50,000</u>
Long-Term Debt:		
Unamortized bond premium and discount, net	(21,750)	(17,968)
8.2% Junior Subordinated Debentures of NVP, due 2037	122,548	122,548
7.75% Junior Subordinated Debentures of NVP, due 2038	72,165	72,165
Subtotal	<u>194,713</u>	<u>194,713</u>
Debt Secured by First Mortgage Bonds		
6.70% Series V due 2022	105,000	105,000
6.60% Series W due 2019	39,500	39,500
7.20% Series X due 2022	78,000	78,000
8.50% Series Z due 2023	35,000	35,000
6.35% Series FF due 2012	1,000	1,000
6.55% Series AA due 2013	39,500	39,500
6.30% Series DD due 2014	45,000	45,000
6.65% Series HH due 2017	75,000	75,000
6.65% Series BB due 2017	17,500	17,500
6.55% Series GG due 2020	20,000	20,000
6.30% Series EE due 2022	10,250	10,250
6.95% to 8.61% Series A MTN due 2022	110,000	110,000
7.10% and 7.14% Series B MTN due 2023	58,000	58,000
6.62% to 6.83% Series C MTN due 2006	50,000	50,000
5.90% Series JJ due 2023	9,800	9,800
5.90% Series KK due 2023	30,000	30,000
6.70% Series II due 2032	21,200	21,200
5.50% Series D MTN due 2003	—	5,000
5.59% Series D MTN due 2003	—	13,000
Subtotal, excluding current portion	<u>744,750</u>	<u>762,750</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC RESOURCES
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Continued from previous page		
Industrial Development Revenue Bonds		
5.90% Series 1997A due 2032	52,285	52,285
5.90% Series 1995B due 2030	85,000	85,000
5.60% Series 1995A due 2030	76,750	76,750
5.50% Series 1995C due 2030	44,000	44,000
Subtotal	<u>258,035</u>	<u>258,035</u>
Pollution Control Revenue Bonds		
6.38% due 2036	20,000	20,000
5.80% Series 1997B due 2032	20,000	20,000
5.30% Series 1995D due 2011	14,000	14,000
5.45% Series 1995D due 2023	6,300	6,300
5.35% Series 1995E due 2022	13,000	13,000
Subtotal	<u>73,300</u>	<u>73,300</u>
Variable Rate Notes		
Floating rate notes due 2003	—	140,000
IDRB Series 2000A due 2020	100,000	100,000
PCRB Series 2000B due 2009	15,000	15,000
Floating Rate Notes due 2003	—	200,000
Subtotal	<u>115,000</u>	<u>455,000</u>
Debt Secured by General and Refunding Bonds:		
8.25% Series A due 2011	350,000	350,000
10.88% Series E due 2009	250,000	250,000
9.00% Series G due 2019	350,000	—
8.00% Series A due 2008	320,000	320,000
10.50% (Variable) Series C due 2005	99,000	100,000
6.20% Series 1999B due 2004	130,000	130,000
Subtotal	<u>1,499,000</u>	<u>1,150,000</u>
Other Notes:		
7.50% Series 2001 due 2036	80,000	80,000
6.00% Series B notes due 2003	—	210,000
8.75% Senior unsecured note Series 2000 due 2005	300,000	300,000
7.93% Senior unsecured notes due 2007	240,218	
7.25% Convertible notes due 2010	234,118	345,000
Subtotal	<u>854,336</u>	<u>935,000</u>
Obligations under capital leases	<u>68,587</u>	<u>73,259</u>
Current maturities and sinking fund requirements	<u>(238,636)</u>	<u>(672,963)</u>
Other	<u>32,339</u>	<u>46,470</u>
Total Long-Term Debt	<u>3,579,674</u>	<u>3,257,596</u>
TOTAL CAPITALIZATION	<u><u>\$ 5,065,068</u></u>	<u><u>\$ 4,634,762</u></u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
ASSETS		
Utility Plant at Original Cost:		
Plant in service	\$ 3,816,630	\$ 3,542,300
Less accumulated provision for depreciation	<u>1,018,044</u>	<u>924,869</u>
	2,798,586	2,617,431
Construction work-in-progress	<u>109,148</u>	<u>173,189</u>
	<u>2,907,734</u>	<u>2,790,620</u>
Investments and other property, net	<u>36,312</u>	<u>26,136</u>
Current Assets:		
Cash and cash equivalents	144,897	95,009
Restricted cash (Note 1)	2,600	3,850
Accounts receivable less allowance for uncollectible accounts: 2003—\$40,297; 2002—\$33,841	167,296	202,590
Accounts receivable, affiliate companies	3,533	—
Deferred energy costs—electric	247,249	213,193
Materials, supplies and fuel, at average cost	41,076	44,074
Risk management assets (Note 11)	11,702	28,173
Deposits and prepayments for energy	39,794	12,347
Other	<u>21,540</u>	<u>19,255</u>
	<u>679,687</u>	<u>618,491</u>
Deferred Charges and Other Assets:		
Deferred energy costs—electric	371,305	524,345
Regulatory tax asset	102,282	106,071
Other regulatory assets	60,721	53,109
Risk management regulatory assets—net (Note 11)	3,109	1,491
Unamortized debt issuance expense	34,052	29,262
Other	<u>15,557</u>	<u>17,463</u>
	<u>587,026</u>	<u>731,741</u>
	<u>\$ 4,210,759</u>	<u>\$ 4,166,988</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	\$ 1,174,645	\$ 1,149,131
Long-term debt	<u>1,899,709</u>	<u>1,683,310</u>
	<u>3,074,354</u>	<u>2,832,441</u>
Current Liabilities:		
Current maturities of long-term debt	135,570	354,677
Accounts payable	107,812	143,002
Accounts Payable, Affiliated Companies	—	4,287
Accrued interest	35,399	25,791
Dividends declared	78	78
Accrued salaries and benefits	10,315	7,781
Deferred taxes	107,459	90,616
Risk management liabilities (Note 11)	5,266	29,908
Contract termination liabilities (Note 15)	235,729	—
Other current liabilities	<u>27,253</u>	<u>22,115</u>
	<u>664,881</u>	<u>678,255</u>
Commitments & Contingencies (Note 15)		
Deferred Credits and Other Liabilities:		
Deferred federal income taxes	114,919	129,687
Deferred investment tax credit	20,272	21,902
Regulatory tax liability	15,776	17,300
Customer advances for construction	71,176	66,434
Accrued retirement benefits	5,825	54,216
Contract termination liabilities (Note 15)	43,916	229,917
Regulatory liabilities (Note 1)	147,887	28,904
Accrued removal costs	—	92,625
Other	<u>51,753</u>	<u>15,307</u>
	<u>471,524</u>	<u>656,292</u>
	<u>\$ 4,210,759</u>	<u>\$ 4,166,988</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
OPERATING REVENUES:			
Electric	\$ 1,756,146	\$ 1,901,034	\$ 3,025,103
OPERATING EXPENSES:			
Operation:			
Purchased power	744,271	1,241,783	3,026,336
Fuel for power generation	319,711	309,293	441,900
Deferred energy costs disallowed	45,964	434,123	—
Deferral of energy costs-net	95,911	(179,182)	(937,322)
Other	195,483	167,768	169,442
Maintenance	48,226	41,200	45,136
Depreciation and amortization	109,655	98,198	93,101
Taxes:			
Income taxes (benefits)	(12,734)	(133,411)	17,775
Other than income	25,926	25,265	24,371
	<u>1,572,413</u>	<u>2,005,037</u>	<u>2,880,739</u>
OPERATING INCOME (LOSS)	183,733	(104,003)	144,364
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	2,845	(153)	(382)
Interest accrued on deferred energy	22,891	12,414	42,743
Other income	18,344	742	4,669
Other expense	(5,944)	(9,933)	(4,709)
Income taxes	(12,120)	(1,627)	(14,962)
	<u>26,016</u>	<u>1,443</u>	<u>27,359</u>
Total Income (Loss) Before Interest Charges	209,749	(102,560)	171,723
INTEREST CHARGES:			
Long-term debt	142,143	114,527	97,240
Other	51,029	21,395	13,219
Allowance for borrowed funds used during construction	(2,700)	(3,412)	(2,141)
	<u>190,472</u>	<u>132,510</u>	<u>108,318</u>
NET INCOME (LOSS)	<u>\$ 19,277</u>	<u>\$ (235,070)</u>	<u>\$ 63,405</u>

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
NET INCOME (LOSS)	\$ 19,277	\$ (235,070)	\$ 63,405
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Adoption of SFAS No. 133—Accounting for Derivative Instruments and Hedging Activities:			
Cumulative effect upon adoption of change in accounting principle as of January 1 (Net of income taxes of \$239)	—	—	444
Change in market value of risk management assets and liabilities as of December 31 (Net of income taxes (benefits) of \$31 and (\$214) and \$41 in 2003, 2002 and 2001, respectively)	59	(397)	76
Minimum pension liability adjustment (Net of income taxes (benefits) of \$3,326 and (\$4,838) in 2003 and 2002, respectively)	6,178	(8,985)	—
OTHER COMPREHENSIVE INCOME (LOSS)	<u>6,237</u>	<u>(9,382)</u>	<u>520</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 25,514</u>	<u>\$ (244,452)</u>	<u>\$ 63,925</u>

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Common Stock:</u>			
Balance at Beginning of Year and End of Year	\$ 1	\$ 1	\$ 1
<u>Other Paid-In Capital:</u>			
Balance at Beginning of Year	1,377,106	1,367,106	892,185
Additional investment by parent company	—	10,000	474,921
Balance at End of Year	<u>1,377,106</u>	<u>1,377,106</u>	<u>1,367,106</u>
<u>Retained Earnings (Deficit):</u>			
Balance at Beginning of Year	(219,114)	25,956	(4,449)
Income (loss) for the year	19,277	(235,070)	63,405
Common stock dividends declared	—	(10,000)	(33,000)
Balance at End of Year	<u>(199,837)</u>	<u>(219,114)</u>	<u>25,956</u>
<u>Accumulated Other Comprehensive Income (Loss):</u>			
Balance at Beginning of Year	(8,862)	520	—
Adoption of SFAS No. 133—Accounting for Derivative Instruments and Hedging Activities			
Cumulative effect upon adoption of change in accounting principle as of January 1 (Net of income taxes of \$239)	—	—	444
Change in market value of risk management assets and liabilities as of December 31 (Net of income taxes (benefit) of \$31, (\$214) and \$41 in 2003, 2002 and 2001, respectively)	59	(397)	76
Minimum pension liability adjustment (Net of income taxes (benefit) of \$3,326 and (\$4,838) in 2003 and 2002, respectively)	<u>6,178</u>	<u>(8,985)</u>	<u>—</u>
Balance at End of Year	<u>(2,625)</u>	<u>(8,862)</u>	<u>520</u>
Total Common Shareholder's Equity at End of Year	<u>\$ 1,174,645</u>	<u>\$ 1,149,131</u>	<u>\$ 1,393,583</u>

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (Loss)	\$ 19,277	\$ (235,070)	\$ 63,405
Non-cash items included in income (loss):			
Depreciation and amortization	109,655	98,198	93,102
Deferred taxes and deferred investment tax credit	2,710	(131,076)	55,085
AFUDC	(5,545)	(3,259)	(1,759)
Amortization of deferred energy costs	204,610	146,554	—
Deferred energy costs disallowed	45,964	434,125	—
Other non-cash	(11,264)	(8,818)	264
Changes in certain assets and liabilities:			
Accounts receivable	31,761	8,487	(41,444)
Deferral of energy costs	(131,590)	(338,152)	(980,065)
Materials, supplies and fuel	2,998	4,437	(2,938)
Other current assets	(29,732)	(24,841)	3,507
Accounts payable	(39,477)	(55,316)	44,747
Income tax receivable	—	102,904	—
Other current liabilities	253,009	6,216	3,812
Other assets	21,303	—	—
Other liabilities	(208,051)	253,218	4,882
Net Cash from Operating Activities	<u>265,628</u>	<u>257,607</u>	<u>(757,402)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to utility plant	(227,066)	(294,480)	(200,852)
AFUDC and other charges to utility plant	5,545	3,259	1,759
Customer advances (refunds) for construction	4,742	4,980	(4,134)
Contributions in aid of construction	12,168	35,800	6,331
Net cash used for utility plant	(204,611)	(250,441)	(196,896)
Investments in subsidiaries and other property - net	(15,512)	(2,239)	(115)
Net Cash from Investing Activities	<u>(220,123)</u>	<u>(252,680)</u>	<u>(197,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings	—	(130,500)	30,500
Restricted cash	1,250	(3,850)	—
Proceeds from issuance of long-term debt	350,000	250,000	815,000
Retirement of long-term debt	(346,867)	(34,073)	(368,347)
Investment by parent company	—	10,000	474,921
Dividends paid	—	(10,000)	(33,014)
Net Cash from Financing Activities	<u>4,383</u>	<u>81,577</u>	<u>919,060</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>49,888</u>	<u>86,504</u>	<u>(35,353)</u>
Beginning Balance in Cash and Cash Equivalents	<u>95,009</u>	<u>8,505</u>	<u>43,858</u>
Ending Balance in Cash and Cash Equivalents	<u>\$ 144,897</u>	<u>\$ 95,009</u>	<u>\$ 8,505</u>
Supplemental Disclosures of Cash Flow Information:			
Cash paid (received) during period for:			
Interest	\$ 149,686	\$ 109,679	\$ 90,280
Income taxes	\$ —	\$ (102,904)	\$ (13,702)

The accompanying notes are an integral part of the financial statements.

NEVADA POWER COMPANY
STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Common Shareholders' Equity:		
Common stock issued, stated value \$1 1,000 shares authorized, issued and outstanding	\$ 1	\$ 1
Other paid-in capital	1,377,106	1,377,106
Accumulated deficit	(199,837)	(219,114)
Accumulated Other Comprehensive Loss	<u>(2,625)</u>	<u>(8,862)</u>
Total Common Shareholders' Equity	<u>1,174,645</u>	<u>1,149,131</u>
Long-Term Debt:		
Unamortized bond premium and discount, net	<u>(11,929)</u>	<u>(13,906)</u>
8.2% Junior Subordinated Debentures of NPC, due 2037	122,548	122,548
7.75% Junior Subordinated Debentures of NPC, due 2038	<u>72,165</u>	<u>72,165</u>
Total Preferred Securities	<u>194,713</u>	<u>194,713</u>
Debt Secured by First Mortgage Bonds:		
6.70% Series V due 2022	105,000	105,000
6.60% Series W due 2019	39,500	39,500
7.20% Series X due 2022	78,000	78,000
8.50% Series Z due 2023	<u>35,000</u>	<u>35,000</u>
Subtotal	<u>257,500</u>	<u>257,500</u>
Industrial development revenue bonds		
5.90% Series 1997A due 2032	52,285	52,285
5.90% Series 1995B due 2030	85,000	85,000
5.60% Series 1995A due 2030	76,750	76,750
5.50% Series 1995C due 2030	<u>44,000</u>	<u>44,000</u>
Subtotal	<u>258,035</u>	<u>258,035</u>
Pollution Control Revenue Bonds		
6.38% Series 1996 due 2036	20,000	20,000
5.80% Series 1997B due 2032	20,000	20,000
5.30% Series 1995D due 2011	14,000	14,000
5.45% Series 1995D due 2023	6,300	6,300
5.35% Series 1995E due 2022	<u>13,000</u>	<u>13,000</u>
Subtotal	<u>73,300</u>	<u>73,300</u>
Variable Rate Notes		
Floating rate notes due 2003	—	140,000
IDRB Series 2000A due 2020	100,000	100,000
PCRB Series 2000B due 2009	<u>15,000</u>	<u>15,000</u>
Subtotal	<u>115,000</u>	<u>255,000</u>
Debt Secured by General and Refunding Bonds:		
8.25% Series A due 2011	350,000	350,000
10.88% Series E due 2009	250,000	250,000
9.00% Series G due 2019	350,000	—
6.20% Series 1999B due 2004	<u>130,000</u>	<u>130,000</u>
Subtotal	<u>1,080,000</u>	<u>730,000</u>
Other Notes:		
6.0% Series B notes due 2003	<u>—</u>	<u>210,000</u>
Obligation under capital leases	<u>68,587</u>	<u>73,259</u>
Current maturities and sinking fund requirements	<u>(135,570)</u>	<u>(354,677)</u>
Other, excluding current portion	<u>73</u>	<u>86</u>
Total Long-Term Debt	<u>1,899,709</u>	<u>1,683,310</u>
TOTAL CAPITALIZATION	<u>\$ 3,074,354</u>	<u>\$ 2,832,441</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
ASSETS		
Utility Plant at Original Cost:		
Plant in service	\$ 2,536,769	\$ 2,447,401
Less accumulated provision for depreciation	<u>935,227</u>	<u>867,831</u>
	1,601,542	1,579,570
Construction work-in-progress	<u>133,374</u>	<u>90,157</u>
	<u>1,734,916</u>	<u>1,669,727</u>
Investments and other property, net	<u>916</u>	<u>874</u>
Current Assets:		
Cash and cash equivalents	20,859	88,910
Restricted cash (Note 1)	8,776	9,605
Accounts receivable less allowance for uncollectible accounts:		
2003 - \$4,620; 2002 - \$10,343	133,595	154,821
Accounts receivable, affiliated companies	56,349	58,680
Deferred energy costs—electric	48,428	55,786
Deferred energy costs—gas	1,358	17,045
Materials, supplies and fuel, at average cost	38,449	41,727
Risk management assets (Note 11)	10,397	1,397
Deposits and prepayments for energy	24,053	4,847
Other	<u>7,265</u>	<u>8,108</u>
	<u>349,529</u>	<u>440,926</u>
Deferred Charges and Other Assets:		
Deferred energy costs—electric	126,600	161,530
Regulatory tax asset	53,265	57,818
Other regulatory assets	62,716	64,149
Risk management regulatory assets—net (Note 11)	11,174	43,479
Unamortized debt issuance expense	12,383	13,138
Other	<u>10,970</u>	<u>5,875</u>
	<u>277,108</u>	<u>345,989</u>
	<u>\$ 2,362,469</u>	<u>\$ 2,457,516</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common shareholder's equity	\$ 593,771	\$ 639,295
Preferred stock	50,000	50,000
Long-term debt	<u>912,800</u>	<u>914,788</u>
	<u>1,556,571</u>	<u>1,604,083</u>
Current Liabilities:		
Short-term borrowings	25,000	—
Current maturities of long-term debt	83,400	101,400
Accounts payable	40,731	71,247
Accrued interest	10,374	10,673
Dividends declared	968	968
Accrued salaries and benefits	11,775	10,812
Deferred taxes	26,385	32,891
Risk management liabilities (Note 11)	11,274	40,045
Contract termination liabilities (Note 15)	102,975	—
Other current liabilities	<u>7,129</u>	<u>10,864</u>
	<u>320,011</u>	<u>278,900</u>
Commitments & Contingencies (Note 15)		
Deferred Credits and Other Liabilities:		
Deferred federal income taxes	230,615	251,487
Deferred investment tax credit	25,057	26,590
Regulatory tax liability	26,101	25,418
Customer advances for construction	55,330	49,598
Accrued retirement benefits	52,709	44,856
Risk management liabilities (Note 11)	—	3,917
Contract termination liabilities (Note 15)	1,850	88,241
Regulatory liabilities	70,271	—
Accrued removal costs	—	59,026
Other	<u>23,954</u>	<u>25,400</u>
	<u>485,887</u>	<u>574,533</u>
	<u>\$ 2,362,469</u>	<u>\$ 2,457,516</u>

(Concluded)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
OPERATING REVENUES:			
Electric	\$ 868,280	\$ 931,251	\$ 1,401,778
Gas	<u>161,586</u>	<u>149,783</u>	<u>145,652</u>
	<u>1,029,866</u>	<u>1,081,034</u>	<u>1,547,430</u>
OPERATING EXPENSES:			
Operation:			
Purchased power	360,073	545,040	1,025,741
Fuel for power generation	201,701	144,143	286,719
Gas purchased for resale	111,675	91,961	136,534
Deferred energy costs disallowed	45,000	56,958	—
Deferral of energy costs - electric - net	1,982	(54,632)	(198,826)
Deferral of energy costs - gas - net	16,155	24,785	(23,170)
Other	116,390	106,122	118,526
Maintenance	21,410	23,240	24,363
Depreciation and amortization	81,514	76,373	72,103
Taxes:			
Income taxes	(13,704)	(6,922)	8,507
Other than income	<u>19,104</u>	<u>18,674</u>	<u>17,965</u>
	<u>961,300</u>	<u>1,025,742</u>	<u>1,468,462</u>
OPERATING INCOME	<u>68,566</u>	<u>55,292</u>	<u>78,968</u>
OTHER INCOME (EXPENSE):			
Allowance for other funds used during construction	2,920	117	856
Interest accrued on deferred energy	5,163	10,644	12,461
Other income	4,403	4,266	2,113
Other expense	(6,767)	(6,577)	(6,176)
Income taxes	<u>(1,467)</u>	<u>(2,431)</u>	<u>91</u>
	<u>4,252</u>	<u>6,019</u>	<u>9,345</u>
Total Income Before Interest Charges	<u>72,818</u>	<u>61,311</u>	<u>88,313</u>
INTEREST CHARGES:			
Long-term debt	76,002	66,474	58,797
Other	23,367	10,663	7,433
Allowance for borrowed funds used during construction and capitalized interest	<u>(3,276)</u>	<u>(1,858)</u>	<u>(660)</u>
	<u>96,093</u>	<u>75,279</u>	<u>65,570</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>(23,275)</u>	<u>(13,968)</u>	<u>22,743</u>
DISCONTINUED OPERATIONS:			
Gain from discontinued operations (net of income taxes of \$19,125)	<u>—</u>	<u>—</u>	<u>26,867</u>
NET INCOME (LOSS)	<u>(23,275)</u>	<u>(13,968)</u>	<u>49,610</u>
Preferred Dividend Requirements	<u>3,900</u>	<u>3,900</u>	<u>3,700</u>
Earnings (loss) applicable to common stock	<u>(27,175)</u>	<u>\$ (17,868)</u>	<u>\$ 45,910</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
NET INCOME (LOSS)	\$ (23,275)	\$ (13,968)	\$ 49,610
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:			
Cumulative effect upon adoption of change in accounting principle as of January 1 (net of income taxes of \$114)	—	—	211
Change in market value of risk management assets and liabilities as of December 31 (net of income taxes (benefits) of \$15, (\$102) and \$19 in 2003, 2002 and 2001, respectively)	28	(189)	36
Minimum pension liability adjustment (net of income taxes (benefits) of \$83 and (\$349) in 2003 and 2002, respectively)	153	(649)	—
OTHER COMPREHENSIVE INCOME (LOSS)	<u>181</u>	<u>(838)</u>	<u>247</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ (23,094)</u>	<u>\$ (14,806)</u>	<u>\$ 49,857</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF COMMON SHAREHOLDER'S EQUITY
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Common Stock:</u>			
Balance at Beginning of Year and End of Year	\$ 4	\$ 4	\$ 4
<u>Other Paid-In Capital:</u>			
Balance at Beginning of Year	713,633	703,633	598,684
Additional investment by parent company	—	10,000	104,949
Balance at End of Year	<u>713,633</u>	<u>713,633</u>	<u>703,633</u>
<u>Retained Earnings (Deficit):</u>			
Balance at Beginning of Year	(73,751)	(10,983)	6,107
Income (Loss) from continuing operations before preferred dividends	(23,275)	(13,968)	22,743
Gain from discontinued operations (before preferred dividend allocation of \$200), net of taxes	—	—	27,067
Preferred stock dividends declared	(3,900)	(3,900)	(3,900)
Common stock dividends declared	(18,530)	(44,900)	(63,000)
Balance at End of Year	<u>(119,456)</u>	<u>(73,751)</u>	<u>(10,983)</u>
<u>Accumulated Other Comprehensive Income (Loss):</u>			
Balance at Beginning of Year	(591)	247	—
Adoption of SFAS No. 133—Accounting for Derivative Instruments and Hedging Activities			
Cumulative effect upon adoption of change in accounting principle as of January 1 (Net of income taxes of \$114)	—	—	211
Change in market value of risk management assets and liabilities as of December 31 (Net income of taxes (benefits) of \$15, (\$102) and \$19 in 2003, 2002 and 2001, respectively)	28	(189)	36
Minimum pension liability adjustment (Net of income taxes (benefits) of \$83 and (\$349) in 2003 and 2002, respectively)	153	(649)	—
Balance at End of Year	<u>(410)</u>	<u>(591)</u>	<u>247</u>
Total Common Shareholder's Equity at End of Year	<u>\$ 593,771</u>	<u>\$ 639,295</u>	<u>\$ 692,901</u>

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

	<u>Year ended December 31,</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (23,275)	\$ (13,968)	\$ 49,610
Preferred dividends included in discontinued operations		—	200
Non-cash items included in income (loss):			
Depreciation and amortization	81,514	76,373	75,584
Deferred taxes and deferred investment tax credit	(23,676)	(5,107)	57,382
AFUDC	(6,196)	(1,975)	(1,526)
Amortization of deferred energy costs—electric	45,524	30,164	—
Amortization of deferred energy costs—gas	13,095	13,231	3,562
Deferred energy costs disallowed	45,000	58,928	—
Early retirement and severance amortization	2,786	2,706	3,121
Gain on disposal of water business	—	—	(44,082)
Other non-cash	(8,259)	(6,130)	(299)
Changes in certain assets and liabilities:			
Accounts receivable	23,557	(18,803)	(36,835)
Deferral of energy costs—electric	(48,236)	(96,127)	(207,775)
Deferral of energy costs—gas	2,592	10,270	(30,245)
Materials, supplies and fuel	3,278	880	(12,700)
Other current assets	(18,363)	(7,020)	1,836
Accounts payable	(30,516)	(24,308)	(70,579)
Income tax receivable	—	62,109	—
Other current liabilities	99,904	5,088	2,380
Other assets	26,055	(856)	—
Other liabilities	(112,673)	88,145	(1,333)
Net Cash from Operating Activities	<u>72,111</u>	<u>173,600</u>	<u>(211,699)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to utility plant	(146,895)	(105,327)	(132,754)
AFUDC and other charges to utility plant	6,196	1,975	1,526
Customer advances for construction	5,733	2,872	4,949
Contributions in aid of construction	11,437	7,447	21,150
Net cash used for utility plant	(123,529)	(93,033)	(105,129)
Proceeds from sale of assets of water business		—	318,882
Disposal of subsidiaries and other property—net	(43)	993	17
Net Cash from Investing Activities	<u>(123,572)</u>	<u>(92,040)</u>	<u>213,770</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term borrowings	25,000	(46,500)	(62,462)
Restricted cash	829	(9,605)	—
Proceeds from issuance of long-term debt	—	100,000	400,000
Retirement of long-term debt	(19,989)	(9,512)	(299,732)
Redemption of preferred stock	—	—	(48,500)
Investment by parent company	—	10,000	104,948
Dividends paid	(22,430)	(48,805)	(89,901)
Net Cash from Financing Activities	<u>(16,590)</u>	<u>(4,422)</u>	<u>4,353</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(68,051)</u>	<u>77,138</u>	<u>6,424</u>
Beginning Balance in Cash and Cash Equivalents	88,910	11,772	5,348
Ending Balance in Cash and Cash Equivalents	<u>\$ 20,859</u>	<u>\$ 88,910</u>	<u>\$ 11,772</u>
Supplemental Disclosures of Cash Flow Information:			
Cash paid (received) during period for:			
Interest	\$ 85,088	\$ 73,409	\$ 66,597
Income taxes	\$ (1,521)	\$ (62,109)	\$ (25,632)

The accompanying notes are an integral part of the financial statements.

SIERRA PACIFIC POWER COMPANY
CONSOLIDATED STATEMENTS OF CAPITALIZATION
(Dollars in Thousands)

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Common Shareholder's Equity:		
Common stock, \$3.75 par value, 1,000 shares authorized, issued and outstanding	\$ 4	\$ 4
Other paid-in capital	713,633	713,633
Deficit	(119,456)	(73,751)
Accumulated Other Comprehensive Income	(410)	(591)
Total Common Shareholder's Equity	<u>593,771</u>	<u>639,295</u>
Cumulative Preferred Stock:		
Not subject to mandatory redemption \$25 stated value		
Class A Series I; \$1.95 dividend	<u>50,000</u>	<u>50,000</u>
Long Term Debt:		
Unamortized bond premium and discount, net	<u>(2,650)</u>	<u>(4,062)</u>
Debt Secured by First Mortgage Bonds		
6.35% Series FF due 2012	1,000	1,000
6.55% Series AA due 2013	39,500	39,500
6.30% Series DD due 2014	45,000	45,000
6.65% Series HH due 2017	75,000	75,000
6.65% Series BB due 2017	17,500	17,500
6.55% Series GG due 2020	20,000	20,000
6.30% Series EE due 2022	10,250	10,250
6.95% to 8.61% Series A MTN due 2022	110,000	110,000
7.10% and 7.14% Series B MTN due 2023	58,000	58,000
6.62% to 6.83% Series C MTN due 2006	50,000	50,000
5.90% Series JJ due 2023	9,800	9,800
5.90% Series KK due 2023	30,000	30,000
6.70% Series II due 2032	21,200	21,200
5.50% Series D MTN due 2003	—	5,000
5.59% Series D MTN due 2003	—	13,000
Subtotal	<u>487,250</u>	<u>505,250</u>
Debt Secured by General and Refunding Bonds		
8.00% Series A due 2008	320,000	320,000
10.50% (Variable) Series C due 2005	99,000	100,000
	<u>419,000</u>	<u>420,000</u>
Other Notes:		
7.50% Series 2001 due 2036	80,000	80,000
Other	12,600	15,000
Current Maturities and sinking fund requirements	<u>(83,400)</u>	<u>(101,400)</u>
Total Long-Term Debt	<u>912,800</u>	<u>914,788</u>
TOTAL CAPITALIZATION	<u>\$ 1,556,571</u>	<u>\$ 1,604,083</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies for both utility and non-utility operations are as follows:

Basis of Presentation

The consolidated financial statements include the accounts of Sierra Pacific Resources (SPR) and its wholly-owned subsidiaries, Nevada Power Company (NPC), Sierra Pacific Power Company (SPPC), Tuscarora Gas Pipeline Company (TGPC), Sierra Pacific Communications (SPC), Lands of Sierra, Inc. (LOS), Sierra Energy Company dba e-three (e-three), Sierra Pacific Energy Company (SPE), Sierra Water Development Company (SWDC) and Sierra Gas Holding Company (SGHC). e-three is a discontinued operation and as such is reported separately in the financial statements. NPC and SPPC are referred to together in this report as the Utilities. All significant intercompany balances and intercompany transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities. These estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenses during the reporting period. Actual results could differ from these estimates.

NPC is an operating public utility that provides electric service in Clark County in southern Nevada. The assets of NPC represent approximately 60% of the consolidated assets of SPR at December 31, 2003. NPC provides electricity to approximately 703,000 customers in the communities of Las Vegas, North Las Vegas, Henderson, Searchlight, Laughlin and adjoining areas, including Nellis Air Force Base. Service is also provided to the Department of Energy's Nevada Test Site in Nye County. The consolidated financial statements of SPR include NPC's wholly-owned subsidiary, Nevada Electric Investment Company (NEICO).

SPPC is an operating public utility that provides electric service in northern Nevada and northeastern California. SPPC also provides natural gas service in the Reno/Sparks area of Nevada. The assets of SPPC represent approximately 33% of the consolidated assets of SPR at December 31, 2003. SPPC provides electricity to approximately 334,000 customers in a 50,000 square mile service area including western, central, and northeastern Nevada, including the cities of Reno, Sparks, Carson City, and Elko, and a portion of eastern California, including the Lake Tahoe area. SPPC also provides natural gas service in Nevada to approximately 129,000 customers in an area of about 600 square miles in the Reno and Sparks areas. The consolidated financial statements of SPPC include the accounts of SPPC's wholly-owned subsidiaries, Piñon Pine Corporation, Piñon Pine Investment Company, GPSF-B, SPPC Funding LLC, and Sierra Pacific Power Capital I.

The Utilities' accounts for electric operations and SPPC's accounts for gas operations are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC).

TGPC is a partner in a joint venture that developed, constructed, and operates a natural gas pipeline serving the expanding gas market in the Reno area and certain northeastern California markets. TGPC accounts for its joint venture interest under the equity method. SPC was formed in 1999 to provide telecommunications services using fiber optic cable technology in both northern and southern Nevada.

Reclassifications

Certain reclassifications of prior years information have been made for comparative purposes but have not affected previously reported net income (loss) or common shareholders' equity.

Regulatory Accounting and Other Regulatory Assets

The Utilities' rates are currently subject to the approval of the Public Utilities Commission of Nevada (PUCN) and, in the case of SPPC, rates are also subject to the approval of the California Public Utility Commission (CPUC) and are designed to recover the cost of providing generation, transmission and distribution services. As a result, the Utilities qualify for the application of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," issued by the Financial Accounting Standards Board (FASB). This statement recognizes that the rate actions of a regulator can provide reasonable assurance of the existence of an asset and requires the deferral of incurred costs that would otherwise be charged to expense where it is probable that future revenue will be provided to recover these costs. SFAS No. 71 prescribes the method to be used to record the financial transactions of a regulated entity. The criteria for applying SFAS No. 71 include the following: (i) rates are set by an independent third

party regulator; (ii) regulated rates are designed to recover the specific costs of the regulated products or services; and (iii) it is reasonable to assume that rates are set at levels that recovered costs can be charged to and collected from customers.

In addition to the deferral of energy costs discussed below, significant items to which SPR and the Utilities apply regulatory accounting include goodwill and other merger costs resulting from the 1999 merger of SPR and NPC, generation divestiture costs, and the loss on reacquired debt.

Regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. If at any time the incurred costs no longer meet these criteria, these costs are charged to earnings. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections, except for cost of removal which represents the cost of removing future electric and gas assets. Management regularly assesses whether the regulatory assets are probable of future recovery by considering actions of regulators, current laws related to regulation, applicable regulatory environment changes and the status of any current and pending or potential deregulation legislation.

Currently, the electric utility industry is predominantly regulated on a basis designed to recover the cost of providing electric power to its retail and wholesale customers. If cost-based regulation were to be discontinued in the industry for any reason, including competitive pressure on the cost-based prices of electricity, profits could be reduced, and the Utilities might be required to reduce their asset balances to reflect a market basis less than cost. Discontinuance of cost-based regulation could also require affected utilities to write off their associated regulatory assets. Management cannot predict the potential impact, if any, of these competitive forces on the Utilities' future financial position and results of operations.

Management periodically assesses whether the requirements for application of SFAS No. 71 are satisfied. The provisions of Assembly Bill 369 (AB 369), signed into law in April 2001, include the repeal of all statutes authorizing retail competition in Nevada's electric utility industry. Accordingly, the Utilities continue to apply regulatory accounting to the generation, transmission and distribution portions of their businesses.

The following Other regulatory assets were included in the consolidated balance sheets of SPR as of December 31 (dollars in thousands):

SIERRA PACIFIC RESOURCES
OTHER REGULATORY ASSETS AND LIABILITIES

DESCRIPTION	Remaining Amortization Period	Receiving Regulatory Treatment		Pending Regulatory Treatment	2003 Total	2002 Total
		Earning a Return(1)(2)	Not Earning a Return			
Regulatory Assets						
Early retirement and severance offers	Various through 2004	\$ —	\$ 2,497	\$ —	\$ 2,497	\$ 4,995
Loss on reacquired debt	Various	30,123	—	—	30,123	31,812
Plant assets	Various through 2031	3,414	—	—	3,414	3,558
Nevada divestiture costs		—	—	35,164(2)	35,164	32,313
Merger transition costs		—	—	14,185	14,185	12,601
Merger severance/relocation		—	—	21,375	21,375	21,747
Merger goodwill		—	—	19,070	19,070	19,675
California restructure costs	Through 2008	2,448	—	1,920	4,368	4,318
Conservation programs		—	—	8,361	8,361	3,374
Variable rate mechanism deferral	Through 10/04	—	352	—	352	721
Other costs		—	—	3,598	3,598	1,819
Total other regulatory assets		\$ 35,985	\$ 2,849	\$ 103,673	\$ 142,507	\$ 136,933
Regulatory Liabilities						
Cost of Removal		\$ 174,717	\$ —	\$ —	\$ 174,717	\$ —
Gain on Property Sales	Various through 2006	16,430	900	21,982	39,312	2,341
SO2 Allowances	Various through 2006	4,129	—	—	4,129	7,313
Deferred Fuel Over-Collection		—	—	—	—	19,250
Total regulatory liabilities		\$ 195,276	\$ 900	\$ 21,982	\$ 218,158	\$ 28,904

**NEVADA POWER COMPANY
OTHER REGULATORY ASSETS AND LIABILITIES**

<u>DESCRIPTION</u>	<u>Remaining Amortization Period</u>	<u>Receiving Regulatory Treatment</u>		<u>Pending Regulatory Treatment</u>	<u>2003 Total</u>	<u>2002 Total</u>
		<u>Earning a Return(1)(2)</u>	<u>Not Earning a Return</u>			
Loss on reacquired debt	Various	\$ 13,956	\$ —	\$ —	\$ 13,956	\$ 14,778
Nevada divestiture costs		—	—	21,886(2)	21,886	20,134
Merger transition costs		—	—	7,652	7,652	5,328
Merger severance/relocation		—	—	10,209	10,209	10,199
Conservation programs		—	—	6,809	6,809	2,478
Other costs		—	—	209	209	192
Total other regulatory assets		<u>\$ 13,956</u>	<u>\$ —</u>	<u>\$ 46,765</u>	<u>\$ 60,721</u>	<u>\$ 53,109</u>
Regulatory Liabilities						
Cost of Removal		\$ 104,446	\$ —	\$ —	\$ 104,446	\$ —
Gain on Property Sales	Various through 2006	16,430	900	21,982	39,312	2,341
SO2 Allowances	Various through 2006	4,129	—	—	4,129	7,313
Deferred Fuel Over-Collection		—	—	—	—	19,250
Total regulatory liabilities		<u>\$ 125,005</u>	<u>\$ 900</u>	<u>\$ 21,982</u>	<u>\$ 147,887</u>	<u>\$ 28,904</u>

**SIERRA PACIFIC POWER COMPANY
OTHER REGULATORY ASSETS AND LIABILITIES**

<u>DESCRIPTION</u>	<u>Remaining Amortization Period</u>	<u>Receiving Regulatory Treatment</u>		<u>Pending Regulatory Treatment</u>	<u>2003 Total</u>	<u>2002 Total</u>
		<u>Earning a Return(1)(2)</u>	<u>Not Earning a Return</u>			
Early retirement and severance offers	Various through 2004	\$ —	\$ 2,497	\$ —	\$ 2,497	\$ 4,995
Loss on reacquired debt	Various	16,167	—	—	16,167	17,034
Plant assets	Various through 2031	3,414	—	—	3,414	3,558
Nevada divestiture costs		—	—	13,278(2)	13,278	12,179
Merger transition costs		—	—	6,533	6,533	7,273
Merger severance/relocation		—	—	11,166	11,166	11,548
California Restructure Costs	Through 2008	2,448	—	1,920	4,368	4,318
Conservation Programs	Various through 2007	—	—	1,552	1,552	896
Variable rate mechanism deferral	Through 10/04	—	352	—	352	721
Other costs		—	—	3,389	3,389	1,627
Total other regulatory assets		<u>\$ 22,029</u>	<u>\$ 2,849</u>	<u>\$ 37,838</u>	<u>\$ 62,716</u>	<u>\$ 64,149</u>
Regulatory Liabilities						
Cost of Removal		\$ 70,271	\$ —	\$ —	\$ 70,271	\$ —

- (1) Regulatory liabilities included in this column are treated as reductions to rate base, on which a rate of return is earned.
(2) Regulatory asset is currently earning a return.

Deferral of Energy Costs

Nevada and California statutes permit regulated utilities to, from time-to-time, adopt deferred energy accounting procedures. The intent of these procedures is to ease the effect on customers of fluctuations in the cost of purchased gas, fuel, and purchased power.

In January 2000, in accordance with a PUCN order SPPC resumed using deferred energy accounting for its gas operations.

On April 18, 2001, the Governor of Nevada signed into law AB 369. The provisions of AB 369 include, among others, a reinstatement of deferred energy accounting for fuel and purchased power costs incurred by electric utilities. In accordance with the provisions of SFAS No. 71, the Utilities implemented deferred energy accounting on March 1, 2001, for their respective electric operations. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, that excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet. Conversely, a liability is recorded to the extent fuel and purchased power costs recoverable through current rates exceed actual fuel and purchased power costs. These excess amounts are reflected in adjustments to rates and recorded as revenue or expense in future time periods, subject to PUCN review.

AB 369 requires the Utilities to file applications to clear their respective deferred energy account balances at least every 12 months and provides that the PUCN may not allow the recovery of any costs for purchased fuel or purchased power "that were the

result of any practice or transaction that was undertaken, managed or performed imprudently by the electric utility." In reference to deferred energy accounting, AB 369 specifies that fuel and purchased power costs include all costs incurred to purchase fuel, to purchase capacity, and to purchase energy. The Utilities also record and are eligible under the statute to recover a carrying charge on such deferred balances.

The following deferred energy costs were included in the consolidated balance sheets as of the dates shown (dollars in thousands):

<u>Description</u>	<u>December 31, 2003</u>			
	<u>NPC Electric</u>	<u>SPPC Electric</u>	<u>SPPC Gas</u>	<u>SPR Total</u>
Unamortized balances approved for collection in current rates	\$ 274,164	\$ 45,039	\$ 941	\$ 320,144
Balances pending PUCN approval	91,323	42,398	—	133,721
Balances accrued since end of periods submitted for PUCN approval	8,477	3,559	417	12,453
Terminated supply contracts (2)	244,590	84,032	—	328,622
Total	<u>\$ 618,554</u>	<u>\$ 175,028</u>	<u>\$ 1,358</u>	<u>\$ 794,940</u>
Current Assets				
Deferred energy costs—electric	\$ 247,249	\$ 48,428	\$ —	\$ 295,677
Deferred energy costs—gas	—	—	1,358	1,358
Deferred Assets				
Deferred energy costs—electric	371,305	126,600	—	497,905
Total	<u>\$ 618,554</u>	<u>\$ 175,028</u>	<u>\$ 1,358</u>	<u>\$ 794,940</u>

<u>Description</u>	<u>December 31, 2002</u>			
	<u>NPC Electric</u>	<u>SPPC Electric</u>	<u>SPPC Gas</u>	<u>SPR Total</u>
Unamortized balances approved for collection in current rates	\$ 331,159	\$ 120,183	\$ 18,957	\$ 470,299
Balances pending PUCN approval	195,670	15,380	—	211,050
Balances accrued since end of periods submitted for PUCN approval (1)	(17,750)	(148)	(1,912)	(19,810)
Terminated supply contracts (2)	228,459	81,901	—	310,360
Total	<u>\$ 737,538</u>	<u>\$ 217,316</u>	<u>\$ 17,045</u>	<u>\$ 971,899</u>
Current Assets				
Deferred energy costs—electric	\$ 213,193	\$ 55,786	\$ —	\$ 268,979
Deferred energy costs—gas	—	—	17,045	17,045
Deferred Assets				
Deferred energy costs—electric	524,345	161,530	—	685,875
Total	<u>\$ 737,538</u>	<u>\$ 217,316</u>	<u>\$ 17,045</u>	<u>\$ 971,899</u>

- (1) Credits represent over-collections, that is, the extent to which gas or fuel and purchased power costs recovered through rates exceed actual gas or fuel and purchased power costs.
- (2) Amounts related to claims for terminated supply contracts are discussed in Note 15, of Notes to Financial Statements, Commitments and Contingencies.

Utility Plant

The cost of additions, including betterments and replacements of units of property, is charged to utility plant. When units of property are replaced, renewed or retired, their cost plus removal or disposal costs, less salvage, is charged to accumulated depreciation. The cost of current repairs and minor replacements is charged to operating expenses when incurred.

In addition to direct labor and material costs, certain other direct and indirect costs are capitalized, including the cost of debt and equity capital associated with construction and retirement activity. The indirect construction overhead costs capitalized are based upon the following cost components: the cost of time spent by administrative employees in planning and directing construction; property taxes; employee benefits including such costs as pensions, post retirement and post employment benefits, vacations and payroll taxes; and an allowance for funds used during construction (AFUDC).

Allowance For Funds Used During Construction

As part of the cost of constructing utility plant, the Utilities capitalize AFUDC. AFUDC represents the cost of borrowed funds and, where appropriate, the cost of equity funds used for construction purposes in accordance with rules prescribed by the FERC and the PUCN. AFUDC is capitalized in the same manner as construction labor and material costs, with an offsetting credit to "other income" for the portion representing the cost of equity funds and as a reduction of interest charges for the portion representing borrowed funds. Recognition of this item as a cost of utility plant is in accordance with established regulatory ratemaking practices. Such practices are intended to permit the Utility to earn a fair return on, and recover in rates charged for utility services, all capital costs. This is accomplished by including such costs in the rate base and in the provision for depreciation. NPC's AFUDC rates used during 2003, 2002 and 2001 were 8.37%, 4.72%, and 8.32%, respectively. SPPC's AFUDC rates used during 2003, 2002 and 2001 were 8.61%, 5.54%, and 7.97%, respectively. As specified by the PUCN, certain projects were assigned a lower AFUDC rate due to specific low-interest-rate financings directly associated with those projects.

Depreciation

Substantially all of the Utilities' plant is subject to the ratemaking jurisdiction of the PUCN or the FERC, and, in the case of SPPC, the CPUC, which also approves any changes the Utilities may make to depreciation rates utilized for this property. Depreciation is calculated using the straight-line composite method over the estimated remaining service lives of the related properties, which approximates the anticipated physical lives of these assets in most cases. NPC's depreciation provision for 2003, 2002 and 2001, as authorized by the PUCN and stated as a percentage of the original cost of depreciable property, was approximately 3.06%, 3.0%, and 2.94%, respectively. SPPC's depreciation provision for 2003, 2002 and 2001, as authorized by the PUCN and stated as a percentage of the original cost of depreciable property, was approximately 3.31%, 3.33%, and 3.29%, respectively.

Impairment of Long-Lived Assets

SPR, NPC and SPPC evaluate on an ongoing basis the recoverability of its assets for impairments whenever events or changes in circumstance indicate that the carrying amount may not be recoverable as described in SFAS No. 144 "Accounting for the Disposal or Impairment of Long-Lived Assets." See Note 19 of Notes to Financial Statements, Discontinued Operations and Disposal and Impairment of Long-Lived Assets.

Accounting For Goodwill

SFAS No. 142 "Goodwill and Other Intangible Assets", adopted by SPR, NPC and SPPC on January 1, 2002, changed the accounting for goodwill from an amortization method to one requiring at least an annual review for impairment. In the year ended 2002, upon adoption, SPR ceased amortizing goodwill and recorded a cumulative effect of change in accounting principle, net of tax, of \$1.6 million, due to an impairment associated with SPR's unregulated subsidiaries.

SPR's Consolidated Balance Sheet as of December 31, 2003, includes approximately \$325 million of goodwill pertaining to regulated operations resulting from the July 28, 1999 merger between SPR and NPC. The PUCN stipulation approving the merger allows for future recovery of this goodwill in rates charged to customers of SPR's regulated utility subsidiaries, NPC and SPPC, provided that NPC and SPPC demonstrate that merger savings exceed merger costs. The amount and timing of the recovery of this goodwill will be determined by the outcome of general rate cases filed by NPC and SPPC on October 1, 2003 and December 1, 2003, respectively. The decisions on these cases are expected in the spring of 2004. For further discussion, see Note 15, of Notes to Financial Statements, Commitments and Contingencies, Regulatory.

On January 1, 2003, SPR reviewed goodwill of the unregulated subsidiaries for impairment. As of January 1, 2003, SPR recorded an additional \$470,000 to operating expense for impairment of goodwill. As of December 31, 2003, goodwill related to the unregulated subsidiaries, included in SPR's Consolidated Balance Sheet, is approximately \$4.0 million.

Cash and Cash Equivalents

Cash is comprised of cash on hand and working funds. Cash equivalents consist of high quality investments in money market funds.

Restricted Cash

At December 31, 2003 and 2002, SPR had approximately \$55 million and \$14 million, respectively of restricted cash in SPR's consolidated balance sheets, primarily all of which is restricted for debt service payments for the \$300 million convertible notes, discussed in Note 8, Long-Term Debt and the remaining amount consists mainly of cash balances that are required to be maintained by financial institutions due to the financial condition of SPR, NPC and SPPC.

Federal Income Taxes and Investment Tax Credits

SPR and its subsidiaries file a consolidated federal income tax return. Current income taxes are allocated based on SPR's and each subsidiary's respective taxable income or loss and investment tax credits as if each subsidiary filed a separate return. SPR accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires recognition of deferred tax liabilities and assets for the future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basics of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

For regulatory purposes, the Utilities are authorized to provide for deferred taxes on the difference between straight-line and accelerated tax depreciation on post-1969 utility plant expansion property, deferred energy, and certain other differences between financial reporting and taxable income, including those added by the Tax Reform Act of 1986 (TRA). In 1981, the Utilities began providing for deferred taxes on the benefits of using the Accelerated Cost Recovery System for all post-1980 property. In 1987, the TRA required the Utilities to begin providing deferred taxes on the benefits derived from using the Modified Accelerated Cost Recovery System.

Deferred investment tax credits are being amortized over the estimated service lives of the related properties. Investment tax credits are no longer available to the Utilities.

Revenues

Operating revenues include billed and unbilled utility revenues. The accrual for unbilled revenues represents amounts owed to the Utilities for service provided to customers for which the customers have not yet been billed. These unbilled amounts are also included in accounts receivable.

Revenues related to the sale of energy are recorded based on meter reads, which occur on a systematic basis throughout a month, rather than when the service is rendered or energy is delivered. At the end of each month, the energy delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenues are calculated. These estimates of unbilled sales and revenues are based on the ratio of billable days versus unbilled days, amount of energy procured and generated during that month, historical customer class usage patterns and the Utilities' current tariffs. Accounts receivable as of December 31, 2003, include unbilled receivables of \$63 million and \$56 million for NPC and SPPC, respectively. Accounts receivable as of December 31, 2002, include unbilled receivables of \$60 million and \$63 million for NPC and SPPC, respectively. Accounts receivable, affiliate companies is comprised mainly of amounts owed as a result of tax sharing agreements.

Stock Compensation Plans

At December 31, 2003, SPR had several stock-based compensation plans, which are described more fully in Note 14 of Notes to Financial Statements, Stock Compensation Plans. SPR applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in accounting for its stock option plans and in accordance with the disclosure only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," and the updated disclosure requirements set forth in SFAS No. 148 "Accounting for Stock-Based Compensation-Transition and Disclosure." Accordingly, no compensation cost has been recognized for nonqualified stock options and the employee stock purchase plan. Had compensation cost for SPR's nonqualified stock options and the employee stock purchase plan been determined based on the fair value at the grant dates for awards under those plans, consistent with the accounting provisions of SFAS No. 123, SPR's Earnings (Loss) applicable to common stock would have been decreased to the pro forma amounts indicated below (dollars in thousands, except per share amounts):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Earnings (Loss) applicable to Common Stock, as reported	\$ (140,529)	\$ (307,521)	\$ 56,733
Add: Stock (Loss) Compensation Cost included in net income as reported, net of related tax effects	410	(1,567)	346
Less: Pro Forma Stock Compensation Cost, net of related tax effects	<u>(1,750)</u>	<u>(480)</u>	<u>(1,555)</u>
Pro Forma Earnings (Loss) applicable to Common Stock	<u>\$ (141,869)</u>	<u>\$ (309,568)</u>	<u>\$ 55,524</u>
Basic Earnings (Loss) Per Share			
As Reported	\$ (1.21)	\$ (3.01)	\$ 0.65
Pro Forma	\$ (1.22)	\$ (3.03)	\$ 0.63
Diluted Earnings (Loss) Per Share			
As Reported	\$ (1.21)	\$ (3.01)	\$ 0.65
Pro Forma	\$ (1.22)	\$ (3.03)	\$ 0.63

Asset Retirement Obligations

SFAS No. 143 "Accounting for Asset Retirement Obligations" provides accounting requirements for the recognition and measurement of liabilities associated with the retirement of tangible long-lived assets. Under the standard, these liabilities will be recognized at fair value as incurred and capitalized as part of the cost of the related tangible long-lived assets. Accretion of the liabilities due to the passage of time will be an operating expense. Retirement obligations associated with long-lived assets included within the scope of SFAS No. 143 are those for which a legal obligation exists under enacted laws, statutes written or oral contracts, including obligations arising under the doctrine of promissory estoppel. SPR, NPC and SPPC adopted SFAS No. 143 on January 1, 2003.

Management's methodology to assess its legal obligation included an inventory of assets by system and components and a review of rights of way and easements, regulatory orders, leases and federal, state, and local environmental laws. The Utilities have various transmission and distribution lines as well as substations that operate under various rights of way that contain end dates and restorative clauses. In determining its Asset Retirement Obligations, management assumes that transmission, distribution and communications systems will be operated in perpetuity and will continue to be used or sold without land remediation and that mass asset properties that are replaced or retired frequently will be considered normal maintenance. As a result, the Utilities have not recorded any costs associated with the removal of the transmission and distribution systems.

Management has identified a legal obligation to retire generation plant assets specified in land leases for NPC's jointly-owned Navajo generating station. The land on which the Navajo generating station resides is leased from the Navajo Nation. The provisions of the leases require the lessees to remove the facilities upon request of the Navajo Nation at the expiration of the leases. Management has determined that the present value of NPC's Navajo Asset Retirement Obligation did not have a material effect on the financial position or results of operations of SPR or NPC. SPPC has no significant asset retirement obligations.

Management operates the transmission and distribution system as though they will be operated in perpetuity and will continue to be used or sold without land remediation.

In addition to the asset retirement obligations the Utilities have accrued for the cost of removing other electric and gas assets through its depreciation rates, in accordance with accepted regulatory practices. The accrual was previously included in accumulated depreciation but is currently reflected as regulatory liabilities, as of December 31, 2003 and as accrued cost of removal as of December 31, 2002. The amount of such accruals included in regulatory liabilities in 2003 of approximately \$104 million and \$70 million for NPC and SPPC, respectively. Approximately \$92 million and \$59 million for NPC and SPPC respectively, based on the cost of removal component in current depreciation rates.

Recent Pronouncements

In December 2003, the FASB issued Interpretation No. 46, revised December 2003 "Consolidation of Variable Interest Entities" (FIN 46(R)), which elaborates on Accounting Research Bulletin No. 51, "Consolidated Financial Statements." Among other requirements, FIN 46(R) provides that a variable interest entity be consolidated by the enterprise that is the primary beneficiary of the variable interest entity. As of December 31, 2003, we have adopted FIN 46(R) for special purpose entities. Management believes that NPC's Trust I and Trust III subsidiaries (Preferred Trust Securities) are variable interest entities but management believes that NPC is not the primary beneficiary, as such, under the provisions of FIN 46(R), NPC is required to deconsolidate. FIN 46(R) encourages restatement of prior periods, as such all periods presented have been restated to reflect the deconsolidation of NPC's Preferred Trust Securities. As a result, the Preferred Trust Securities previously reported in Long-Term Debt upon consolidation, are no longer reported and NPC's Junior Subordinated Debt, which was previously eliminated upon consolidation, is now reported as Long-Term Debt. Additionally, the \$5.8 million equity investment NPC had in the Trusts is recorded as Investments in Subsidiaries and Other Property and Long-Term Debt for all periods presented. The \$5.8 million represents NPC's maximum exposure to loss as a result of its involvement with the variable interest entity. The deconsolidation did not have an effect on the results of operations for SPR or NPC, except that Dividend requirements of NPC's Obligated Mandatorily Redeemable Preferred Trust Securities have been reclassified to Interest Charges - Long-Term Debt for all periods presented. See Note 8 of Notes to Financial Statements, Long-Term Debt for a description of the Preferred Trust Securities.

Management has identified certain relationships such as, joint and shared facilities and agreements with other power suppliers, that we may have a variable interest in or be the primary beneficiary for which the provisions of FIN 46(R) would apply. At this time management is unable to determine if (1) we will be required to consolidate the various entities, or (2) the financial impact on SPR's, NPC's or SPPC's financial position, or results of operations will be material. FIN 46(R) requires that SPR, NPC and SPPC apply this interpretation to all entities subject to this interpretation by March 31, 2004.

On April 30, 2003, the FASB issued SFAS No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities", which amends accounting for derivative instruments, including certain derivative instruments embedded in other

contracts, and hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement clarifies the circumstances under which a contract with an initial net investment meets the characteristics of a derivative as discussed in SFAS No. 133. In addition, SFAS No. 149 clarifies when a derivative contains a financing component that warrants special reporting in the statement of cash flows. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 has had no effect on the financial position, results of operation or cash flows of SPR, NPC or SPPC.

On May 15, 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Liabilities and Equity," which requires that certain financial instruments with characteristics of both liabilities and equities be classified as liabilities by their issuers. The provisions of SFAS No. 150, which also include a number of new disclosure requirements, are effective for (1) instruments entered into or modified after May 31, 2003 and (2) pre-existing instruments as of the beginning of the first interim period that commences after June 15, 2003. At December 31, 2003, the adoption of SFAS No. 150 did not have an effect on the financial position, results of operations or cash flows for SPR, NPC and SPPC.

In December 2003, the FASB revised SFAS No. 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits" which revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans required by SFAS No. 87, "Employers' Accounting for Pensions," SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. SPR, NPC and SPPC adopted the revised standard as of December 31, 2003. See Note 13 of Notes to Financial Statements, Retirement Plan and Post-Retirement Benefits.

In December 2003, the FASB issued FASB Staff Position No. 106-1 (FSP No. 106-1), in response to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) signed into law in December 2003. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. Paragraph 40 of SFAS No. 106 "Employers Accounting for Postretirement Benefits Other Than Pensions" requires presently enacted changes in relevant laws to be considered in current period measurements of postretirement benefit costs and the Accumulated Pension Benefit Obligation (APBO). Therefore, under that guidance, measures of the APBO and net periodic postretirement benefit costs on or after the date of enactment should reflect the effects of the Act. However, due to several uncertainties of the Act, under FSP No. 106-1 SPR is permitted to defer recognizing the effects of the Act in the accounting for its plan under Statement 106 and in providing disclosures related to the plan required by SFAS No. 132 (revised 2003), until authoritative guidance on the accounting for the federal subsidy is issued. SPR, NPC and SPPC have elected to defer implementation. As such, any measures of the APBO or net periodic postretirement benefit cost in the consolidated financial statements and notes to consolidated financial statements for SPR, NPC and SPPC do not reflect the effects of the Act on the plan. Future authoritative guidance on accounting for the subsidy may require changes to previously reported information. Management is unable to determine the financial impact of the Act on the financial position, results of operations or cash flows for SPR, NPC or SPPC at this time.

NOTE 2. LIQUIDITY MATTERS AND MANAGEMENT'S PLANS

Background

During 2002, the Utilities were severely affected by increased wholesale prices and the related regulatory decisions that denied the Utilities the ability to fully recover incurred fuel and purchased power costs. During the year ended December 31, 2000, and continuing into the first quarter of 2001, the Utilities experienced volatile and unprecedented fuel and purchased power prices. In order to assure adequate supplies of electricity for their customers, the Utilities incurred fuel and purchased power costs in excess of amounts they were permitted to recover in rates. Throughout the year ended December 31, 2000, because the Utilities' allowed recovery was not keeping pace with the cost of providing service, the Utilities sought to adjust their rates to reflect their increased costs. Despite the Utilities' efforts, fuel and purchased power costs continued to escalate and rate recovery could not keep up with the cost of fuel and purchased power. Accordingly, further relief was sought pursuant to legislation and in April 2001, the Governor of Nevada signed into law Assembly Bill 369 (AB 369).

Among other things, AB 369 reinstated deferred energy accounting for electric utilities beginning March 1, 2001. One of the primary objectives of this emergency legislation was to ease the effect of the fluctuations in the price of electricity in the retail market in Nevada and to ensure that the Utilities had the necessary financial resources to provide adequate and reliable electric service under the then present market conditions.

By September 30, 2001, the end of the first period for which a deferred energy application was required to be filed for NPC, NPC had accumulated approximately \$922 million of unrecovered fuel and purchased power costs. Similarly, by November 30, 2001,

the end of the first period for which SPPC could request recovery of accumulated deferred fuel and purchase power costs, SPPC had incurred approximately \$205 million of such costs. On March 29, 2002, the PUCN disallowed recovery of approximately \$434 million of costs included in the request filed by NPC. As a result of this disallowance, NPC wrote off approximately \$465 million of deferred energy costs and related carrying charges. The two major national rating agencies immediately downgraded the credit ratings of SPR's, NPC's and SPPC's debt securities (followed by further downgrades in late April 2002), and the market price of SPR's common stock fell substantially. In addition, the May 28, 2002 decision of the PUCN in SPPC's deferred energy rate case, disallowed recovery of \$53 million of incurred deferred fuel and purchased power costs.

These events resulted in the termination of the Utilities' commercial paper programs, their unsecured revolving credit facilities as well as the termination of several fuel and power sales contracts by significant suppliers. As of December 31, 2003, asserted claims and judgments for liquidated damages in connection with the terminated contracts (excluding interest) were approximately \$385 million. See discussion of the related Enron litigation below. Presently, in order to purchase power and transact with suppliers, NPC and SPPC are generally required to post collateral, prepay or at a minimum, remit payments within a very short period of time. As evidenced by financing transactions consummated in 2003, access to the capital markets to raise funds has been limited, interest rates charged by the market for debt have been higher and accordingly, debt service requirements of SPR, NPC and SPPC have increased.

Because of long-term purchased power contracts entered into during 2001, both Utilities continued to record additional amounts in their deferral of energy costs accounts during 2002. NPC and SPPC filed the required requests for recovery of these and other deferred fuel and purchased power costs in November 2002 and January 2003, respectively. NPC's application requested recovery of approximately \$196 million of deferred costs and SPPC's application sought to recover approximately \$15 million of such costs. The decisions in these cases were issued in May 2003 and resulted in further disallowances of approximately \$46 million at NPC and an approximate reduction of accumulated deferred costs of \$45 million (leaving a balance payable to customers of approximately \$30 million) at SPPC.

Significant Uncertainties

As a result of the matters discussed above as well as other matters related to their business operations, the financial statements of SPR, NPC and SPPC are subject to significant uncertainties. Management believes that the most significant uncertainties facing SPR and the Utilities in 2004 are:

- whether there will be any further requirements to pay the judgment of the Bankruptcy Court overseeing Enron's bankruptcy proceeding in favor of Enron or to provide further cash collateral, to secure the stay of the judgment against the Utilities pending further appeal,
- whether the Utilities will be able to recover regulatory assets in their current and future rate cases, especially previously incurred deferred fuel and purchased power costs, and to provide sufficient revenues to support their operations,
- whether the Utilities will have sufficient liquidity and the ability in light of certain restrictions to provide dividends to SPR, and
- whether SPR and the Utilities will be able to successfully refinance maturing long-term debt and secure additional liquidity necessary to support their operations, including the purchase of fuel and power.

These uncertainties and management's plans with respect to these matters are discussed in more detail below.

Because of the relationships among the uncertainties described above, an adverse development with respect to a combination of these uncertainties, could have a material adverse effect on SPR's, NPC's and SPPC's financial condition, results of operations and liquidity, and could make it difficult for them to continue to operate outside of bankruptcy.

Enron Litigation

As further discussed in Note 15, Commitments and Contingencies, in June 2002, Enron Power Marketing, Inc. (Enron) filed a complaint with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") against NPC and SPPC seeking to recover liquidated damages for power supply contracts terminated by Enron in May 2002. On September 26, 2003, the Bankruptcy Court entered a judgment (the "Judgment") in favor of Enron for damages related to the termination of Enron's power supply agreements with the Utilities. The Judgment requires NPC and SPPC to pay approximately \$235 million and \$103 million, respectively, to Enron for liquidated damages and pre-judgment interest for power not delivered by Enron.

In response to the Judgment, the Utilities filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue General and Refunding Mortgage Bonds as collateral to secure payment of the Judgment. On November 6, 2003, the Bankruptcy Court ruled to stay execution of the Judgment conditioned upon NPC and SPPC posting into escrow \$235 million and \$103 million, respectively, of General and Refunding Mortgage Bonds plus \$281,695 in cash by NPC for prejudgment interest. On December 4, 2003, NPC and SPPC complied with the order of the Bankruptcy Court by issuing their \$235 million General and Refunding Mortgage Bond, Series H and \$103 million General and Refunding Mortgage Bond, Series E, respectively, into escrow along with the required cash deposits for NPC. Additionally, the Utilities were ordered to place into escrow \$35 million, approximately \$24 million and \$11 million for NPC and SPPC, respectively, within 90 days from the date of the order, which lowered the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount. NPC and SPPC made the payments as ordered on February 10, 2004. The Bankruptcy Court also ordered that during the duration of the stay, the Utilities (i) cannot transfer any funds or assets other than to unaffiliated third parties for ordinary course of business operating and capital expenses, (ii) cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations, and (iii) shall seek a ruling from the PUCN to determine whether the cash payments into escrow trigger the Utilities' rights to seek recovery of such amounts through their deferred energy rate cases. Furthermore, hearings have been scheduled for March 24, 2004, in front of the Bankruptcy Court to review the Utilities' abilities to provide additional cash collateral which, if required, would reduce the principal amount of the General and Refunding Mortgage Bonds held in escrow by a like amount.

It is presently unknown as to whether there will be any further requirement to pay the Judgment or to provide further cash collateral to secure the stay of the judgment against the Utilities pending further appeal. Further, it is uncertain how the court will rule in the pending appeal of the Judgment and if there is an adverse decision in the appeal, whether the Judgment would continue to be stayed pending further appeal.

Liquidity and Financing Matters

NPC anticipates capital requirements for construction costs in 2004 will be approximately \$381 million which NPC expects to finance with internally generated funds, including the recovery of deferred energy costs. NPC has \$130 million of long-term debt maturing on April 15, 2004. NPC currently expects to refinance all of this debt prior to maturity through the issuance and sale of its General and Refunding Mortgage Securities.

SPPC anticipates capital requirements for construction costs during 2004 totaling approximately \$107 million, which SPPC expects to finance with internally generated funds, including the recovery of deferred energy costs. SPPC has \$80 million of long-term debt that it will be required to remarket or purchase by May 3, 2004.

Due primarily to the Utilities' weakened financial conditions, the Utilities have been required to pre-pay their power purchases or make more frequent payments for power deliveries. As a result of unseasonably cool weather during the spring of 2003 and its prepayment and more frequent payment obligations for its summer 2003 power requirements, NPC's liquidity was significantly constrained during the early summer months of 2003. Consequently, on June 30, 2003, NPC entered into a \$60 million revolving Credit Agreement to provide additional liquidity to NPC for its summer 2003 power purchases. An increase in natural gas prices during SPPC's winter 2003-2004 peak season negatively impacted SPPC's cash flows, which SPPC addressed by issuing and selling its short-term \$25 million Series F General and Refunding Mortgage Notes due March 31, 2004. In addition, SPPC entered into a \$22 million short-term revolving Credit Agreement which expires March 31, 2004 to provide it with back-up liquidity during this winter peak season.

NPC anticipates that based upon its current cash balances and expected cash flows leading up to the summer 2004 season, NPC may utilize its A/R facility at the onset of the summer 2004 season to support its power purchases. Currently, management believes that NPC will be able to enter into financings and/or credit facilities to meet its summer 2004 cash needs.

SPPC anticipates that based upon its current cash balance and expected cash flows leading up to the summer 2004 peak season, SPPC will not need additional liquidity to support its power and natural gas purchases. Currently, SPPC is exploring the possibility of taking advantage of favorable conditions in the capital markets by entering into new financings to refinance existing debt on more favorable terms and to provide for additional or replacement back-up liquidity facilities.

If the Utilities have to pay significantly higher than expected prices for fuel and purchased power, if their suppliers require significant changes to their current payment terms, or if they do not have sufficient available liquidity to obtain fuel, purchased power and, for SPPC, natural gas, the Utilities may be required to issue or incur additional indebtedness, enter into additional liquidity facilities or utilize their receivables purchase facilities. If they are unable to enter into financings to provide them with sufficient additional liquidity and to repay their maturing indebtedness, whether due to unfavorable conditions in the capital markets, lack of regulatory authority to issue or incur such debt, credit downgrades by either S&P or Moody's resulting from the uncertainties discussed in this section, or restrictive covenants in certain of their financing agreements (See Note 7 - Short-Term Borrowings and

Note 8 Long-Term Debt), their ability to provide power and fund their expected construction costs and their financial conditions and cash flows will be adversely affected.

SPR does not have any operations of its own and relies on dividends from the Utilities in order to satisfy its debt service obligations. SPR has approximately \$70 million of debt service obligations payable during 2004; \$22 million, which relate to SPR's 7.25% Convertible Notes due 2010, have been previously provided for through the pledge of U.S. government securities with the trustee at the time the Convertible Notes were issued. See Note 8, Long-Term Debt. Therefore, approximately \$48 million of debt service requirements will need to be funded through dividends from the Utilities. Currently, SPR expects to meet its remaining interest obligations for 2004 through the payment of dividends by the Utilities to SPR. In the event that NPC or SPPC is unable to pay dividends to SPR, SPR's liquidity and cash flows would be adversely impacted. See Note 10 - Dividend Restrictions for a discussion of the dividend restrictions applicable to the Utilities.

Regulatory Matters

As required, NPC filed its biennial General Rate Case on October 1, 2003. NPC has requested a \$133 million increase in the revenue requirement for general rates. Specifically, NPC requested that a \$50 million (computed on an annual revenue basis) or 3.4% rate increase commence on April 1, 2004 and continue for nine months. Beginning January 1, 2005, annualized general revenue would then increase by \$92 million plus the amount necessary to return \$76 million (the estimated amount being deferred (plus interest) during the prior nine month period) over the following 15 months.

On November 14, 2003, NPC filed an application with the PUCN seeking recovery of fuel and purchased power costs accumulated between October 1, 2002 and September 30, 2003. The application sought to establish a rate to collect accumulated costs of \$93 million, together with a carrying charge, over a period of not more than three years. The application also requested an increase to the going-forward rate for energy.

On December 1, 2003, SPPC filed an application with the PUCN seeking an electric general rate increase. In the filing, SPPC requested an increase in its general rates charged to all classes of electric customers, which were designed to produce an increase in annual electric revenues of approximately \$95 million. Similar to NPC, SPPC is also asking for a staggered implementation of the overall revenue requirement. If approved, SPPC would recover \$70 million of the \$95 million request in the first year beginning mid July 2004, delaying the other \$25 million, plus a carrying charge, until the next year.

On January 14, 2004, SPPC filed an application with the PUCN seeking to clear approximately \$42 million of deferred balances for fuel and purchased power costs accumulated between December 1, 2002, and November 30, 2003. The application requests an asymmetric amortization of the deferred energy balance that would result in recovery of \$8 million in the first year, effective mid July 2004, and \$17 million for each of the two years thereafter. The request for resetting the Base Tariff Energy Rate would result in no change to the currently effective rate.

Management believes that they have satisfied the requirements necessary to increase the general rates as requested and that further, fuel and purchased power costs have been prudently incurred; however, management cannot predict the outcome of these proceedings. Material disallowances of deferred energy costs or inadequate base rates would have a significant adverse effect on NPC's and SPPC's financial conditions and future results of operations, could cause additional downgrades of its securities by the rating agencies and make it more difficult to finance operations and to buy fuel and purchased power from third parties.

Management's Plans

Enron Litigation

The Utilities are appealing the judgment of the Enron Bankruptcy Court to the U.S. District Court of the Southern District of New York. In addition, they continue to pursue their FERC Section 206 complaint against Enron. In the event the Utilities were to lose the pending appeal, management currently plans to file an appeal in the U.S. Court of Appeals for the Second Circuit and request that a stay be granted pending the second appeal. In connection with any subsequent appeal of the Judgment, the Utilities currently anticipate that they will assert that because of the full protection afforded Enron by the existing collateral, a further stay is warranted, without any material change to the collateral.

Although management believes that the stay of execution of the Judgment will be continued through the appeal process and no significant change will be made to the requirement to post cash collateral, management believes that through financial arrangements currently being negotiated, the Utilities would have the means to meet a substantial payment obligation on the Judgment.

The Utilities expect to enter into a Remarketing Agreement with Enron and one or more investment banks as Remarketing Agent(s) to provide for the remarketing of the Bonds which are presently held in escrow. Although the terms of such a remarketing

agreement are not final, management believes that the form of the final agreement will facilitate the successful remarketing of the Bonds to satisfy the Utilities' payment obligations with respect to the Judgment. The Remarketing Agreement will allow Enron, at its option, to require the initiation of a remarketing process with respect to the Bonds and will contain certain provisions that will provide the Utilities with flexibility to modify the terms of the Bonds to attempt a successful initial remarketing effort at the lowest possible interest rate to be determined by the Remarketing Agent(s).

If the Utilities are unsuccessful in the remarketing of the Bonds or if Enron chooses not to have the Bonds remarketed, the Bonds would, from that point forward, accrue interest at 14% and mature in one year; however, Enron would have the right, at any time prior to maturity, to require that the Utilities redeem their bonds at par within four business days. Under the terms of the escrow arrangement between the Utilities and Enron, prior to taking possession of the Bonds, Enron would be required to release the Utilities from any and all payment obligations with respect to the Judgment.

If the appeal process is unsuccessful and the Judgment is ultimately paid, the Utilities plan to pursue recovery of the amounts paid through future deferred energy filings. Determination of the amount of recovery through rates, if any, will be made through the Utilities' usual regulatory process. There is no assurance that the PUCN will allow recovery of any amounts ultimately paid to Enron.

Liquidity and Financing Matters

Based on current market conditions and the history of market access since the credit rating downgrades, management believes that they will be able to successfully refinance the \$130 million of NPC's 6.20% Series B, Senior Notes due 2004 maturing on April 15, 2004. Management also believes SPPC will be able to successfully remarket the \$80 million of Water Facility Refunding Revenue Bonds prior to May 1, 2004. Management is also giving consideration to obtaining additional funding that would provide for certain amounts of working capital facilities as well as potentially refunding certain debt obligations due in 2005.

On January 21, 2004, NPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing of the NPC's \$130 million 6.20% Series B Senior Notes due 2004, as well as to provide an additional \$100 million of liquidity to support utility operations.

On October 9, 2003, NPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. On December 17, 2003, the PUCN issued an order granting NPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities. This authority expires December 31, 2005.

Currently, management believes that NPC will be able to enter into financings and/or credit facilities to meet its summer 2004 cash needs. Alternatively, NPC may draw on its accounts receivable facility for additional liquidity. Actual amounts that may be advanced under the receivables purchase facility will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency notes of NPC's receivables. Based on 2003 accounts receivables and the variables discussed above, NPC had a maximum capacity of \$82 million and minimum capacity of \$32 million under the receivables facility. If NPC does not have sufficient liquidity to meet its power requirements, particularly at the onset of the 2004 summer season, NPC may be required to issue or incur additional indebtedness.

On October 9, 2003, SPPC filed an application with the PUCN for authority to issue secured or unsecured short-term debt securities in an aggregate amount not to exceed \$250 million through the period ending December 31, 2005. This authority was requested to replace the existing short-term debt authority that expired on December 31, 2003. On December 17, 2003, the PUCN issued an order granting SPPC the authority to issue up to \$250 million in short-term secured or unsecured debt securities. This short-term debt authority will expire December 31, 2005.

On December 31, 2003, SPPC filed an application with the PUCN for authority to issue secured long-term debt in an aggregate amount not to exceed \$230 million through the period ending December 31, 2004. This authority was requested to allow for the refinancing and remarketing of existing debt securities, as well as to provide additional liquidity to support utility operations.

Currently, management believes that SPPC will be able to internally generate sufficient cash to meet its power procurement cash needs. Alternatively, management believes that SPPC will be able to enter into financings and/or credit facilities or may draw on its accounts receivable facility for additional liquidity. Actual amounts that may be advanced under the receivables purchase facility will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency notes of SPPC's receivables. Based on 2003 accounts receivables and the variables discussed SPPC had a maximum capacity of \$28 million and minimum capacity of \$13 million under the receivables facility. If SPPC does not have sufficient liquidity to meet its power requirements, SPPC may be required to issue or incur additional indebtedness.

In the PUCN order granting the Utilities each \$250 million of short-term financing authority, the PUCN removed the NPC dividend restriction that had previously been in place and replaced it with a restriction limiting the total amount of dividends that could be paid by the Utilities. The PUCN limited cash dividends from NPC and SPPC to an aggregate total of \$70 million per year from NPC and/or SPPC to SPR until December 31, 2005.

Moreover, in February 2004, NPC amended the dividend restriction contained in its First Mortgage Indenture to (1) change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with SPR), and (2) permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR. As amended, NPC does not anticipate that the First Mortgage Indenture dividend restriction will materially limit the amount of dividends that it may pay to SPR in the foreseeable future.

While the Utilities remain subject to a number of restrictions on their ability to pay dividends to SPR, management believes that these restrictions will not prohibit, and that the Utilities' cash flows will be sufficient, to dividend \$48 million to SPR, which is the amount needed in order for SPR to meet its debt service requirements for 2004.

Regulatory Matters

The Utilities have worked diligently to improve their relationships with the PUCN, including undertaking steps to address prior concerns the PUCN expressed in connection with the March 2002 deferred fuel disallowance. In addition to working closely with the staff of the PUCN to keep them apprised of developments and proactively address any potential concerns, the Utilities continue to work closely with the PUCN in implementing new energy risk management and fuel procurement policies, which are designed to stabilize the Utilities' risk exposure in the energy market.

The Utilities' long-term integrated resource plans are filed with the PUCN for approval every three years. Nevada law provides that resource additions approved by the PUCN in the resource planning process are deemed prudent for ratemaking purposes. NPC's resource plan was filed with the PUCN on July 1, 2003 and was approved in November 2003. SPPC expects to file its plan in July 2004. The Utilities are required to seek PUCN approval for power purchases with terms of three years or more.

Additionally, the Utilities also seek regulatory input and acknowledgement of intermediate term energy supply plans and resource procurement with a one to three year planning horizon. Management believes this is necessary to ensure that the appropriate levels of risks are being mitigated at reasonable costs and are being retained in the portfolio, and decisions to manage risks with the best available information at the point in time when decisions are made are subject to reasonable mechanisms for rate recovery. NPC's energy supply plan was filed with the PUCN on July 1, 2003 with its 2003-2022 resource plan. The resource plan, including NPC's recommended natural gas hedging strategy, was approved by the PUCN on November 12, 2003. SPPC's plan is in the final stages of development and will be filed with the PUCN for informational purposes.

Management believes they have the ability to implement the planned actions and that such actions are designed to mitigate the risks related to the foregoing uncertainties; however, there can be no assurances that management's actions will fully mitigate these risks and uncertainties. The accompanying financial statements do not include any adjustments that might result from the adverse outcome related to the uncertainties discussed above.

NOTE 3. SEGMENT INFORMATION

SPR's Utilities operate three regulated business segments (as defined by FASB Statement No. 131, "Disclosure about Segments of an Enterprise and Related Information"); which are NPC electric, SPPC electric and SPPC natural gas service. Electric service is provided to Las Vegas and surrounding Clark County by NPC, northern Nevada and the Lake Tahoe area of California by SPPC. Natural gas services are provided by SPPC in the Reno-Sparks area of Nevada. Other segment information includes segments below the quantitative threshold for separate disclosure.

The net assets and operating results of e-three are reported as discontinued operations in the financial statements for 2003, 2002 and 2001. The net assets and operating results of SPPC's water business, divested in 2001, has been reported as discontinued operations in the financial statements for 2001. Accordingly, the segment information excludes financial information of e-three and SPPC's water business.

Operational information of the different business segments is set forth below based on the nature of products and services offered. SPR evaluates performance based on several factors, of which, the primary financial measure is business segment operating income. The accounting policies of the business segments are the same as those described in Note 1 of Notes to Financial Statement, Summary of Significant Accounting Policies. Inter-segment revenues are not material (dollars in thousands).

<u>December 31, 2003</u>	<u>NPC Electric</u>	<u>SPPC Electric</u>	<u>Total Electric</u>	<u>Gas</u>	<u>All Other</u>	<u>Reconciling Eliminations</u>	<u>Consolidated</u>
Operating Revenues	\$ 1,756,146	\$ 868,280	\$ 2,624,426	\$ 161,586	\$ 3,146	\$ —	\$ 2,789,158
Operating income	183,733	61,323	245,056	7,243	(4,050)	—	248,249
Operating income taxes	(12,734)	(14,288)	(27,022)	584	(43,700)	—	(70,138)
Depreciation	109,655	74,432	184,087	7,082	771	—	191,940
Interest expense on long term debt	142,143	69,888	212,031	6,114	77,313	—	295,458
Assets	4,210,759	2,061,255	6,272,014	230,365	490,530	70,849	7,063,758
Capital expenditures	227,066	123,958	351,024	22,937	—	—	373,961

<u>December 31, 2002</u>	<u>NPC Electric</u>	<u>SPPC Electric</u>	<u>Total Electric</u>	<u>Gas</u>	<u>All Other</u>	<u>Reconciling Eliminations</u>	<u>Consolidated</u>
Operating Revenues	\$ 1,901,034	\$ 931,251	\$ 2,832,285	\$ 149,783	\$ 3,236	\$ —	\$ 2,985,304
Operating income	(104,003)	49,944	(54,059)	5,348	16,662	—	(32,049)
Operating income taxes	(133,411)	(7,236)	(140,647)	314	(27,602)	—	(167,935)
Depreciation	98,198	70,190	168,388	6,183	155	—	174,726
Interest expense on long term debt	114,527	62,004	176,531	4,470	69,172	—	250,173
Assets	4,166,988	2,104,460	6,271,448	228,067	486,135	124,989	7,110,639
Capital expenditures	294,480	90,343	384,823	14,984	—	—	399,807

<u>December 31, 2001</u>	<u>NPC Electric</u>	<u>SPPC Electric</u>	<u>Total Electric</u>	<u>Gas</u>	<u>All Other</u>	<u>Reconciling Eliminations</u>	<u>Consolidated</u>
Operating Revenues	\$ 3,025,103	\$ 1,401,778	\$ 4,426,881	\$ 145,652	\$ 2,728	\$ —	\$ 4,575,261
Operating income	144,364	71,219	215,583	7,749	(1,609)	—	221,723
Operating income taxes	17,775	5,534	23,309	2,973	(28,046)	—	(1,764)
Depreciation	93,101	66,393	159,494	5,710	604	—	165,808
Interest expense on long term debt	97,240	53,669	150,909	5,128	51,321	—	207,358
Assets	4,791,261	2,393,284	7,184,545	282,166	580,696	85,320	8,132,727
Capital expenditures	200,852	116,713	317,565	16,041	—	—	333,606

The reconciliation of segment assets at December 31, 2003, 2002, and 2001 to the consolidated total includes the following unallocated amounts:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Cash	\$ 29,635	\$ 98,515	\$ 11,772
Current assets-other	—	—	50,862
Other regulatory assets	31,812	24,555	—
Net Assets-Discontinued Operations	—	—	22,626
Deferred charges-other	9,402	1,919	60
	<u>\$ 70,849</u>	<u>\$ 124,989</u>	<u>\$ 85,320</u>

NOTE 4. REGULATORY ACTIONS

The Utilities are subject to the jurisdiction of the PUCN and, in the case of SPPC, the CPUC with respect to rates, standards of service, siting of and necessity for, generation and certain transmission facilities, accounting, issuance of securities and other matters with respect to gas and electric distribution and transmission operations. NPC and SPPC submit integrated resource plans (IRP) to the PUCN for approval.

Under federal law, the Utilities and TGPC are subject to certain jurisdictional regulation, primarily by the FERC. The FERC has jurisdiction under the Federal Power Act with respect to rates, service, interconnection, accounting, and other matters in connection with the Utilities' sale of electricity for resale and interstate transmission. The FERC also has jurisdiction over the natural gas pipeline companies from which the Utilities take service.

As a result of regulation, many of the fundamental business decisions of the Utilities, as well as the rate of return they are permitted to earn on their utility assets, are subject to the approval of governmental agencies.

As with other utilities, NPC and SPPC are subject to federal, state and local regulations governing air, water quality, hazardous and solid waste, land use and other environmental considerations. Nevada's Utility Environmental Protection Act requires approval of the PUCN prior to construction of major utility, generation or transmission facilities. The United States Environmental Protection Agency (EPA), Nevada Division of Environmental Protection (NDEP), and Clark County Health District (CCHD) administer regulations involving air quality, water pollution, solid, hazardous and toxic waste. SPR's Board of Directors has a comprehensive environmental policy and separate board committee that oversees NPC, SPPC, and SPR's corporate performance and achievements related to the environment.

Deferred Energy Accounting

On April 18, 2001, the Governor of Nevada signed into law AB 369. AB 369 required the Utilities to use deferred energy accounting for their respective electric operations beginning on March 1, 2001. The intent of deferred energy accounting is to ease the effect of fluctuations in the cost of purchased power and fuel.

Nevada Power Company 2001 General Rate Case

On October 1, 2001, NPC filed an application with the PUCN, as required by law, seeking an electric general rate increase. On December 21, 2001, NPC filed a certification to its general rate filing updating costs and revenues pursuant to Nevada regulations. In the certification filing, NPC requested an increase in its general rates charged to all classes of electric customers designed to produce an increase in annual electric revenues of \$22.7 million, or an overall 1.7% rate increase. The application also sought a return on common equity (ROE) for NPC's total electric operations of 12.25% and an overall rate of return (ROR) of 9.30%.

On March 27, 2002, the PUCN issued its decision on the general rate application, ordering a \$43 million revenue decrease with an ROE of 10.1% and ROR of 8.37%. The effective date for the decision was April 1, 2002. The decision also resulted in adjustments increasing accumulated depreciation by \$6.7 million, and the inclusion of approximately \$5 million of revenues related to SO2 Allowances. The PUCN delayed consideration of recovery of SPR/NPC merger costs until a future rate case. NPC was not granted a carrying charge on these deferred costs. Recovery of costs related to the generation divestiture project, which supported Nevada's now-abandoned utility restructuring policy, were also delayed. A carrying charge was allowed by the PUCN for the delayed recovery of divestiture costs. NPC renewed its request to recover merger related and divestiture costs in its general rate case which was filed on October 1, 2003.

On April 15, 2002, NPC filed a petition for reconsideration with the PUCN. On May 24, 2002, the PUCN issued an order on the petition for reconsideration. The PUCN modified its original order reversing the adjustment to accumulated depreciation of \$6.7 million, and decreased the SO2 allowance revenue amortization to \$3.2 million per year. Revised rates for these changes went into effect on June 1, 2002.

Nevada Power Company 2002 Deferred Energy Case

On November 14, 2002, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between October 1, 2001, and September 30, 2002, as required by law. The application sought to establish a rate to collect accumulated purchased fuel and power costs of \$195.7 million, together with a carrying charge, over a period of not more than three years. The application also requested a reduction to the going-forward rate for energy, reflecting reduced wholesale energy costs. The combined effect of these two adjustments resulted in a request for an overall rate reduction of 6.3%.

The decision on this case was issued May 13, 2003, and authorized the following:

- recovery of \$147.6 million, with a carrying charge, and a \$48.1 million disallowance;
- a three-year amortization of the balance commencing on May 19, 2003;
- a reduction in the Base Tariff Energy Rate (BTER) to an effective non-residential rate of \$0.04322 per kWh, and an effective residential rate of \$0.04186 per kWh.

The new rates went into effect on May 19, 2003.

The BCP filed a Petition that challenged the recovery of all costs with the District Court of Clark County, Nevada, for Judicial Review of the PUCN Order on August 8, 2003, against PUCN, Case No. A471928. On September 8, 2003, the PUCN filed its answer to the BCP Petition. The PUCN response cites a number of affirmative defenses to the allegations contained in the BCP petition and

asks that the court dismiss the BCP petition. The BCP filed its opening brief on January 8, 2004. The PUCN and NPC are expected to file responding briefs on March 9, 2004. The court has not ruled on this matter.

Nevada Power Company 2001 Deferred Energy Case

On November 30, 2001, NPC filed an application with the PUCN seeking repayment for purchased fuel and power costs accumulated between March 1, 2001, and September 30, 2001, as required by law. The application sought to establish a rate to repay accumulated purchased fuel and power costs of \$922 million and spread the recovery of the deferred costs, together with a carrying charge, over a period of not more than three years.

On March 29, 2002, the PUCN issued its decision on the deferred energy application, allowing NPC to recover \$478 million over a three-year period, but disallowing \$434 million of deferred purchased fuel and power costs and \$30.9 million in carrying charges consisting of \$10.1 million in carrying charges accrued through September 2001 and \$20.8 million in carrying charges accrued from October 2001 through February 2002. The order stated that the disallowance was based on alleged imprudence in incurring the disallowed costs. NPC and the BCP both sought individual review of the Commission Order in the First District Court of Nevada. The District Court affirmed the PUCN's decision. Both NPC and the BCP filed Notices of Appeal to the Nevada Supreme Court. Supreme Court rules mandate settlement talks before a matter is set for briefing and argument. The Settlement Judge has yet to recommend closure of the settlement process given current caseloads at the Supreme Court. Briefing, oral argument and a decision are not expected to occur until 2005. NPC is not able to predict the outcome of the process or of the Supreme Court's deliberation on the matter.

Sierra Pacific Power Company 2001 General Rate Case

On November 30, 2001, as required by law, SPPC filed an application with the PUCN seeking an electric general rate increase. On February 28, 2002, SPPC filed a certification to its general rate filing, updating costs and revenues pursuant to Nevada regulations. In the certification filing, SPPC requested an increase in its general rates charged to all classes of electric customers, which were designed to produce an increase in annual electric revenues of \$15.9 million representing an overall 2.4% rate increase. The application also sought an ROE for SPPC's total electric operations of 12.25% and an overall ROR of 9.42%.

On May 28, 2002, the PUCN issued its decision on the general rate application, ordering a \$15.3 million revenue decrease with an ROE of 10.17% and ROR of 8.61%. The effective date of the decision was June 1, 2002. The PUCN delayed consideration of recovery of SPR/NPC merger costs until a future rate case, and SPPC was not granted a carrying charge on these deferred costs. Recovery of costs related to the generation divestiture project, which supported Nevada's now-abandoned utility restructuring policy, were delayed. A carrying charge was allowed by the PUCN for the delayed recovery of divestiture costs. SPPC renewed its request to recover merger and divestiture costs in its general rate case which was filed on December 1, 2003.

Sierra Pacific Power Company 2003 Deferred Energy Case

On January 14, 2003, SPPC filed an application with the PUCN, as required by law, seeking to clear deferred balances for purchased fuel and power costs accumulated between December 1, 2001, and November 30, 2002. The application sought to establish a rate to clear accumulated purchased fuel and power costs of \$15.4 million and spread the cost recovery over a period of not more than three years. It also sought to recalculate the rate to reflect anticipated ongoing purchased fuel and power costs. The total rate increase request amounted to 0.01%. The interveners' testimony was received April 25, 2003, and included proposed disallowances from \$34 million to \$76 million. Prior to the hearing that was scheduled to begin on May 12, 2003, the parties negotiated a settlement agreement. The agreement included the following provisions:

- A reduction in the current deferred energy balance of \$45 million leaving a balance payable to customers of approximately \$29.6 million.
- A two-year amortization of the amount payable returning one third of the balance in the first year (approximately \$9.9 million), and two thirds of the balance the second year (approximately \$19.7 million).
- Discontinue carrying charges on deferred energy balances that SPPC is already collecting from customers and on the \$29.6 million amount payable as a result of the agreement.
- Maintain the currently effective Base Tariff Energy Rate.
- SPPC maintains the rights to claim the cost of terminated energy contracts in future deferred filings.

- Parties agreed that with the \$45 million reduction the remaining costs for purchasing fuel and power during the test year were prudently incurred and are just and reasonable.
- SPPC and the Bureau of Consumer Protection agreed to file a motion to dismiss the civil lawsuits filed in relation to the 2002 SPPC deferred energy case.

The agreement was approved by the PUCN at the agenda meeting held on May 19, 2003, and the new rates went into effect on June 1, 2003.

Sierra Pacific Power Company 2002 Deferred Energy Case

On February 1, 2002, SPPC filed an application with the PUCN, as required by law, seeking to clear deferred balances for purchased fuel and power costs accumulated between March 1, 2001 and November 30, 2001. The application sought to establish a DEAA rate to clear accumulated purchased fuel and power costs of \$205 million and spread the cost recovery over a period of not more than three years. It also sought to recalculate the Base Tariff Energy Rate to reflect anticipated ongoing purchased fuel and power costs.

On May 28, 2002, the PUCN issued its decision on the deferred energy application, allowing SPPC three years to collect \$150 million but disallowing \$53 million of deferred purchased fuel and power costs and \$2 million in carrying charges.

On August 22, 2002, SPPC filed a lawsuit in the First District Court of Nevada seeking to reverse portions of the decision of the PUCN denying the recovery of deferred energy costs incurred by SPPC on behalf of its customers in 2001 on the grounds that such power costs were not prudently incurred. As part of the settlement agreement reached in connection with SPPC's 2003 deferred energy case, SPPC agreed to dismiss the lawsuit in May 2003.

Annual Purchased Gas Cost Adjustment 2003 (SPPC)

On May 15, 2003, SPPC filed its annual application for Purchased Gas Cost Adjustment for its natural gas local distribution company. In the application, SPPC asked for an increase of \$0.02524 per therm to its Base Purchased Gas Rate (BPGR) and a Balancing Account Adjustment (BAA) credit to customers of \$0.04833 per therm to be amortized over two years. This request would have resulted in a decrease of approximately 5% in customer rates.

SPPC, the PUCN Staff, and the Bureau of Consumer Protection agreed upon a Stipulation, which was approved by the PUCN on October 1, 2003.

As a result of the stipulation, overall, rates for SPPC's natural gas customers decreased by approximately 3%. The Parties agreed that the new BAA will be amortized over two years with 67% of the balance recovered in the first year, and 33% of the balance recovered in the second year. The BAA rate for the first year will be a credit of \$0.06448 per therm. The BAA rate for the second year will be a credit of \$0.03176 per therm. A BPGR of \$0.66375 per therm was approved, an increase from the previous BPGR of \$0.05316 per therm. The new rates were implemented November 1, 2003.

Annual Purchased Gas Cost Adjustment 2002 (SPPC)

On July 1, 2002, SPPC filed a Purchased Gas Cost Adjustment application for its natural gas local distribution company. In the application, SPPC has asked for a reduction of \$0.05421 to its Base Purchased Gas Rate (BPGR) and an increase in its Balancing Account Adjustment charge (BAA) by the same amount. This request would result in no change to revenues or customer rates. This docket was consolidated for hearing purposes with the Liquid Petroleum Gas Cost Adjustment below.

On December 23, 2002, the PUCN voted to decrease rates for SPPC's natural gas customers by approximately 3% (\$3.2 million plus applicable carrying charges). The new rates were implemented January 1, 2003.

NOTE 5. INVESTMENTS IN SUBSIDIARIES AND OTHER PROPERTY

Investments in subsidiaries and other property consisted of (dollars in thousands):

Sierra Pacific Resources

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Investment in TGTC	\$ 31,016	\$ 26,912
Non-utility property of SPC	36,512	68,353
Cash Value-Life Insurance	13,065	12,560
Non-utility property of NEICO	3,474	6,555
NVPCT-I & NVPCT-III	5,841	5,841
Southern Service Center Property	12,143	—
Other non-utility Property	7,591	10,200
	<u>\$109,642</u>	<u>\$130,421</u>

Nevada Power

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Cash Value-Life Insurance	\$ 13,065	\$ 12,560
Non-utility property of NEICO	3,474	6,555
NVPCT-I & NVPCT-III	5,841	5,841
Southern Service Center Property	12,143	—
Non-utility Property	1,789	1,180
	<u>\$ 36,312</u>	<u>\$ 26,136</u>

Sierra Pacific Power

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
Non-utility Property	<u>\$ 916</u>	<u>\$ 874</u>

NOTE 6. JOINTLY OWNED FACILITIES

At December 31, 2003, NPC and SPPC owned the following undivided interests in jointly owned electric utility facilities:

<u>Generating Facility</u>	<u>% Owned</u>	<u>Plant in Service</u>	<u>Accumulated Depreciation</u>	<u>Net Plant in Service</u>	<u>Construction Work in Progress</u>
<u>NPC</u>					
Navajo Station	11.3	\$ 205,508	\$ 105,549	\$ 99,959	\$ 3,031
Mohave Facility	14	86,108	45,655	40,453	2,890
Reid Gardner No. 4	32.2	<u>123,832</u>	<u>67,295</u>	<u>56,537</u>	<u>298</u>
Total NPC		\$ 415,448	\$ 218,499	\$ 196,949	\$ 6,219
<u>SPPC</u>					
Valmy Station	50	\$ 284,709	\$ 140,784	\$ 143,925	\$ 1,885

The amounts for Navajo and Mohave include NPC's share of transmission systems and general plant equipment and, in the case of Navajo, NPC's share of the jointly owned railroad which delivers coal to the plant. Each participant provides its own financing for all of these jointly owned facilities. NPC's share of operating expenses for these facilities is included in the corresponding operating expenses in its Consolidated Statements of Operations.

NPC's ownership interest in Mohave comprises approximately 10% of NPC's peak generation capacity. Southern California Edison (SCE) is the operating partner of Mohave. On May 17, 2002, SCE filed with the CPUC an application to address the future disposition of SCE's share of Mohave. Mohave obtains all of its coal supply from a mine in northeast Arizona on lands of the Navajo Nation and the Hopi Tribe (the Tribes). This coal is delivered from the mine to Mohave by means of a coal slurry pipeline which requires water that is obtained from groundwater wells located on lands of the Tribes in the mine vicinity.

Due to the lack of progress in negotiations with the Tribes and other parties to resolve several coal and water supply issues, SCE's application states that it appears that it probably will not be possible for SCE to extend Mohave's operations beyond 2005. Due to the uncertainty over a post-2005 coal supply, SCE and the other Mohave co-owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave's operations are extended past 2005.

Because of the coal and water supply issues at Mohave, NPC is preparing for the shutdown of the facility by the end of 2005. NPC's IRP accepted by the PUCN in November 2003, assumes the Plant will be unavailable after December 31, 2005. In addition, in its General Rate Case filed on October 1, 2003, NPC requested that the PUCN authorize a higher depreciation rate be applied to Mohave in order to recover the remaining book value to a regulatory asset account to be amortized over a period as determined by the PUCN.

SPPC and Idaho Power Company each own an undivided 50% interest in the Valmy generating station, with each company being responsible for financing its share of capital and operating costs. SPPC is the operator of the plant for both parties. SPPC's share of direct operation and maintenance expenses for Valmy is included in its accompanying Consolidated Statements of Operations.

NOTE 7. SHORT-TERM BORROWINGS

Sierra Pacific Resources

On April 3, 2002, SPR terminated its \$75 million unsecured revolving credit facility in connection with the amendment of NPC's \$200 million unsecured revolving credit facility, discussed below.

Nevada Power Company

Revolving Credit Facilities

On November 29, 2001, NPC put into place a \$200 million unsecured revolving credit facility for working capital and general corporate purposes, including commercial paper backup. As a result of NPC's rate case decisions (discussed in Note 4 of Notes to Financial Statements, Regulatory Actions) and the credit downgrades by S&P and Moody's, which occurred on March 29 and April 1, 2002, respectively, the banks participating in NPC's credit facility determined that a material adverse event had occurred with respect to NPC, thereby precluding NPC from borrowing funds under its credit facility. The banks agreed to waive the consequences of the material adverse event in a waiver letter and amendment that was executed on April 3, 2002. As required under the waiver letter and amendment, NPC issued and delivered its General and Refunding Mortgage Bond, Series C, due November 28, 2002, in the principal amount of \$200 million, to the Administrative Agent for the credit facility.

As of September 30, 2002, NPC had borrowed the entire \$200 million of funds available under its credit facility at an average interest rate of 3.72%.

On October 30, 2002, NPC paid in full and terminated its \$200 million credit facility and retired its Series C, General and Refunding Mortgage Bond which secured the credit facility with the proceeds from the issuance of NPC's \$250 million aggregate principal amount of 10⁷/₈% General and Refunding Notes, Series E, due 2009.

On June 30, 2003, NPC entered into a \$60 million revolving Credit Agreement to provide additional liquidity to NPC for its summer 2003 power purchases. This facility was paid off on August 11, 2003, and was terminated on August 18, 2003.

Accounts Receivable Facility

On October 29, 2002, NPC established an accounts receivable purchase facility of up to \$125 million. Actual amounts that may be advanced under the receivables purchase facilities will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency notes of NPC's receivables. Based on 2003 accounts receivables and the variables discussed above, NPC had a maximum capacity of \$82 million and minimum capacity of \$32 million under the receivables facility. The receivables purchase facility was renewed on October 28, 2003, and expires as of October 26, 2004. If NPC elects to activate the receivables purchase facility, NPC will sell all of its accounts receivable generated from the sale of electricity to customers to its newly created bankruptcy-remote special purpose subsidiary. The receivables sales will be without recourse except for breaches of customary representations and warranties made at the time of sale. The subsidiary will, in turn, sell these receivables to a bankruptcy-remote subsidiary of SPR. SPR's subsidiary will issue variable rate revolving notes backed by the purchased receivables.

The agreements relating to the receivables purchase facility contain various conditions to purchase, covenants and trigger events, and other provisions customary in receivables transactions. In addition to customary termination and mandatory repurchase events, the receivables purchase facility may terminate in the event that either NPC or SPR defaults: (1) on the payment of

indebtedness, or (2) on the payment of amounts due under a swap agreement, and such defaults aggregate to greater than \$10 million and \$5 million for NPC and SPR, respectively.

Under the terms of the agreements relating to the receivables purchase facility, NPC's facility may not be activated or, if activated, will be terminated in the event of a material adverse change in the condition, operations or business prospects of NPC. In addition, the agreements contain a limitation on the payment of dividends by NPC to SPR that is identical to the limitation contained in NPC's General and Refunding Mortgage Notes, Series E, described below. SPR has agreed to guaranty NPC's performance of certain obligations as a seller and servicer under the receivables purchase facility.

NPC has agreed to issue a \$125 million General and Refunding Mortgage Bond upon activation of the receivables purchase facility. The full principal amount of the bond would secure certain of NPC's obligations as seller and servicer, plus certain interest, fees, and expenses thereon to the extent not paid when due, regardless of the actual amounts owing with respect to the secured obligations. As a result, in the event of an NPC bankruptcy or liquidation, the holder of the bond securing the receivables purchase facility may recover more on a pro rata basis than the holders of other General and Refunding Mortgage securities, who could recover less on a pro rata basis than they otherwise would recover. However, in no event will the holder of the bond recover more than the amount of obligations secured by the bond.

NPC intends to use the accounts receivable purchase facility as a back-up liquidity facility and does not plan to activate this facility in the foreseeable future. NPC may activate the facility within five days upon the delivery of certain customary funding documentation and the delivery of the \$125 million General and Refunding Mortgage Bond. As of February 29, 2004, this facility had not been activated.

Sierra Pacific Power Company

Revolving Credit Facilities

On November 29, 2001, SPPC put into place a \$150 million unsecured revolving credit facility for working capital and general corporate purposes, including commercial paper backup. Under this credit facility, SPPC was required, in the event of a ratings downgrade of its senior unsecured debt, to secure the facility with General and Refunding Mortgage Bonds. In satisfaction of its obligation to secure the credit facility, on April 8, 2002, SPPC issued and delivered its General and Refunding Mortgage Bond, Series B, due November 28, 2002, in the principal amount of \$150 million, to the Administrative Agent for the credit facility.

As of September 30, 2002, SPPC had borrowed the entire \$150 million of funds available under its credit facility to, in part, pay off maturing commercial paper, and to maintain a cash balance at SPPC at an average interest rate of 3.69%.

On October 31, 2002, SPPC paid off and terminated its \$150 million credit facility and retired its Series B, General and Refunding Mortgage Bond which secured the credit facility with a combination of cash on hand and proceeds from its \$100 million Term Loan Facility.

On January 30, 2004, SPPC issued its General and Refunding Mortgage Note, Series G, due March 31, 2004, in the maximum principal amount of \$22 million under a revolving Credit Agreement. Borrowings under the Series G Note will be used to provide back-up liquidity for SPPC during its 2003-2004 winter peak. Currently, SPPC does not expect to borrow under this facility. The terms of the Series G Note are substantially similar to SPPC's Term Loan Facility. See Note 8 of Notes to Financial Statements, Long-Term Debt, for further discussion.

Short-Term Financing

On December 22, 2003, SPPC issued and sold its \$25 million General and Refunding Mortgage Notes, Series F, due March 31, 2004 in order to provide additional liquidity for SPPC's fuel and power purchases during its 2003-2004 winter peak. The terms of the Series F Notes are substantially similar to SPPC's Term Loan Facility.

Accounts Receivable Facility

On October 29, 2002, SPPC established an accounts receivable purchase facility of up to \$75 million. Actual amounts that may be advanced under the receivables purchase facilities will vary significantly depending upon, among other things, the time of year, the weather conditions and the delinquency notes of SPPC's receivables. Based on 2003 accounts receivables and the variables discussed above SPPC had a maximum capacity of \$28 million and minimum capacity of \$13 million under the receivables facility. The receivables purchase facility was renewed on October 28, 2003, and expires on October 26, 2004. If SPPC elects to activate the receivables purchase facility, SPPC will sell all of its accounts receivable generated from the sale of electricity and natural gas to customers to its newly created bankruptcy-remote special purpose subsidiary. The receivables sales will be without recourse except for

breaches of customary representations and warranties made at the time of sale. The subsidiary will, in turn, sell these receivables to a bankruptcy-remote subsidiary of SPR. SPR's subsidiary will issue variable rate revolving notes backed by the purchased receivables.

The agreements relating to the receivables purchase facility contain various conditions to purchase, covenants and trigger events, and other provisions customary in receivables transactions. In addition to customary termination and mandatory repurchase events, the receivables purchase facility may terminate in the event that either SPPC or SPR defaults: (1) on the payment of indebtedness, or (2) on the payment of amounts due under a swap agreement, and such defaults aggregate to greater than \$10 million and \$5 million for SPPC and SPR, respectively.

Under the terms of the agreements relating to the receivables purchase facility, SPPC's facility may not be activated or, if activated, will be terminated in the event of a material adverse change in the condition, operations or business prospects of SPPC. In addition, the agreements contain a limitation on the payment of dividends by SPPC to SPR that is identical to the limitation contained in SPPC's Term Loan Agreement, described below. SPR has agreed to guaranty SPPC's performance of certain obligations as a seller and servicer under the receivables purchase facility.

SPPC has agreed to issue \$75 million principal amount of its General and Refunding Mortgage Bonds upon activation of the receivables purchase facility. The full principal amount of the bond would secure certain of SPPC's obligations as seller and servicer, plus certain interest, fees and expenses thereon to the extent not paid when due, regardless of the actual amounts owing with respect to the secured obligations. As a result, in the event of an SPPC bankruptcy or liquidation, the holder of the bond securing the receivables purchase facility may recover more on a pro rata basis than the holders of other General and Refunding Mortgage securities, who could recover less on a pro rata basis, than they otherwise would recover. However, in no event will the holder of the bond recover more than the amount of obligations secured by the bond.

SPPC intends to use the accounts receivable purchase facility as a back-up liquidity facility and does not plan to activate this facility in the foreseeable future. SPPC may activate the facility within five days upon the delivery of certain customary funding documentation and the delivery of the \$75 million General and Refunding Mortgage Bond. As of February 29, 2004, this facility had not been activated.

NOTE 8. LONG-TERM DEBT

As of December 31, 2003 NPC's, SPPC's and SPR's aggregate annual amount of maturities for long-term debt (including obligations related to capital leases) for the next five years is shown below (dollars in thousands):

	<u>NPC</u>	<u>SPPC</u>	<u>SPR Holding Co. and Other Subs.</u>	<u>SPR Consolidated</u>
2004	\$ 135,570	\$ 83,400	\$ 19,666	\$ 238,636
2005	6,091	100,400	300,000	406,491
2006	6,509	52,400	—	58,909
2007	5,949	2,400	240,218	248,567
2008	<u>7,066</u>	<u>322,400</u>	<u>—</u>	<u>329,466</u>
	161,185	561,000	559,884	1,282,069
Thereafter	<u>1,886,023</u>	<u>437,850</u>	<u>300,000(1)</u>	<u>2,623,873</u>
	2,047,208	998,850	859,884	3,905,942
Unamortized (Discount Amount)	<u>(11,929)</u>	<u>(2,650)</u>	<u>(7,171)</u>	<u>(21,750)</u>
Total	<u>\$ 2,035,279</u>	<u>\$ 996,200</u>	<u>\$ 852,713</u>	<u>\$ 3,884,192</u>

- (1) SPR's "Thereafter" amount of \$300 million represents the total amount of the 7.25% Convertible Notes due at maturity. This differs from the carrying value of \$234,118 million included in the balance sheet amount of Long-term debt, which is being accreted to face value using the effective interest method.

The preceding table includes obligations related to capital lease obligations discussed under lease commitments within this note.

Substantially all utility plant is subject to the liens of NPC's and SPPC's indentures under which their First Mortgage bonds and General and Refunding Mortgage bonds are issued.

Nevada Power Company

On May 24, 2001, NPC issued \$350 million of its 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011. The bonds were issued with registration rights and secured by a General and Refunding Mortgage Indenture dated as of May 1, 2001 that is subject to the prior lien of NPC's Indenture of Mortgage dated as of October 1, 1953. On January 29, 2002, NPC exchanged these bonds for identical bonds, registered under the Securities Act of 1933.

On September 20, 2001 and October 15, 2001, NPC issued an aggregate total of \$210 million of 6% unsecured notes due September 15, 2003. NPC satisfied its obligations with respect to these note with a portion of the proceeds from the sale of its 9% General and Refunding Mortgage Notes, Series G, due 2013, discussed below.

On October 18, 2001, NPC issued \$140 million of its General and Refunding Mortgage Notes, Floating Rate, Series B, due October 15, 2003. NPC satisfied its obligations with respect to these notes with a portion of the proceeds from the sale of its 9% General and Refunding Mortgage Notes, Series G, due 2013, discussed below.

On May 13, 2000, NPC issued a General and Refunding Mortgage Bond, Series D, due April 15, 2004, in the principal amount of \$130 million, for the benefit of the holders of NPC's 6.20% Senior Unsecured Notes, Series B, due April 15, 2004. The Senior Unsecured Notes Indenture required that in the event that NPC issued debt secured by liens on NPC's operating property, in excess of 15% of its Net Tangible Assets or Capitalization (as both terms are defined in the Senior Unsecured Notes Indenture), NPC would equally and ratably secure the Senior Unsecured Notes. NPC triggered this negative pledge covenant on April 23, 2002, when it borrowed certain amounts under its secured credit facility.

On October 25, 2002, NPC redeemed its 7⁵/₈% Series L, First Mortgage Bonds in the aggregate principal amount of \$15 million.

On October 29, 2002, NPC issued and sold \$250 million of its 10⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009 for net proceeds of \$235.6 million. The Series E Notes, which were issued with registration rights, were exchanged for registered notes in January 2003. The proceeds of the issuance were used to pay off NPC's \$200 million credit facility and for general corporate purposes. The Series E Notes will mature October 15, 2009.

On August 13, 2003, NPC issued and sold \$350 million of its 9% General and Refunding Mortgage Notes, Series G, due 2013. The Series G Notes were issued with registration rights. The proceeds of the issuance were used to pay off \$210 million of its unsecured 6% Notes due September 15, 2003 and \$140 million of its General and Refunding Mortgage Notes, Floating Rate, Series B, due October 15, 2003. The Series G Notes will mature August 15, 2013.

On December 4, 2003, NPC issued its General and Refunding Mortgage Bond, Series H, in the principal amount of \$235 million, to an escrow agent in accordance with the Enron stay order. As long as the bonds remain in escrow, they will not be recorded in Long-Term Debt on NPC's balance sheet. See Note 15 of Notes to Financial Statements, Commitments and Contingencies of the Consolidated Financial Statements, for more information regarding the Enron litigation. The Series H Bond will be held in escrow until such time as the stay order is lifted, entry of an order affirming the judgment and a denial of stay of such order, or a settlement agreement is entered into between NPC and Enron. On February 10, 2004, in accordance with the terms of the Enron stay order, NPC deposited approximately \$24 million into the escrow account which amount was deducted from the outstanding principal amount of the Series H Bond. The terms of the Series H Bond are substantially similar to NPC's Series G Notes.

The Series E and Series G Notes limit the amount of payments in respect of common stock dividends that NPC may pay to SPR. This limitation is discussed in Note 10 of Notes to Financial Statements, Dividend Restrictions.

The terms of the Series E Notes, Series G Notes and Series H Bond also restrict NPC from incurring any additional indebtedness unless:

- (1) at the time the debt is incurred, the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four quarter period on a pro forma basis is at least 2 to 1, or
- (2) the debt incurred is specifically permitted under the terms of the applicable Notes or Bond, which includes certain credit facility or letter of credit indebtedness, obligations incurred to finance property construction or improvement, indebtedness incurred to refinance existing indebtedness, certain intercompany indebtedness, hedging obligations, indebtedness incurred to support bid, performance or surety bonds, and certain letters of credit issued to support NPC's obligations with respect to energy suppliers, or
- (3) in the case of the Series G Notes and the Series H Bond, indebtedness incurred to finance capital expenditures pursuant to NPC's 2003 IRP.

If NPC's Series E Notes, Series G Notes or Series H Bond are upgraded to investment grade by both Moody's and S&P, these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes or the Bond remains investment grade.

Among other things, the Series E Notes, Series G Notes and Series H Bond also contain restrictions on liens (other than permitted liens, which include liens to secure certain permitted debt) and certain sale and leaseback transactions. In the event of a change of control of NPC, the holders of these securities are entitled to require that NPC repurchase their securities for a cash payment equal to 101% of the aggregate principal amount plus accrued and unpaid interest.

Preferred Trust Securities

NVP Capital I Trust

On April 2, 1997, NVP Capital I (Trust), a wholly owned subsidiary of NPC, issued 4,754,860, 8.2% preferred trust securities (QUIPS) at \$25 per security. NPC owns all of the Series A common securities, 147,058 shares issued by the Trust for \$3.7 million. The QUIPS and the common securities represent undivided beneficial ownership interests in the assets of the Trust, a statutory business trust formed under the laws of the state of Delaware. The existence of the Trust is for the sole purpose of issuing the QUIPS and the common securities and using the proceeds thereof to purchase from NPC its 8.2% Junior Subordinated Deferrable Interest Debentures (QUIDS) due March 31, 2037, extendible to March 31, 2046, under certain conditions, in a principal amount of \$122.6 million. As discussed in Note 1, Summary of Significant Accounting Policies, Recent Pronouncements, FIN 46(R) required the Trust be deconsolidated, as such, the Trust Preferred Securities are no longer consolidated with NPC and the Junior Subordinated Debt is now presented as Long-Term Debt.

Holders of the Series A QUIPS are entitled to receive preferential cumulative cash distributions accruing from the date of original issuance and payable quarterly on the last day of March, June, September and December of each year. Interest payments made by NPC in respect of the QUIDS are sufficient to provide the trust with funds to pay the required cash distribution on the QUIPS and the common securities of the trust. The Series A QUIPS are subject to mandatory redemption, in whole or in part, upon repayment of the Series A QUIDS at maturity or their earlier redemption in an amount equal to the amount of related Series A QUIDS maturing or being redeemed. The QUIPS are redeemable at \$25 per preferred security plus accumulated and unpaid distributions thereon to the date of redemption.

NVP Capital III Trust

In October 1998, NVP Capital III (Trust), a wholly-owned subsidiary of Nevada Power Company, issued 2,800,000, 7.75% Cumulative Trust Issued Preferred Securities (TIPS) at \$25 per security. NPC owns the entire common securities, 86,598 shares issued by the Trust for \$2.2 million. The TIPS and the common securities represent undivided beneficial ownership interests in the assets of the Trust, a statutory business trust formed under the laws of the state of Delaware. The existence of the Trust is for the sole purpose of issuing the TIPS and the common securities and using the proceeds thereof to purchase from NPC its 7.75% Junior Subordinated Deferrable Interest Debentures due September 30, 2038, extendible to September 30, 2047, under certain conditions, in a principal amount of \$72.2 million. As discussed in Note 1, Summary of Significant Accounting Policies, Recent Pronouncements, FIN 46(R) required the Trust be deconsolidated, as such, the Trust Preferred Securities are no longer consolidated with NPC and the Junior Subordinated Debt is now presented as Long-Term Debt.

Holders of the TIPS are entitled to receive preferential cumulative cash distributions accruing from the date of original issuance and payable quarterly on the last day of March, June, September and December of each year. Interest payments by NPC in respect of the Junior Subordinated Deferrable Interest Debentures are sufficient to provide the trust with funds to pay the required cash distributions on the TIPS and the common securities of the trust. The TIPS are subject to mandatory redemption, in whole or in part, upon repayment of the deferrable interest debentures at maturity or their earlier redemption in an amount equal to the amount of related deferrable interest debentures maturing or being redeemed. The TIPS are redeemable at \$25 per preferred security plus accumulated and unpaid distributions thereon to the date of redemption.

Sierra Pacific Power Company

On April 27, 2001, Washoe County, Nevada issued for SPPC's benefit \$80 million of Water Facilities Refunding Revenue Bonds, Series 2001, due March 1, 2036. The bonds accrued interest at a term rate of 5.75% per annum from their date of issuance to April 30, 2003. Beginning May 1, 2003, the method of determining the interest rate on the bonds may be converted from time to time in accordance with the related Indenture so that such bonds would, thereafter, bear interest at a daily, weekly, flexible, term or auction rate. The bonds were issued to refund \$80 million of Washoe County variable rate Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1990 on April 30, 2001. On June 11, 2001, SPPC completed the sale of its water business assets including the Project financed by the sale of the bonds. Although SPPC no longer owns the Project, SPPC will continue to bear the

obligations and payments for the bonds under the terms of the Financing Agreement dated as of March 1, 2001, between SPPC and Washoe County, Nevada. The bonds were remarketed on May 1, 2003. The interest rate on the bonds was adjusted from the prior 5.75% term rate to a 7.50% term rate for the period of May 1, 2003 to and including May 3, 2004. The bonds will be subject to remarketing on May 3, 2004 and annually each year thereafter and will continue to be included in current maturities of long-term debt. In the event that the bonds cannot be successfully remarketed on that date, SPPC will be required to purchase the outstanding bonds at a price of 100% of principal amount, plus accrued interest. From May 1, 2003 to and including May 3, 2004, SPPC's payment and purchase obligations in respect of the bonds are secured by SPPC's \$80 million General and Refunding Mortgage Note, Series D, due 2004.

On May 24, 2001, SPPC issued \$320 million of its 8.00% General and Refunding Mortgage Bonds, Series A, due June 1, 2008. The bonds were issued with registration rights under and secured by a General and Refunding Mortgage Indenture dated as of May 1, 2001 that is subject to the prior lien of SPPC's Indenture of Mortgage dated as of December 1, 1940. On January 29, 2002, SPPC exchanged these bonds for identical bonds, registered under the Securities Act of 1933.

On May 23, 2002, SPPC satisfied its obligations with respect to its 2% First Mortgage Bonds due 2011, 5% Series Y First Mortgage Bonds due 2024, and 2% Series Z First Mortgage Bonds due 2004 by depositing \$1.2 million, \$3.1 million, and \$45,000, respectively, with its First Mortgage Trustee. These First Mortgage Bonds were issued to secure loans made to SPPC by the United States under the Rural Electrification Act of 1936, as amended.

On October 30, 2002, SPPC entered into a \$100 million Term Loan Agreement. The net proceeds of \$97 million from the Term Loan Facility, along with available cash, were used to pay off SPPC's \$150 million credit facility, which was secured by a Series B General and Refunding Mortgage Bond.

SPPC's Term Loan Agreement limits the amount of dividends that SPPC may pay to SPR. This limitation is discussed in Note 10 of Notes to Financial Statements, Dividend Restrictions.

SPPC's Term Loan Agreement requires that SPPC maintain a ratio of consolidated total debt to consolidated total capitalization at all times during each of the following quarters in an amount not to exceed,

- (1) .650 to 1.0 for the fiscal quarters ended December 31, 2002 through December 31, 2003,
- (2) .625 to 1.0 for the fiscal quarters ended March 31, 2004 through December 31, 2004, and
- (3) .600 to 1.0 for the fiscal quarter ended March 31, 2005 and for fiscal quarter thereafter.

SPPC's Term Loan Agreement also requires that SPPC maintain a consolidated interest coverage ratio for any four consecutive fiscal quarters ending with the fiscal quarter set for below of not less than

- (1) 1.75 to 1.00 for the fiscal quarters ended December 31, 2002, March 31, 2003, and June 30, 2003,
- (2) 1.85 to 1.0 for the fiscal quarter ended September 30, 2003,
- (3) 2.00 to 1.0 for the fiscal quarter ended December 30, 2003,
- (4) 2.25 to 1.0 for the fiscal quarter ended March 31, 2004,
- (5) 2.40 to 1.0 for the fiscal quarter ended June 30, 2004,
- (6) 2.70 to 1.0 for the fiscal quarter ended September 30, 2004, and
- (7) 3.00 to 1.0 for the fiscal quarter ended December 31, 2004 and for each fiscal quarter thereafter.

As of December 31, 2003, SPPC was in compliance with these financial covenants. The Term Loan Facility, which is secured by a \$100 million Series C General and Refunding Mortgage Bond, will expire October 31, 2005. Currently, SPPC is exploring the possibility of taking advantage of favorable conditions in the capital markets by entering into new financings to refinance existing debt, including the Term Loan Facility, on more favorable terms. In the event that SPPC does refinance its Term Loan Facility, after the maturity of SPPC's Series F General and Refunding Mortgage Notes due March 31, 2004 and SPPC's Series G General and Refunding Mortgage Note due March 31, 2004, the covenants in the Term Loan Facility will continue to remain in effect under the terms of SPPC's Series E General and Refunding Mortgage Bond (discussed below).

On December 4, 2003, SPPC issued its General and Refunding Mortgage Bond, Series E, in the principal amount of \$103 million, to an escrow agent in accordance with the Enron stay order. As long as the bonds remain in escrow, they will not be recorded in Long-Term Debt on SPPC's balance sheet. See Note 15 of Notes to Financial Statements, Commitments and Contingencies for more information regarding the Enron litigation. The Series E Bond will be held in escrow until such time as the stay order is lifted, entry of an order affirming the judgment and a denial of stay of such order, or a settlement agreement is entered into between SPPC and Enron. On February 10, 2004, in accordance with the terms of the Enron stay order, SPPC deposited approximately \$11 million into the escrow account which amount was deducted from the outstanding principal amount of the Series E Bond. The terms of the Series E Bond are substantially similar to SPPC's Term Loan Facility.

Sierra Pacific Resources

On November 16 and 21, 2001, SPR issued an aggregate of \$345 million senior unsecured notes in connection with the public offering of 6,900,000 of its Corporate Premium Income Equity Securities (PIES). Each Corporate PIES unit consists of a forward stock purchase contract and a senior unsecured note issued by SPR with a face amount of \$50. The senior notes are pledged as collateral to secure each holder's obligation to purchase shares of SPR common stock under the stock purchase contract. The senior note may be released from the pledge arrangement if a holder opts to create Treasury PIES by delivering a like principal amount of U.S. Treasury securities to the Securities Intermediary in substitution for the senior notes.

On February 5, 2003, SPR acquired 2,095,650 of PIES including approximately \$104.8 million of 7.93% Senior Notes due 2007 that are a component of the PIES, in exchange for 13,662,393 shares of its common stock in five privately-negotiated transactions exempt from the registration requirements of the Securities Act of 1933. Currently, 4,804,350 PIES and approximately \$240 million of senior unsecured notes remain outstanding.

Each stock purchase contract obligates the holder to purchase SPR common stock on or before November 15, 2005, the Purchase Contract Settlement Date. The number of shares each investor is entitled to receive will depend on the average closing price of SPR common stock over a 20-day trading period prior to the settlement. See further discussion regarding the forward stock purchase contract in Note 16 of Notes to Financial Statements, Common Stock And Other Paid-In-Capital.

Each holder of Corporate PIES is entitled to receive quarterly payments consisting of purchase contract adjustment payments and interest on the senior unsecured notes. The Corporate PIES have a combined rate of 9.0%, which is comprised of the coupon on the senior note of 7.93% and the stated rate of the purchase contract adjustment payments of 1.07%. Interest on the senior unsecured notes began to accrue on November 16, 2001, and quarterly interest payments will be made each quarter beginning with the first payment, which was made on February 15, 2002. All senior unsecured notes will be remarketed beginning on August 10, 2005, up to and including November 1, 2005, and, if necessary, on November 9, 2005, unless holders of senior notes that are not part of a Corporate PIES elect not to have their senior notes remarketed. Upon remarketing, the interest rate will be reset and the senior notes will accrue interest at the reset rate after the remarketing settlement date.

Prior to the Purchase Contract Settlement Date, holders of Corporate PIES have the option to pay \$50 per Corporate PIES to settle their purchase contract obligations. If the holders do not elect to make a cash payment, the proceeds from the remarketing of the senior notes will be used to satisfy their purchase contract obligations. If any senior notes remain outstanding after the Purchase Contract Settlement Date, SPR will pay interest payments on those senior notes until their maturity on November 15, 2007.

Purchase contract adjustment payments will accrue from November 16, 2001. Holders received the first quarterly purchase contract adjustment payments of \$0.1323 per unit (\$913,000 in aggregate) on February 15, 2002, and will receive payments of \$0.1338 per unit (\$923,000 in aggregate) for each subsequent quarter. Upon issuance, a liability for the present value of the purchase contract adjustment payments, approximately \$13.7 million, was recorded in Other Deferred Credits, with a corresponding reduction to Other Paid-in-Capital. As of December 31, 2003, the purchase contract adjustment payment liability was \$5.0 million.

On April 20, 2002, \$100 million of SPR's floating rate notes matured and were paid in full.

In January 2003, SPR acquired \$8.75 million aggregate principal amount of its Floating Rate Notes due April 20, 2003, in exchange for 1,295,211 million shares of its common stock, in two privately negotiated transactions exempt from the registration requirements of the Securities Act of 1933.

On February 14, 2003, SPR issued and sold \$300 million of its 7.25% Convertible Notes due 2010. Interest is payable semi-annually. At December 31, 2003 the carrying value of the Convertible Notes is approximately \$234 million with an effective interest rate of 12.5%. Approximately \$53.4 million of the net proceeds from the sale of the notes were used to purchase U.S. government securities that were pledged to the trustee for the first five interest payments on the notes payable during the first two and one-half years. A portion of the remaining net proceeds of the notes were used to repurchase approximately \$58.5 million of SPR's Floating Rate Notes due April 20, 2003. Of the remaining net proceeds, approximately \$133 million were used to repay SPR's Floating Rate

Notes due April 20, 2003, and the remaining proceeds were available for general corporate purposes. The Convertible Notes were issued with registration rights.

On August 11, 2003, SPR obtained shareholder approval to issue up to 42,736,920 additional shares of SPR's common stock in lieu of, paying the cash payment component upon conversion of the Convertible Notes. Before SPR received shareholder approval, holders of the Convertible Notes were entitled to receive both shares of common stock and cash upon conversion on their notes. As a result of receiving shareholder approval, through the close of business on February 14, 2010, for each \$1,000 principal amount of the Convertible Notes surrendered, SPR has the option to issue:

- (1) 76.7073 shares of Common Stock plus an amount of cash equal to the then market value of 142.4564 shares of SPR Common Stock, subject to adjustment upon the occurrence of certain dilution events; or
- (2) 219.1637 shares of SPR Common Stock, subject to adjustment upon the occurrence of certain dilution events.

If the noteholders present the Convertible Notes for conversion and SPR elects to convert the notes into stock and cash, the total amount of the cash payable on conversion would be approximately \$340 million, at an assumed five-day average closing price of \$7.97 per share (based upon the last reported sale price of SPR's common stock on February 27, 2004). The amount of cash payable on conversion of the Convertible Notes will increase as the average closing price of SPR's common stock increases.

As a result of the shareholder approval discussed above, the conversion of the Convertible Notes may be fully satisfied by the issuance of stock at SPR's election. As such, the portion that previously would have been required to have been settled in cash has been reclassified as a long-term liability. See Note 11 of Notes to Financial Statements, Derivative and Hedging Activities for the effects of the Conversion option.

The Convertible Notes provide for the payment of dividends to the holders in an amount equal to any per share dividends on SPR common stock that would have been payable to the holders if the holders of the notes had converted their notes into shares of common stock at the applicable conversion rate on the record date for such dividend. See Note 18 of Notes to Financial Statements, Earnings Per Share for the effect on SPR's earnings per share calculations.

The indenture under which the Convertible Notes were issued does not contain any financial covenants or any restrictions on the payment of dividends, the repurchase of SPR's securities or the incurrence of indebtedness. The indenture does allow the holders of the Convertible Notes to require SPR to repurchase all or a portion of the holders' Convertible Notes upon a change of control. The indenture also provides for an event of default if SPR or any of its significant subsidiaries, including NPC and SPPC, fails to pay any indebtedness in excess of \$10 million or has any indebtedness of \$10 million or more accelerated and declared due and payable.

Sierra Pacific Communications

SPC was formed as a Nevada corporation in 1999 to identify and develop business opportunities in telecommunications services and infrastructure. Since that time SPC has developed two distinct businesses. The first is the development of a fiber optic system extending between Salt Lake City, Utah and Sacramento, California (the System) and the second is the Metro Area Network (MAN) business in Las Vegas and Reno, Nevada.

In September 2002, SPC entered into an agreement to purchase and lease certain telecommunications and fiber optic assets from Touch America (TAI), subject to successful completion of the construction, in exchange for SPC's partnership units in Sierra Touch America and the execution of a \$35 million promissory note for a total purchase price of \$48.5 million. The promissory note accrues interest at 8% per annum. In June 2003, TAI and all its subsidiaries (including STA/TAI) filed for Chapter 11 bankruptcy protection. In July 2003, SPC filed a motion with the bankruptcy court for automatic stay relief, specifically to obtain approval of the offset of construction costs and other system-related costs against the promissory note. SPC's position is that no payments are currently due on the note, and that SPC does not have an obligation to make payments on the note during pendency of the motion. STA and the creditors dispute this position. Currently, the parties are engaging in settlement discussions. A final hearing date has not been set. The remaining balance included in SPR's current maturities of Long-Term Debt is approximately \$19.7 million as of December 31, 2003.

Lease Commitments

In 1984, NPC entered into a 30-year capital lease with five-year renewal options beginning in year 2015. The fixed rental obligation for the first 30 years is \$5.1 million per year. Also, NPC has a purchase power contract with Nevada Sun-Peak Limited Partnership. The contract contains a buyout provision for the facility at the end of the contract term in 2016. The facility is situated on NPC property.

Future cash payments for these capital leases, combined, as of December 31, 2003, were as follows (dollars in thousands):

2004	\$ 5,557
2005	6,076
2006	6,494
2007	5,932
2008	7,053
Thereafter	37,475

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The December 31, 2003, carrying amount of cash and cash equivalents, current assets, accounts receivable, accounts payable and current liabilities approximates fair value due to the short-term nature of these instruments.

The total fair value of NPC's consolidated long-term debt at December 31, 2003, is estimated to be \$1.9 billion (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to NPC for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be \$1.3 billion at December 31, 2002.

The total fair value of SPPC's consolidated long-term debt at December 31, 2003, is estimated to be \$936.5 million (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to SPPC for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be \$851.5 million as of December 31, 2002.

The total fair value of SPR's consolidated long-term debt at December 31, 2003, is estimated to be \$3.88 billion (excluding current portion) based on quoted market prices for the same or similar issues or on the current rates offered to SPR for debt of the same remaining maturities. The total fair value (excluding current portion) was estimated to be \$2.66 billion as of December 31, 2002.

NOTE 10. DIVIDEND RESTRICTIONS

Since SPR is a holding company, substantially all of its cash flow is provided by dividends paid to SPR by NPC and SPPC on their common stock, all of which is owned by SPR. Since NPC and SPPC are public utilities, they are subject to regulation by state utility commissions, which may impose limits on investment returns or otherwise impact the amount of dividends that the Utilities may declare and pay, and to federal statutory limitation on the payment of dividends. In addition, certain agreements entered into by the Utilities set restrictions on the amount of dividends they may declare and pay and restrict the circumstances under which such dividends may be declared and paid. The specific restrictions on dividends contained in agreements to which NPC and SPPC are party, as well as specific regulatory limitations on dividends, are summarized below.

Dividend Restrictions Applicable to Nevada Power Company

- NPC's Indenture of Mortgage, dated as of October 1, 1953, between NPC and Deutsche Bank Trust Company Americas as trustee (the "First Mortgage Indenture"), limits the cumulative amount of dividends and other distributions that NPC may pay on its capital stock. In February 2004, NPC amended this restriction in its First Mortgage Indenture to:
 - change the starting point for the measurement of cumulative net earnings available for the payment of dividends on NPC's capital stock from March 31, 1953 to July 28, 1999 (the date of NPC's merger with Resources), and
 - permit NPC to include in its calculation of proceeds available for dividends and other distributions the capital contributions made to NPC by SPR.

As amended, NPC's First Mortgage Indenture dividend restriction is not expected to materially limit the amount of dividends that it may pay to SPR in the foreseeable future.

- NPC's 10 ⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009, which were issued on October 29, 2002, NPC's 9% General and Refunding Mortgage Notes, Series G, due 2013, which were issued on August 13, 2003, and NPC's General and Refunding Mortgage Bond, Series H, which was issued December 4, 2003, limit the amount of payments in respect of common stock that NPC may pay to SPR. However, that limitation does not apply to payments by NPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's Premium Income Equity Securities (PIES)) provided that:
 - those payments do not exceed \$60 million for any one calendar year,
 - those payments comply with any regulatory restrictions then applicable to NPC, and

- the ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the date of payment is at least 1.75 to 1.

The terms of both series of Notes and the Bond also permit NPC to make payments to SPR in excess of the amounts payable discussed above in an aggregate amount not to exceed: (1) under the Series E Notes, \$15 million from the date of the issuance of the Series E Notes, and (2) under the Series G Notes and the Series H Bond, \$25 million from the date of the issuance of the Series G Notes and the Series H Bond, respectively.

In addition, NPC may make payments to SPR in excess of the amounts described above so long as, at the time of payment and after giving effect to the payment:

- there are no defaults or events of default with respect to the Series E Notes, the Series G Notes or the Series H Bond
- NPC has a ratio of consolidated cash flow to fixed charges for NPC's most recently ended four full fiscal quarters immediately preceding the payment date of at least 2.0 to 1, and
- the total amount of such dividends is less than:
 - the sum of 50% of NPC's consolidated net income measured on a quarterly basis cumulative of all quarters from the date of issuance of the applicable series of Notes, plus
 - 100% of NPC's aggregate net cash proceeds from contributions to its common equity capital or the issuance or sale of certain equity or convertible debt securities of NPC, plus
 - the lesser of cash return of capital or the initial amount of certain restricted investments, plus
 - the fair market value of NPC's investment in certain subsidiaries.

If NPC's Series E Notes, Series G Notes or Series H Bond are upgraded to investment grade by both Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Rating Group, Inc. (S&P), these restrictions will be suspended and will no longer be in effect so long as the applicable series of Notes or the Bond remains investment grade.

- On October 29, 2002, NPC established an accounts receivable purchase facility, which was renewed on October 28, 2003, and will expire on October 26, 2004. The agreements relating to the receivables purchase facility contain various covenants, including a limitation on payments in respect of common stock by NPC to SPR that is identical to the limitation contained in NPC's General and Refunding Mortgage Notes, Series E and Series G, and NPC's General and Refunding Mortgage Bond, Series H, described above.
- The terms of NPC's preferred trust securities provide that no dividends may be paid on NPC's common stock if NPC has elected to defer payments on the junior subordinated debentures issued in conjunction with the preferred trust securities. At this time, NPC has not elected to defer payments on the junior subordinated debentures.

Dividend Restrictions Applicable to Sierra Pacific Power Company

- SPPC's Term Loan Agreement dated October 30, 2002, as amended, which expires October 31, 2005, limits the amount of payments that SPPC may pay to SPR. However, that limitation does not apply to payments by SPPC to enable SPR to pay its reasonable fees and expenses (including, but not limited to, interest on SPR's indebtedness and payment obligations on account of SPR's PIES) provided that those payments do not exceed \$90 million, \$80 million, and \$60 million in the aggregate for the twelve month periods ending on October 30, 2003, 2004, and 2005, respectively. SPPC's General and Refunding Mortgage Bond, Series E, General and Refunding Mortgage Notes, Series F and General and Refunding Mortgage Note, Series G, contain the same dividend restriction as the Term Loan Agreement.

The Term Loan Agreement, the Series E Bond, the Series F Notes and the Series G Note, also permit SPPC to make payments to SPR in an aggregate amount not to exceed \$10 million during the term of the Term Loan Agreement. In addition, SPPC may make payments to SPR in excess of the amounts described above so long as, at the time of the payment and after giving effect to the payment, there are no defaults or events of default under the applicable financing agreement or security, and such amounts, when aggregated with the amount of payments to SPR by SPPC since the date of execution of the such financing agreement or securities, do not exceed the sum of:

- 50% of SPPC's Consolidated Net Income for the period commencing January 1, 2003, and ending with last day of fiscal quarter most recently completed prior to the date of the contemplated dividend payment, plus
- the aggregate amount of cash received by SPPC from SPR as equity contributions on its common stock during such period.

- On October 29, 2002, SPPC established an accounts receivable purchase facility, which was renewed on October 28, 2003, and expires on October 26, 2004. The agreements relating to the receivables purchase facility contain various covenants, including a limitation on the payment of dividends by SPPC to SPR that is identical to the limitation contained in SPPC's Term Loan Agreement, described above.
- SPPC's Articles of Incorporation contain restrictions on the payment of dividends on SPPC's common stock in the event of a default in the payment of dividends on SPPC's preferred stock. SPPC's Articles also prohibit SPPC from declaring or paying any dividends on any shares of common stock (other than dividends payable in shares of common stock), or making any other distribution on any shares of common stock or any expenditures for the purchase, redemption, or other retirement for a consideration of shares of common stock (other than in exchange for or from the proceeds of the sale of common stock) except from the net income of SPPC, and its predecessor, available for dividends on common stock accumulated subsequent to December 31, 1955, less preferred stock dividends, plus the sum of \$500,000. At the present time, SPPC believes that these restrictions do not materially limit its ability to pay dividends and/or to purchase or redeem shares of its common stock.

Dividend Restrictions Applicable to Both Utilities

- On December 17, 2003, the PUCN issued an order in connection with its authorization of the issuance of short-term debt securities by NPC and SPPC. The PUCN order, for Dockets 03-10022 and 03-10023, permits NPC and SPPC to dividend an aggregate of \$70 million per year to SPR through December 31, 2005. The PUCN order also provides that the dividend limitation may be reviewed in a subsequent application to grant short-term debt authority and that, in the event that exigent circumstances are experienced in the interim, either NPC or SPPC may petition the PUCN to review the dollar limitation.
- The Utilities are subject to the provision of the Federal Power Act, as applied to their particular circumstance that states that dividends cannot be paid out of funds that are properly included in their capital account. Although the meaning of this provision is unclear, the Utilities believe that the Federal Power Act restriction, as applied to their particular circumstances, would not be construed or applied by the FERC to prohibit the payment of dividends for lawful and legitimate business purposes from current year earnings, or in the absence of current year earnings, from other/additional paid-in capital accounts. If, however, the FERC were to interpret this provision differently, the ability of the Utilities to pay dividends to SPR could be jeopardized.
- On November 6, 2003, the Bankruptcy Court issued an order staying execution pending appeal of the September 26, 2003 judgment entered in favor of Enron against the Utilities. One of the conditions of the stay order is that the Utilities cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations. The Utilities have the right to seek modification of the conditions of the stay if there is a material change in the facts upon which the stay order is based.

Assuming that NPC and SPPC meet the requirements to pay dividends under the Federal Power Act and that any dividends paid to SPR are for SPR's debt service obligations and current operating expenses, the most restrictive of the dividend restrictions applicable to the Utilities individually can be found for NPC, in NPC's Series E Notes and, for SPPC, in SPPC's Term Loan Agreement and in the financing agreements that contain substantially similar terms as the Term Loan Agreement. The dividend restriction in the PUCN order is the most restrictive provision applicable to both Utilities and may be more restrictive than the individual dividend restrictions if dividends are paid from both Utilities because the \$70 million PUCN dividend restriction is less than the aggregate amount of the Utilities' most restrictive individual dividend restrictions.

NOTE 11. DERIVATIVES AND HEDGING ACTIVITIES (SPR, NPC, SPPC)

SPR, SPPC, and NPC apply SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138 and SFAS No. 149. As amended, SFAS No. 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position, measure those instruments at fair value, and recognize changes in the fair value of the derivative instruments in earnings in the period of change unless the derivative qualifies as an effective hedge.

SPR's and the Utilities' current objective in using derivatives is primarily to reduce exposure to energy price risk. Energy price risks result from activities that include the generation and procurement of power and the procurement of natural gas. Derivative instruments used to manage energy price risk include forwards, options, and swaps. These contracts allow the Utilities to reduce the risks associated with volatile electricity and natural gas markets.

The following table shows the amounts recorded on the Consolidated Balance Sheets of SPR, NPC and SPPC at December 31, 2003 and 2002, due to the fair value of the derivatives. Due to deferred energy accounting under which the Utilities operate, regulatory

assets and liabilities are established to the extent that electricity and natural gas derivative gains and losses are recoverable or payable through future rates, once realized (dollars in millions):

	<u>2003</u>			<u>2002</u>		
	<u>SPR</u>	<u>NPC</u>	<u>SPPC</u>	<u>SPR</u>	<u>NPC</u>	<u>SPPC</u>
Risk Management Assets	\$ 22.1	\$ 11.7	\$ 10.4	\$ 29.9	\$ 28.5	\$ 1.4
Risk management liabilities	\$ 16.5	\$ 5.3	\$ 11.2	\$ 73.9	\$ 29.9	\$ 44.0
Risk management regulatory assets	\$ 14.3	\$ 3.1	\$ 11.2	\$ 45.0	\$ 1.5	\$ 43.5

Also included in risk management assets were \$19.6 million, \$9.4 million, and \$10.2 million in payments for gas options by SPR, NPC, and SPPC, respectively, at December 31, 2003. In addition, for the year ended December 31, 2003 and 2002, the unrealized gains and losses resulting from the change in the fair value of derivatives designated and qualifying as cash flow hedges for SPR, NPC, and SPPC were recorded in Other Comprehensive Income. Such amounts are reclassified into earnings when the related transactions are settled or terminate. Accordingly, \$1.5 million relating to SPR's terminated interest rate swap was reclassified into earnings during the twelve months ended December 31, 2003. The corresponding debt matured in April 2003.

The effects of SFAS No. 133 on comprehensive income have been reported in the consolidated statements of comprehensive income.

In connection with SPR's issuance of its Convertible Notes on February 14, 2003 (see Note 8 of Notes to Financial Statements, Long-Term Debt), the conversion option, which is treated as a cash-settled written call option, was separated from the debt and accounted for separately as a derivative instrument in accordance with FASB's EITF Issue 90-19, "Convertible Bonds with Issuer Option to Settle for Cash upon Conversion." Upon issuance, the fair value of the option was recorded as a current liability in Other Current Liabilities and until August 11, 2003, the change in the fair value was recognized in earnings in the period of the change.

On August 11, 2003, SPR obtained shareholder approval to issue up to 42,736,920 additional shares of SPR's common stock in lieu of paying the cash portion of the conversion price. Before SPR received shareholder approval, holders of the Convertible Notes were entitled to receive both shares of common stock and cash upon conversion on their notes. Issue No. 00-19 of the EITF of the FASB, "Accounting for Derivative Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" provides for the recording of the fair value of the derivative in equity, if all of the applicable provisions of EITF Issue No. 00-19 are met. As of August 11, 2003, management believes that all such applicable provisions have been met. Accordingly, the fair value of the derivative, \$118 million on the date of the shareholder vote, was reclassified to equity at that date. The fair value of this option was determined using the closing stock price, which was \$4.68 as of August 11, 2003, the strike price for conversion (\$4.5628), a measurement for the volatility of the stock price and the time value of money. The August 11, 2003 valuation resulted in an unrealized gain of \$61.5 million in the third quarter of 2003. The valuations at March 31, 2003, and June 30, 2003, resulted in an unrealized gain of \$15.9 million in the first quarter and an unrealized loss of \$123.5 million in the second quarter. The net impact of changes in market value was an unrealized loss of \$46.1 million for the twelve months ended December 31, 2003. EITF Issue No. 00-19 also indicates that subsequent changes in fair value should not be recognized as long as the derivative remains classified in equity. Accordingly, no unrealized gains or losses were recorded after August 11, 2003.

NOTE 12. INCOME TAXES (Benefits)

The following reflects the composition of taxes on income from continuing operations (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
As Reflected in Statement of Income:			
Federal income taxes (benefits)			
Current tax expense	\$ (10,430)	\$ (92,362)	\$ (422,261)
Amortization of excess deferred taxes	(2,196)	(2,196)	(2,196)
Amortization of investment tax credits	(3,163)	(3,454)	(3,520)
Deferred income expense	(54,349)	(69,923)	429,377
Total federal income taxes	(70,138)	(167,935)	1,400
State income taxes (benefits)	—	—	(3,164)
Federal and state income tax (benefits) on operating income	(70,138)	(167,935)	(1,764)
Other income—net			
Current tax expense (benefit)	12,781	3,778	14,853
Deferred income expense (benefit)	20	280	17
Total taxes included in other income—net	12,801	4,058	14,870
Total	<u>\$ (57,337)</u>	<u>\$ (163,877)</u>	<u>\$ 13,106</u>

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Income/(Loss) from continuing operations	\$ (129,375)	\$ (300,851)	\$ 32,898
Total income tax expense (benefit)	<u>(57,337)</u>	<u>(163,877)</u>	<u>13,106</u>
	(186,712)	(464,728)	46,004
Statutory tax rate	35%	35%	35%
Expected income tax expense (benefit)	(65,349)	(162,655)	16,101
Depreciation related to difference in costs basis for tax purposes	4,225	3,081	2,944
Allowance for funds used during construction—equity	(2,018)	112	85
Convertible bond mark to market and interest accretion	18,291	—	—
ITC amortization	(3,163)	(3,454)	(3,454)
State taxes (net of federal benefit)	—	—	(2,057)
Pension benefit plan	(1,113)	1,400	697
Other—net	<u>(5,079)</u>	<u>(2,361)</u>	<u>(1,210)</u>
	<u>\$ (54,206)</u>	<u>\$ (163,877)</u>	<u>\$ 13,106</u>
Effective tax rate before effect of federal income tax settlement	29.0%	35.3%	28.5%
Effects of federal income tax settlement	<u>(3,131)</u>	<u>—</u>	<u>—</u>
	<u>\$ (57,337)</u>	<u>\$ (163,877)</u>	<u>\$ 13,106</u>
Effective tax rate	<u>30.7%</u>	<u>35.3%</u>	<u>28.5%</u>

As a large corporate taxpayer, the SPR consolidated group's tax returns are examined by the Internal Revenue Service on a regular basis. The IRS began an audit of SPR's consolidated income tax returns in the third quarter of 2002. The years under examination include the separate company returns for NPC and its subsidiaries for 1997 and 1998 and the consolidated returns for SPR and its subsidiaries for 1997 through 2001. The focus of the examination is the net operating losses generated in 2000 and 2001 and carried back to earlier years. The losses reported in 2000 and 2001 are mainly due to the deductions claimed for purchased fuel and purchased power. At December 31, 2003, SPR reached settlements with the IRS for certain matters including the 1997- 2001 tax years. As a result of the settlements, SPR recognized tax benefits which increased net income by approximately \$3.1 million.

The net deferred federal income tax liability consists of deferred federal income tax liabilities less related deferred federal income tax assets, as shown (dollars in thousands):

	<u>2003</u>	<u>2002</u>
Deferred Federal Income Tax Assets:		
Net operating loss carryforward	\$ 276,554	\$ 281,866
Avoided interest capitalized	37,568	32,319
Employee benefit plans	12,415	13,421
Reserve for bad debts	15,721	15,121
Contributions in aid of construction and customer advances	121,171	109,877
Gross-ups received on contribution in aid of construction and customer advances	19,264	16,665
Excess deferred income taxes	17,469	16,460
Unamortized investment tax credit	24,409	26,258
Additional minimum pension liability	16,207	24,905
Deferred amortization of land gain	13,759	—
Provision for Contract Termination	137,181	109,408
Other	<u>6,775</u>	<u>7,446</u>
	698,493	653,746
Deferred Federal Income Tax Liabilities:		
Allowance for funds used during construction—debt	\$ 18,678	\$ 16,281
Bond redemptions	10,712	11,132
Excess of tax depreciation over book depreciation	594,171	555,811
Severance programs	5,890	5,019
Tax benefits flowed through to customers	155,547	163,889
Deferred energy	278,229	339,640
Divestiture Costs	11,758	—
Ad valorem taxes	3,372	3,336
Merger amortizations	5,836	4,378
Other	<u>19,235</u>	<u>14,642</u>
	<u>1,103,428</u>	<u>1,114,128</u>
Net Deferred Federal Income Tax Liability	<u>\$ 404,935</u>	<u>\$ 460,382</u>

SPR's balance sheets contain a net regulatory asset of \$113.6 million at December 31, 2003 and \$121.1 million at December 31, 2002. The net regulatory asset consists of future revenue to be received from customers (a regulatory asset) of \$155.5 million at December 31, 2003 and \$163.9 million at December 31, 2002, due to flow-through of the tax benefits of temporary differences. Offset against these amounts are future revenues to be refunded to customers (a regulatory liability), consisting of \$17.5 million at December 31, 2003 and \$16.5 million at December 31, 2002, due to temporary differences for liberalized depreciation at rates in excess of current tax rates, and \$24.4 million at December 31, 2003 and \$26.3 million at December 31, 2002 due to unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

In March 2002, NPC received a federal income tax refund of \$79.3 million. Additionally, SPR and the Utilities received \$105.7 million of refunds in the second quarter of 2002. These refunds were the result of income tax losses generated in 2001. Federal legislation passed in March 2002 changed the allowed period in which these losses could be carried back to prior taxable years from two years to five years. As of December 31, 2003, unutilized net operating losses (NOLs) were \$276.6 million. The NOLs may be utilized in future periods to reduce taxes payable to the extent that SPR and the Utilities recognize taxable income. The carryforward period for NOLs incurred is 20 years, and as such the losses incurred in the years ended December 31, 2001, 2002, and 2003 will expire in 2021, 2022, and 2023 respectively.

Based on estimated future taxable income of SPR, the NOL is expected to be fully utilized by 2008. Accordingly, no valuation allowance has been recorded as of December 31, 2003 because it is more likely than not that the NOLs will be fully utilized.

The losses claimed on the tax returns are mainly timing differences, and as such, are not expected to cause a material impact on SPR's, NPC's or SPPC's future income statements if it is determined they are allowable in a subsequent period.

Nevada Power Company

The following reflects the composition of taxes on income (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
As Reflected in Statement of Income:			
Federal income taxes (benefits)			
Current tax expense	\$ 20,512	\$ (45,851)	\$ (324,725)
Amortization of excess deferred taxes	(499)	(499)	(499)
Amortization of investment tax credits	(1,630)	(1,630)	(1,630)
Deferred income expense	<u>(31,117)</u>	<u>(85,431)</u>	<u>345,569</u>
Total federal income taxes	(12,734)	(133,411)	18,715
State income taxes (benefits)	<u>—</u>	<u>—</u>	<u>(940)</u>
Federal and state income tax (benefits) on operating income	(12,734)	(133,411)	17,775
Other income—net			
Current tax expense (benefit)	12,100	1,347	14,945
Deferred income expense (benefit)	<u>20</u>	<u>280</u>	<u>17</u>
Total taxes included in other income—net	<u>12,120</u>	<u>1,627</u>	<u>14,962</u>
Total	<u>\$ (614)</u>	<u>\$ (131,784)</u>	<u>\$ 32,737</u>

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	2003	2002	2001
Income/(Loss) from continuing operations	\$ 19,277	\$ (235,070)	\$ 63,405
Total income tax expense (benefits)	<u>(614)</u>	<u>(131,784)</u>	<u>32,737</u>
	18,663	(366,854)	96,142
Statutory tax rate	35%	35%	35%
Expected income tax expense	6,532	(128,399)	33,650
Depreciation related to difference in costs basis for tax purposes	1,431	1,431	1,431
Allowance for funds used during construction—equity	(996)	153	383
State taxes (net of federal benefit)	—	—	(611)
ITC amortization	(1,630)	(1,630)	(1,630)
Other—net	<u>(525)</u>	<u>(3,339)</u>	<u>(486)</u>
	\$ 4,812	\$ (131,784)	\$ 32,737
Effective tax rate before effects of federal income tax settlement	25.8%	35.9%	34.1%
Effects of federal income tax settlement	<u>(5,426)</u>	<u>—</u>	<u>—</u>
	\$ (614)	\$ (131,784)	\$ 32,737
Effective tax rate	<u>(3.3)%</u>	<u>35.9%</u>	<u>34.1%</u>

The IRS began an audit of SPR's consolidated income tax returns in the third quarter of 2002. The years under examination include the separate company returns for NPC and its subsidiaries for 1997 and 1998 and the consolidated returns for SPR and its subsidiaries for 1997 through 2001. The focus of the examination is the net operating losses generated in 2000 and 2001 and carried back to earlier years. The losses reported in 2000 and 2001 are mainly due to the deductions claimed for purchased fuel and purchased power. At December 31, 2003, SPR reached settlements with the IRS for certain matters including the 1997- 2001 tax years. As a result of the settlements, NPC recognized tax benefits which increased net income by approximately \$5.4 million.

The net deferred federal income tax liability consists of deferred federal income tax liabilities less related deferred federal income tax assets, as shown (dollars in thousands):

	2003	2002
Deferred Federal Income Tax Assets:		
Net Operating Loss Carryforwards	\$ 214,617	\$ 250,054
Avoided interest capitalized	19,702	15,202
Employee benefit plans	5,936	9,025
Reserve for bad debts	14,104	11,501
Contributions in aid of construction and customer advances	81,621	72,018
Gross-ups received on contributions in aid of construction and customer advances	13,348	11,054
Excess deferred income taxes	4,860	5,360
Unamortized investment tax credit	10,916	11,940
Additional minimum pension liability	1,512	4,838
Deferred amortization of land gain	13,759	—
Provision for Contract termination	99,391	79,036
Other—net	<u>(377)</u>	<u>3,674</u>
	<u>479,389</u>	<u>473,702</u>
Deferred Federal Income Tax Liabilities:		
Allowance for funds used during construction—debt	\$ 10,691	\$ 9,238
Bond redemptions	4,884	5,170
Excess of tax depreciation over book depreciation	347,280	304,002
Severance programs	2,606	2,606
Tax benefits flowed through to customers	102,282	106,070
Deferred energy	216,494	257,614
Divestiture costs	7,114	—
Ad valorem taxes	3,372	3,336
Merger amortizations	2,892	2,000
Other—net	<u>4,152</u>	<u>3,969</u>
	<u>701,767</u>	<u>694,005</u>
Net Deferred Federal Income Tax Liability	<u>\$ 222,378</u>	<u>\$ 220,303</u>

NPC's balance sheet contains a net regulatory asset of \$86.5 million at December 31, 2003 and \$88.8 million at December 31, 2002. The net regulatory asset consists of future revenue to be received from customers (a regulatory asset) of \$102.3 million at December 31, 2003 and \$106.1 million at December 31, 2002, due to flow-through of the tax benefits of temporary differences. Offset against this amount are future revenues to be refunded to customers (a regulatory liability), consisting of \$4.9 million at December 31, 2003 and \$5.4 million at December 31, 2002 due to temporary differences for liberalized depreciation at rates in excess of current tax rates, and \$10.9 million at December 31, 2003 and \$11.9 million at December 31, 2002 due to unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

Based on estimated future taxable income of NPC, the NOL is expected to be fully utilized by 2008. Accordingly, no valuation allowance has been recorded as of December 31, 2003 because it is more likely than not that the NOLs will be fully utilized.

Sierra Pacific Power Company

The following reflects the composition of taxes on income (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
As Reflected in Statement of Income:			
Federal income taxes (benefits)			
Current tax expense	\$ 9,250	\$ (18,909)	\$ (69,490)
Amortization of excess deferred taxes	(1,697)	(1,697)	(1,697)
Amortization of investment tax credits	(1,533)	(1,824)	(1,890)
Deferred income expense	<u>(19,724)</u>	<u>15,508</u>	<u>83,808</u>
Total federal income taxes	(13,704)	(6,922)	10,731
State income taxes (benefits)	<u>—</u>	<u>—</u>	<u>(2,224)</u>
Federal and state income tax (benefits) on operating income	(13,704)	(6,922)	8,507
Other income—net			
Current tax expense (benefit)	1,467	2,431	(91)
Deferred income expense (benefit)	<u>—</u>	<u>—</u>	<u>—</u>
Total taxes included in other income—net	<u>1,467</u>	<u>2,431</u>	<u>(91)</u>
Total	<u>\$ (12,237)</u>	<u>\$ (4,491)</u>	<u>\$ 8,416</u>

The total income tax provision differs from amounts computed by applying the federal statutory tax rate to income before income taxes for the following reasons (dollars in thousands):

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Income/(Loss) from continuing operations	\$ (23,275)	\$ (13,968)	\$ 22,743
Total income tax expense (benefit)	<u>(12,237)</u>	<u>(4,491)</u>	<u>8,416</u>
	(35,512)	(18,459)	31,159
Statutory tax rate	35%	35%	35%
Expected income tax expense (benefit)	(12,429)	(6,461)	10,906
Depreciation related to difference in costs basis for tax purposes	2,794	1,650	1,513
Allowance for funds used during construction—equity	(1,022)	(40)	(298)
ITC amortization	(1,533)	(1,824)	(1,824)
State taxes (net of federal benefit)	—	—	(1,446)
Pension benefit plan	(1,113)	1,400	697
Other—net	<u>(491)</u>	<u>784</u>	<u>(1,132)</u>
	<u>\$ (13,794)</u>	<u>\$ (4,491)</u>	<u>\$ 8,416</u>
Effective tax rate before effects of federal income tax settlement	38.8%	24.3%	27.0%
Effects of federal income tax settlement	1.557	—	—
	<u>\$ (12,237)</u>	<u>\$ (4,491)</u>	<u>\$ 8,416</u>
Effective tax rate	34.5%	24.3%	27.0%

The IRS began an audit of SPR's consolidated income tax returns in the third quarter of 2002. The years under examination include the separate company returns for NPC and its subsidiaries for 1997 and 1998 and the consolidated returns for SPR and its subsidiaries for 1997 through 2001. The focus of the examination is the net operating losses generated in 2000 and 2001 and carried back to earlier years. The losses reported in 2000 and 2001 are mainly due to the deductions claimed for purchased fuel and purchased power. At December 31, 2003, SPR reached settlements with the IRS for certain matters including the 1997- 2001 tax years. As a result of the settlements, SPPC recognized tax expense, which decreased net income by approximately \$1.6 million.

The net deferred federal income tax liability consists of deferred federal income tax liabilities less related deferred federal income tax assets, as shown (dollars in thousands):

	<u>2003</u>	<u>2002</u>
Deferred Federal Income Tax Assets:		
Net operating loss carryforward	\$ —	\$ 237
Avoided interest capitalized	17,866	17,117
Employee benefit plans	6,479	4,396
Reserve for bad debts	1,617	3,620
Contributions in aid of construction and customer advances	39,550	37,859
Gross-ups received on contributions in aid of construction and customer advances	5,916	5,611
Excess deferred income taxes	12,609	11,100
Unamortized investment tax credit	13,493	14,318
Additional minimum pension liability	267	350
Provision for contract termination	37,790	30,372
Other	<u>2,227</u>	<u>3,514</u>
	<u>137,814</u>	<u>128,494</u>
Deferred Federal Income Tax Liabilities:		
Allowance for funds used during construction—debt	\$ 7,987	\$ 7,043
Bond redemptions	5,828	5,962
Excess of tax depreciation over book depreciation	246,891	251,809
Severance programs	3,284	2,413
Tax benefits flowed through to customers	53,265	57,818
Deferred energy	61,735	82,026
Divestiture costs	4,644	—
Merger amortizations	2,944	2,378
Other	<u>8,236</u>	<u>3,423</u>
	<u>394,814</u>	<u>412,872</u>
Net Deferred Federal Income Tax Liability	<u>\$ 257,000</u>	<u>\$ 284,378</u>

SPPC's balance sheets contain a net regulatory asset of \$27.2 million at December 31, 2003 and \$32.4 million at December 31, 2002. The net regulatory asset consists of future revenue to be received from customers (a regulatory asset) of \$53.3 million at December 31, 2003 and \$57.8 million at December 31, 2002, due to flow-through of the tax benefits of temporary differences. Offset against this amount are future revenues to be refunded to customers (a regulatory liability), consisting of \$12.6 million at December 31, 2003 and \$11.1 million at December 31, 2002, due to temporary differences for liberalized depreciation at rates in excess of current tax rates, and \$13.5 million at December 31, 2003 and \$14.3 million at December 31, 2002 due to unamortized investment tax credits. The regulatory liability for temporary differences related to liberalized depreciation will continue to be amortized using the average rate assumption method required by the Tax Reform Act of 1986. The regulatory liability for temporary differences caused by the investment tax credit will be amortized ratably in the same fashion as the accumulated deferred investment credit.

Based on estimated future taxable income of SPPC, the NOL is expected to be fully utilized by 2008. Accordingly, no valuation allowance has been recorded as of December 31, 2003, because it is more likely than not that the NOLs will be fully utilized.

NOTE 13. RETIREMENT PLAN AND POST-RETIREMENT BENEFITS

SPR has pension plans covering substantially all employees. Benefits are based on years of service and the employee's highest compensation for a period of five years prior to retirement. SPR also has other postretirement plans which provide medical and life insurance benefits for certain retired employees. The following tables provide a reconciliation of benefit obligations, plan assets and the funded status of the plans. This reconciliation is based on a September 30 measurement date (dollars in thousands):

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Change in benefit obligations				
Benefit obligation, beginning of year	\$ 428,976	\$ 360,678	\$ 132,169	\$ 75,442
Service cost	15,206	11,954	2,455	1,287
Interest cost	29,400	27,733	8,883	5,599
Participant contributions	—	—	817	590
Plan amendment & special termination	—	7,938	—	—
Actuarial loss	39,401	50,670	22,079	56,189
Benefits paid	<u>(17,703)</u>	<u>(29,997)</u>	<u>(7,133)</u>	<u>(6,938)</u>
Benefit obligation, end of year	<u>\$ 495,280</u>	<u>\$ 428,976</u>	<u>\$ 159,270</u>	<u>\$ 132,169</u>

The accumulated benefit obligations for Pension Benefits at the end of 2003 and 2002 were \$397 million and \$347 million respectively.

The weighted-average actuarial assumptions used to determine end of year benefit obligations are as follows:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Discount rate	6.00%	6.75%	6.00%	6.75%
Rate of compensation increase	4.50%	4.50%	N/A	N/A

For measurement purposes, a 6% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2004. The rate was assumed to remain at 6% for all future years.

The discount rate for pension cost purposes is the rate at which the pension obligations could be effectively settled. This rate is based on high-grade bond yields, after allowing for call and default risk. The yields for 30-year Treasury, Merrill Lynch 10+ High Quality, Moody's Aa and Moody's Baa bonds were considered in the selection of the discount rate. SPR elected to use the Moody's Aa composite bond index, which was 5.86% on the plan measurement date of September 30, 2003, to select the discount rate used in calculating benefit obligations. The maturity dates and amounts of this bond index is estimated to be similar to the timing and expected future benefit payments of the plan.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates (assuming all other assumptions are static) would have the following effect (dollars in thousands):

<u>Effect on the postretirement benefit obligation</u>	<u>2003</u>	<u>2002</u>
Effect of a 1-percentage point increase	\$ 19,590	\$ 14,886
Effect of a 1-percentage point decrease	\$ (16,086)	\$ (12,324)

SPR contributions for the Other Postretirement benefits reflect benefit payments made by SPR (dollars in thousands):

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Change in plan assets				
Fair value of plan assets, beginning of year	\$ 238,834	\$ 275,305	\$ 48,425	\$ 61,406
Actual return on plan assets	57,964	(23,090)	9,709	(6,817)
SPR contributions	56,417	16,616	222	183
Participant contributions	—	—	817	590
Acquisition and divestiture	—	—	—	—
Benefits paid	(17,703)	(29,997)	(7,133)	(6,937)
Fair value of plan assets, end of year	<u>\$ 335,512</u>	<u>\$ 238,834</u>	<u>\$ 52,040</u>	<u>\$ 48,425</u>

The asset allocation for SPR's pension plans at the end of 2003 and 2002, and the target allocation for 2004, by asset category, follows. The fair value of plan assets for these plans is \$335.5 million and \$238.8 million, at the end of 2003 and 2002, respectively. The expected long-term rate of return on these plan assets was 8.50% in 2003 and 8.50% in 2002. SPR has established medium and long-term performance objectives for its plan assets to ensure that the returns exceed the actuarial assumption of 8.5%.

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Percentage of Plan Assets at Year End</u>	
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Equity securities	60%	60.8%	56.4%
Fixed securities	40%	39.2%	43.6%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The asset allocation for the other postretirement benefit plans at the end of 2003 and 2002, and target allocation for 2004, by asset category, follows. The fair value of plan assets for these plans is \$52.0 million and \$48.4 million at the end of 2003 and 2002, respectively. The expected long-term rate of return on these plan assets was 8.50% in both 2003 and 2002.

<u>Asset Category</u>	<u>Target Allocation</u>	<u>Percentage of Plan Assets at Year End</u>	
	<u>2004</u>	<u>2003</u>	<u>2002</u>
Equity securities	60%	60.8%	73.5%
Fixed Income securities	40%	39.2%	26.5%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

The basic principles directing SPR's management of the pension and other post-retirement plan assets are ensuring the safety of the principal of the assets and obtaining asset performance to meet the continuing obligations of the plan. SPR strives to maintain a reasonable and prudent amount of risk, and seeks to limit risk through diversification of assets. Also, SPR considers the ability of the plan to pay all benefit and expense obligations when due, and to control the costs of administering and managing the plan.

SPR's investment guidelines prohibit investing the plan assets in real estate, derivatives, and SPR's own stock. Currently, the plan assets are invested in international and domestic equity securities, and fixed securities which include bonds.

Asset allocation is based on long-term capital market behavior and the liquidity needs of the plan. The financial implications of a wide range of investment alternatives (conservative to aggressive) are evaluated over various time periods. Return, risk and diversification assumptions are established for equities and fixed income. The key decisions focus on balancing the rewards of normal market behavior against the risks of poor market behavior over a three-to-seven year planning period.

Funded Status (dollars in thousands)

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Funded Status, end of year	\$ (159,768)	\$ (190,142)	\$ (107,230)	\$ (83,744)
Unrecognized net actuarial losses	146,708	154,222	74,676	61,553
Unrecognized prior service cost	15,036	17,001	660	724
Unrecognized net transition obligation	—	—	8,342	9,311
Contributions made in 4th quarter	<u>40,313</u>	<u>24,495</u>	<u>—</u>	<u>—</u>
Accrued pension and postretirement benefit obligations	<u>\$ 42,289</u>	<u>\$ 5,576</u>	<u>\$ (23,552)</u>	<u>\$ (12,156)</u>

Amounts for pension and postretirement benefits recognized in the consolidated balance sheets consist of the following (dollars in thousands):

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Prepaid pension asset	\$ 57,465	\$ 19,813	N/A	N/A
Accrued benefit liability	(15,176)	(14,237)	\$ (23,552)	\$ (12,156)
Intangible asset	15,036	17,001	N/A	N/A
Accumulated other comprehensive income	48,344	72,550	N/A	N/A
Additional minimum liability	<u>(63,380)</u>	<u>(89,551)</u>	<u>N/A</u>	<u>N/A</u>
Net amount recognized	<u>\$ 42,289</u>	<u>\$ 5,576</u>	<u>\$ (23,552)</u>	<u>\$ (12,156)</u>

At the end of 2003 and 2002, the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets, and pension plans with an accumulated benefit obligation in excess of plan assets, were as follows (dollars in thousands):

<u>End of Year</u>	<u>Projected and Accumulated Benefit Obligation Exceeds the Fair Value of Plan's Assets</u>	
	<u>2003</u>	<u>2002</u>
Projected benefit obligation	\$ 495,280	\$ 428,976
Accumulated benefit obligation	\$ 396,916	\$ 346,687
Fair value of plan assets	\$ 335,512	\$ 238,834

The accumulated postretirement benefit obligation exceeds plan assets for all of SPR's other postretirement benefit plans.

Expected Cash Flows (dollars in thousands)

Information about the expected cash flows for the pension and other postretirement benefit plans follow:

	<u>Pension Benefits</u>	<u>Other Benefits</u>
Employer Contributions to Funded Plans		
2004 (expected)	\$ 35,500	\$ 233
Expected Benefit Payments		
2004	\$ 18,293	\$ 7,288
2005	18,908	7,651
2006	19,925	7,993
2007	21,262	8,364
2008	22,715	8,704
2009–2013	143,710	49,712

The above benefit payments are obligations of the indicated Plan and reflect payments, which do not include employee contributions. The expected benefit payment information that reflects the employer obligation is almost entirely paid from plan assets. A small portion of the pension benefit obligation is paid from the plan sponsor's assets.

Net periodic pension and other postretirement benefit costs include the following components (dollars in thousands):

	<u>Pension Benefits</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service cost	\$ 15,206	\$ 11,954	\$ 13,494
Interest cost	29,400	27,733	27,742
Expected return on assets	(21,135)	(22,768)	(28,806)
Amortization of:			
Prior service costs	1,966	1,676	1,195
Actuarial losses	10,086	2,252	200
Net periodic benefit cost	35,523	20,847	13,825
Additional charges:			
Special termination charges	—	1,646	394
Total net benefit cost	<u>\$ 35,523</u>	<u>\$ 22,493</u>	<u>\$ 14,219</u>

	<u>Other Postretirement Benefits</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Service cost	\$ 2,455	\$ 1,287	\$ 1,922
Interest cost	8,883	5,599	6,358
Expected return on assets	(3,860)	(5,044)	(6,774)
Amortization of:			
Prior service costs	63	187	—
Transition obligation	969	969	969
Actuarial losses	2,866	—	—
Net periodic benefit cost	11,376	2,998	2,475
Additional charges:			
Special termination charges	—	58	—
Total net benefit cost	<u>\$ 11,376</u>	<u>\$ 3,056</u>	<u>\$ 2,475</u>

Weighted-average assumptions used to determine net periodic cost for indicated years are as follows:

	<u>Pension Benefits</u>			<u>Other Postretirement Benefits</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Discount rate	6.75%	7.50%	8.00%	6.75%	7.50%	8.00%
Expected Return on Plan Assets	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Rate of compensation increase	4.50%	4.50%	4.50%	N/A	N/A	N/A

For measurement purposes, a 6% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2004. The rate was assumed to remain at 6% in all future years.

The expected rate of return on plan assets was determined by considering a realistic projection of what assets can earn, given existing capital market conditions, historical equity and bond premiums over inflation, the effect of "normative" economic conditions that may differ from existing conditions, and projected rates of return on reinvested assets.

The expected long-term rate of return on plan assets is 8.5% in 2004.

The assumed health care cost trend rate has a significant effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate would have had the following effect (dollars in thousands):

<u>One percentage point change</u>	<u>Increase</u>	<u>Decrease</u>
Effect on service and interest components of net periodic cost	\$ 1,028	\$ (843)

There were no significant transactions between the plan and the employer or related parties during 2003, 2002 or 2001.

NOTE 14. STOCK COMPENSATION PLANS

At December 31, 2003, SPR had several stock-based compensation plans which are described below.

SPR's executive long-term incentive plan for key management employees, which was approved by shareholders on May 16, 1994, provides for the issuance of up to 750,000 of SPR's common shares to key employees through December 31, 2003. On June 19, 2000, shareholders approved an increase of 1,000,000 shares for the executive long-term incentive plan. The plan permits the following types of grants, separately or in combination: nonqualified and qualified stock options, stock appreciation rights, restricted stock, performance units, performance shares, and bonus stock. During 2003, SPR issued nonqualified stock options and restricted stock under the long-term incentive plan.

Non-Qualified Stock Options

Elected officers specifically designated by the Board of Directors are eligible to be awarded nonqualified stock options (NQSO's) based on the guidelines in the plan. These grants are at 100% of the then current fair market value, and vest over different periods, as stated in the grant. These options have to be exercised within ten years of award and five years after retirement.

NQSO's granted during 2003 were issued at an option price not less than market value at the date of the grants. The grant of 25,000 options awarded in July 2003, will vest to the participant over six months from the grant date, and the grant 30,000 options awarded in January 2003 were fully vested on the date of grant. The grants may be exercised for a period not exceeding ten years from the grant date. The options may be exercised using either cash or previously acquired shares valued at the current market price, or a combination of both.

A summary of the status of SPR's nonqualified stock option plan as of December 31, 2003, 2002, and 2001, and changes during the year is presented below:

	<u>2003</u>		<u>2002</u>		<u>2001</u>	
	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>
Nonqualified Stock Options						
Outstanding at beginning of year	1,399,809	\$ 16.56	1,213,958	\$ 18.28	799,428	\$ 19.94
Granted	55,000	\$ 5.69	502,380	\$ 14.05	414,530	\$ 15.08
Exercised	—	—	—	—	—	—
Forfeited	82,940	\$ 13.25	316,529	\$ 19.16	—	—
Outstanding at end of year	1,371,869	\$ 16.33	1,399,809	\$ 16.56	1,213,958	\$ 18.28
Options exercisable at year-end	1,369,786	\$ 16.35	524,301	\$ 19.07	262,533	\$ 23.03
Weighted-average grant date fair value of options granted(1):						
Average of all grants for:						
2003		\$ 3.61				
2002				\$ 4.56		
2001						\$ 3.83

- (1) The fair value of each nonqualified option has been estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants issued in 2003, 2002 and 2001:

<u>Year of Option Grant</u>	<u>Average Dividend Yield</u>	<u>Average Expected Volatility</u>	<u>Average Risk-Free Rate of Return</u>	<u>Average Expected Life</u>
2003	0.00%	46.97%	4.64%	10 years
2002	0.00%	38.23%	5.03%	10 years
2001	4.99%	32.31%	5.32%	10 years

The following table summarizes information about nonqualified stock options outstanding at December 31, 2003:

<u>Year of Grant</u>	<u>Average Exercise Price</u>	<u>Options Outstanding</u>		<u>Average Exercise Price</u>	<u>Options Exercisable</u>	
		<u>Number Outstanding at 12/31/03</u>	<u>Remaining Contractual Life</u>		<u>Number Exercisable at 12/31/03</u>	
1994	\$ 14.24	8,003	< 1 year	\$ 14.24	8,003	
1995	\$ 13.02	9,010	1 year	\$ 13.02	9,010	
1996	\$ 16.23	7,485	2 years	\$ 16.23	7,485	
1997	\$ 19.97	24,788	3 years	\$ 19.97	24,788	
1998	\$ 24.93	48,240	4 years	\$ 24.93	48,240	
1999	\$ 25.11	164,206	5 - 5.6 years	\$ 25.11	164,206	
2000	\$ 16.00	400,000	6 years	\$ 16.00	400,000	
2001	\$ 15.95	266,187	7 - 7.9 years	\$ 15.95	266,187	
2002	\$ 7.99	388,950	8 - 8.9 years	\$ 7.99	388,950	
2003	\$ 5.65	55,000	9 - 9.5 years	\$ 5.65	52,917	
Weighted Average Remaining Contractual Life			6.63 years			

Each participant was granted dividend equivalents for all 1996 and prior nonqualified option grants. Each dividend equivalent entitles the participant to receive a contingent right to be paid an amount equal to dividends declared on shares originally granted from the date of grant through the exercise date. Dividend equivalents will be forfeited if options expire unexercised.

In 2003, all of the outstanding performance shares were converted into shares of restricted stock. As a consequence, there are currently no outstanding grants of performance shares.

Restricted Stock Shares

All of the performance shares outstanding at December 31, 2002 were converted into shares of restricted stock.

In 2003, SPR granted an additional 419,376 shares of restricted stock at an average grant price of \$6.57 per share. Of the shares granted, 409,376 shares will vest over four years with one-third becoming available in each of the years ended December 31, 2004, 2005, and 2006. The remaining 10,000 shares will vest over three years at one-third per year.

In 2002, SPR granted 4,500 restricted stock shares at an average grant price of \$6.55 per share. The grants vest over four years at 25% per year. In 2003, according to the vesting schedule for each grant, 1,125 shares were issued under these grants.

During 2001, SPR granted 13,200 shares of restricted stock at an average grant price of \$15.72 per share. The grants vest to the participants over four years at 25% per year. In 2003, in accordance with the conditions of each grant, 675 shares were issued under these grants.

Employee Stock Purchase Plan

Upon the inception of SPR's employee stock purchase plan, SPR was authorized to issue up to 400,162 shares of common stock to all of its employees with minimum service requirements. On June 19, 2000, shareholders approved an additional 700,000 shares for distribution under the plan. According to the terms of the plan, employees can choose twice each year to have up to 15% of their base earnings withheld to purchase SPR's common stock. The purchase price of the stock is 90% of the market value on the offering commencement date. Employees can withdraw from the plan at any time prior to the exercise date. Under the plan SPR sold 100,660, 73,321 and 33,830 shares to employees in 2003, 2002, and 2001, respectively. For purposes of determining the pro forma disclosure, compensation cost has been estimated for the employees' purchase rights on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for 2003, 2002 and 2001, with an option life of six months:

<u>Year</u>	<u>Average Dividend Yield</u>	<u>Average Expected Volatility</u>	<u>Average Risk- Free Rate of Return</u>	<u>Weighted Average Fair Value</u>
2003	0.00%	52.40%	0.98%	\$ 1.29
2002	0.00%	38.00%	3.12%	\$ 1.45
2001	5.01%	32.43%	2.82%	\$ 2.72

NOTE 15. COMMITMENTS AND CONTINGENCIES (SPR, NPC And SPPC)

Purchased Power

At December 31, 2003, NPC has six long-term contracts for the purchase of electric energy. Expiration of these contracts ranges from 2016 to 2024. SPPC has one long-term contract with an expiration date of 2009. In accordance with the Public Utility Regulatory Policies Act, the Utilities are obligated, under certain conditions, to purchase the generation produced by small power producers and cogeneration facilities at costs determined by the appropriate state utility commission. Generation facilities that meet the specifications of the regulations are known as qualifying facilities (QF). As of December 31, 2003, NPC had a total of 305 MWs of contractual firm capacity under contract with four QFs. The contracts terminate between 2022 and 2024. As of December 31, 2003, SPPC had a total of 109 MWs of maximum contractual firm capacity under 15 contracts with QFs. SPPC also has contracts with three projects at variable short-term avoided cost rates. SPPC's long-term QF contracts terminate between 2006 and 2039.

Estimated future commitments under non-cancelable agreements (including agreements with QF's as of December 31, 2003) were as follows (dollars in thousands):

	<u>Purchased Power</u>		
	<u>NPC</u>	<u>SPPC</u>	<u>Total</u>
2004	\$ 358,753	\$ 57,030	\$ 415,783
2005	301,222	29,385	330,607
2006	240,848	29,969	270,817
2007	210,797	30,767	241,564
2008	192,374	32,259	224,633
Thereafter	2,897,461	5,540	2,903,001

Coal and Natural Gas

The Utilities have several long-term contracts for the purchase and transportation of coal and natural gas. These contracts expire in years ranging from 2004 to 2027. Estimated future commitments under non-cancelable agreements were as follows (dollars in thousands):

	<u>Coal and Gas</u>			<u>Transportation</u>		
	<u>NPC</u>	<u>SPPC</u>	<u>Total</u>	<u>NPC</u>	<u>SPPC</u>	<u>Total</u>
2004	\$ 57,414	\$ 101,025	\$ 158,439	\$ 40,025	\$ 62,519	\$ 102,544
2005	16,700	18,001	34,701	24,736	57,586	82,322
2006	19,322	18,322	37,644	24,736	52,869	77,605
2007	18,000	—	18,000	24,736	52,822	77,558
2008	—	—	—	24,736	45,684	70,420
Thereafter	—	—	—	245,764	255,662	501,426

Leases

SPPC has an operating lease for its corporate headquarters building. The primary term of the lease is 25 years, ending 2010. The current annual rental is \$5.4 million, which amount remains constant until the end of the primary term. The lease has renewal options for an additional 50 years.

SPR's estimated future minimum cash payments, including SPPC's headquarters building, under non-cancelable operating leases as of December 31, 2003, were as follows (dollars in thousands):

Operating Leases

	<u>NPC</u>	<u>SPPC</u>	<u>Other Subs</u>	<u>Total</u>
2004	\$ 1,909	\$ 8,152	\$ 177	\$ 10,238
2005	1,501	7,553	—	9,054
2006	936	7,197	—	8,133
2007	35	5,965	—	6,000
2008	8	5,966	—	5,974
Thereafter	450	22,153	—	22,603

Other

On December 18, 2003, SPPC entered into a 15 year Transportation Service Agreement (the Agreement) with Tuscarora Gas Transmission Company, a related company. The agreement calls for SPPC to take 23,000 dth/day of capacity beginning in the winter of 2005.

Environmental

Nevada Power Company

The Grand Canyon Trust and Sierra Club filed a lawsuit in the U.S. District Court, District of Nevada in February 1998 against the owners (including NPC) of the Mohave Generation Station ("Mohave"), alleging violations of the Clean Air Act regarding emissions of sulfur dioxide and particulates. An additional plaintiff, National Parks and Conservation Association, later joined the suit. The plant owners and plaintiffs have had numerous settlement discussions and filed a proposed settlement with the court in October 1999. The consent decree, approved by the court in November 1999, established emission limits for sulfur dioxide and opacity and required installation of air pollution controls for sulfur dioxide, nitrogen oxides, and particulate matter. The new emission limits must be met by January 1, 2006 and April 1, 2006 for the first and second units, respectively. The estimated cost of new controls is \$1.2 billion. As a 14% owner in Mohave, NPC's cost could be \$168 million. However, due to the coal and water issues discussed below it is not the intention of SCE and other owners to proceed with the pollution control equipment.

NPC's ownership interest in Mohave comprises approximately 10% of NPC's peak generation capacity. SCE is the operating partner of Mohave. On May 17, 2002, SCE filed with the CPUC an application to address the future disposition of SCE's share of Mohave. Mohave obtains all of its coal supply from a mine in northeast Arizona on lands of the Tribes. This coal is delivered from the mine to Mohave by means of a coal slurry pipeline, which requires water that is obtained from groundwater wells located on lands of the Tribes in the mine vicinity.

Due to the lack of progress in negotiations with the Tribes and other parties to resolve several coal and water supply issues, SCE's application states that it appears that it probably will not be possible for SCE to extend Mohave's operations beyond 2005. Due to the uncertainty over a post-2005 coal supply, SCE and the other Mohave co-owners have been prevented from commencing the installation of extensive pollution control equipment that must be put in place if Mohave's operations are extended past 2005.

Because of the coal and water supply issues at Mohave, NPC is preparing for the shutdown of the facility by the end of 2005. In July, NPC filed an IRP with the PUCN that assumed the Plant will be unavailable after December 31, 2005. In addition, in its General Rate Case filed on October 1, 2003, NPC requested that the PUCN authorize a higher depreciation rate be applied to Mohave in order to recover the remaining net book value of \$40.5 million by end of 2005. Alternatively, NPC requested that the PUCN authorize the transfer of the remaining book value to a regulatory asset account to be amortized over a period as determined by the PUCN.

In May 1997, the NDEP ordered NPC to submit a plan to eliminate the discharge of Reid Gardner Station wastewater to groundwater. The NDEP order also required a hydrological assessment of groundwater impacts in the area. In June 1999, NDEP determined that wastewater ponds had degraded groundwater quality. In August 1999, NDEP issued a discharge permit to Reid Gardner Station and an order that requires all wastewater ponds to be closed or lined with impermeable liners over the next 10 years.

This order also required NPC to submit a Site Characterization Plan to NDEP to ascertain impacts. This plan has been approved by NDEP. NDEP was originally expected to identify remediation requirements of contaminated groundwater resulting from these evaporation ponds by September 2003. Recently, NDEP indicated that remediation requirements will be identified by mid year 2004. New pond construction and lining costs are estimated to cost approximately \$25 million, of which, a majority is expected to be spent by the end of 2004.

At the Reid Gardner Station, NDEP has determined that there is additional groundwater contamination that resulted from oil spills at the facility. NDEP required NPC to submit a corrective action plan. A hydro-geologic evaluation of the current remediation was completed, and a dual phase extraction remediation system, which was approved by NDEP, commenced operation in October 2003.

In July 2000, NPC received a request from the EPA for information to determine the compliance of certain generation facilities at NPC's Clark Station with the applicable State Implementation Plan. In November 2000, NPC and the Clark County Health District entered into a Corrective Action Order requiring, among other steps, capital expenditures at the Clark Station totaling approximately \$3 million. In March 2001, the EPA issued an additional request for information that could result in remediation beyond that specified in the November 2000 Corrective Action Order. On October 31, 2003, the EPA issued a violation regarding turbine blade upgrades, which occurred in July 1993. A conference between the EPA and NPC occurred in December 2003. NPC presented evidence on the nature and finding of the alleged violations. It is NPC's position that a violation did not occur and management is presently involved in the discovery process to support management's position. Monetary penalties and retrofit control cost, if any, cannot be reasonably estimated at this time.

NEICO, a wholly owned subsidiary of NPC, owns property in Wellington, Utah, which was the site of a coal washing and load out facility. The site has a reclamation estimate supported by a bond of \$4.8 million with the Utah Division of Oil and Gas Mining. Currently, management is continuing to evaluate various options including reclamation and sale. At this time the maximum financial impact on the Company is \$4.8 million.

Sierra Pacific Power Company

In September 1994, Region VII of the EPA notified SPPC that it was being named as a potentially responsible party (PRP) regarding the past improper handling of Polychlorinated Biphenyls (PCB's) by PCB Treatment, Inc., in two buildings, one located in Kansas City, Kansas and the other in Kansas City, Missouri (the Sites). Prior to 1994, SPPC sent PCB contaminated material to PCB Treatment, Inc. for disposal. Certificates of disposal were issued to SPPC by PCB Treatment, Inc.; however, the contaminated material was not disposed of, but remained on-site. A number of the largest PRPs formed a steering committee, which is chaired by SPPC. The steering committee has completed its site investigations and the EPA has determined that the Sites should be remediated by removing the buildings to the appropriate landfills. The EPA issued an administrative order on consent requiring the steering committee to oversee the performance of the work. SPPC recorded a preliminary liability for the Sites of \$650,000. The steering committee is obtaining cost estimates for removal of the buildings. Once these costs have been determined, SPPC will be in a better position to estimate and revise, if necessary, its recorded liability for the Sites.

Lands of Sierra

LOS, a wholly-owned subsidiary of SPR, owns property in North Lake Tahoe, California, which is leased to independent condominium owners. The property has both soil and groundwater petroleum contamination resulting from an underground fuel tank that was removed from the property. Additional contamination from a third party fuel tank on the property has also been identified and is undergoing remediation. On February 3, 2003, the Lahontan Regional Water Quality Control Board re-opened the case against this property. The re-opening occurred due to onsite monitoring, which showed increased levels of contamination. SPR has completed the evaluation of alternative remediation technologies and their effectiveness in reducing contamination at this site. On January 27, 2004, Lahontan Regional Water Quality Board rendered a decision requiring a dual phase water extraction remediation system. The cost to implement this system is not material.

Litigation Contingencies

Nevada Power Company and Sierra Pacific Power Company

Enron Litigation

In June 2002, Enron filed a complaint with the Bankruptcy Court against NPC and SPPC (the Utilities) seeking to recover liquidated damages for power supply contracts terminated by Enron in May 2002 and for unpaid power previously delivered to the Utilities (as defined below). The Utilities denied liability on numerous grounds, including deceit and misrepresentation in the inducement (including, but not limited to, misrepresentation as to Enron's ability to perform) and fraud, unfair trade practices and market manipulation. The Utilities also filed proofs of claims and counterclaims against Enron, for the full amount of the approximately \$300 million claimed to be owed and additional damages, as well as for other unspecified damages to be determined during the case as a result of acts and omissions of Enron in manipulating the power markets, wrongful termination of its transactions with the Utilities, and fraudulent inducement to enter into transactions with Enron, among other issues.

On September 26, 2003, the Bankruptcy Court entered a judgment (the Judgment) in favor of Enron for damages related to the termination of Enron's power supply agreements with the Utilities. The Judgment requires NPC and SPPC to pay approximately \$235 million and \$103 million, respectively, to Enron for liquidated damages and pre-judgment interest for power not delivered by Enron under the power supply contracts terminated by Enron in May 2002 and approximately \$17.7 million and \$6.7 million, respectively, for power previously delivered to the Utilities. The Bankruptcy Court also dismissed the Utilities' counter-claims against Enron, dismissed the Utilities' counter-claims against Enron Corp., the parent of Enron, and denied the Utilities' motion to dismiss or stay the proceedings pending the final outcome of their FERC proceedings against Enron. Based on the pre-judgment rate of 12%, NPC and SPPC recognized additional interest expense of \$27.8 million and \$12.4 million, respectively, in contract termination liabilities in the third quarter of 2003. Also, NPC and SPPC recorded additional contract termination liabilities for liquidated damages of \$6.6 million and \$2.1 million, respectively, in the third quarter of 2003. The Bankruptcy Court's order provides that until paid, the amounts owed by the Utilities will accrue interest post-judgment at a rate of 1.21% per annum.

In response to the Judgment, the Utilities filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue General and Refunding Mortgage Bonds as collateral to secure payment of the Judgment. On November 6, 2003, the Bankruptcy Court ruled to stay execution of the Judgment conditioned upon NPC and SPPC posting into escrow \$235 million and \$103 million, respectively, of General and Refunding Mortgage Bonds plus \$281,695 in cash by NPC for pre-judgment interest. On December 4, 2003, NPC and SPPC complied with the order of the Bankruptcy Court by issuing their \$235 million General and Refunding Mortgage Bond, Series H and \$103 million General and Refunding Mortgage Bond, Series E, respectively, into escrow along with the required cash deposits for NPC. Additionally, the Utilities were ordered to place into escrow \$35 million, approximately \$24 million and \$11 million for NPC and SPPC, respectively, within 90 days from the date of the order, which will lower the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount. NPC and SPPC made the payments as ordered on February 10, 2004. The Bankruptcy Court also ordered that during the duration of the stay, the Utilities (i) cannot transfer any funds or assets other than to unaffiliated third parties for ordinary course of business operating and capital expenses, (ii) cannot pay dividends to SPR other than for SPR's current operating expenses and debt payment obligations, and (iii) shall seek a ruling from the PUCN to determine whether the cash payments into escrow trigger the Utilities' rights to seek recovery of such amounts through their deferred energy rate cases. Furthermore, hearings have been scheduled for March 24, 2004, in front of the Bankruptcy Court to review the Utilities' abilities to provide additional cash collateral which, if required, would reduce the principal amount of the General and Refunding Mortgage Bonds held in escrow by a like amount.

On October 1, 2003 the Utilities filed a Notice of Appeal from the Judgment with the U.S. District Court for the Southern District of New York. On its appeal the Utilities seek reversal of the Judgment and contend that Enron is not entitled to recover termination charges under the contract on various grounds including breach of contract, breach of solvency representation, fraud, misrepresentation, and manipulation of the energy markets and that the Bankruptcy Court erred in holding that the filed rate doctrine barred various claims which were purported to challenge the reasonableness of the rate. Enron filed a cross appeal on the grounds that the amount of post judgment interest should have been 12% per year instead of 1.21% as ordered by the Bankruptcy Court. The Utilities filed their principal brief on December 30, 2003 and Enron filed its cross-appeal brief and reply brief on January 30, 2004. The Utilities filed a reply brief on March 1, 2004 and Enron is expected to file its final brief thereafter in March 2004. The U.S. District Court could render an opinion any time after the submission of the final briefs. The Utilities are unable to predict the outcome of their appeal of the Judgment.

On November 21, 2003, the Utilities filed a Petition for Declaratory Order with the PUCN, as required by the Bankruptcy Court's stay order seeking a determination as to whether payment of all or part of the Judgment into escrow would be subject to recovery through a deferred energy accounting adjustment. On February 6, 2004, the PUCN issued its final order indicating that posting or depositing money in escrow would not constitute payment of fuel or purchased power costs eligible for recovery in a deferred account. The PUCN ruled that "...paying into escrow while pursuing an appeal of the Bankruptcy Court's judgment and

other relief does not yet provide the circumstances of experiencing a cost which can trigger a filing seeking collection from its customer, and because the issues are not ripe, this Petition is not the docket to decide whether recovery of termination payments should be sought through a general rate case or a deferred energy proceeding."

Through December 31, 2003, interest costs related to the Judgment of \$36 million and \$16 million for NPC and SPPC, respectively, were charged as interest expense and were not included in their deferred energy balances. If the Utilities are successful in their appeal, amounts previously charged to interest expense would be reversed and recognized in income in the respective period. Similarly amounts for power supply contracts terminated by Enron included in the deferred energy balances would be reversed. If the Utilities are unsuccessful in their appeal, they may seek to recover the interest costs in the deferred account.

Any requirement to pay the Judgment or to provide further cash collateral, described above, for Enron's claims for termination payments could adversely affect SPR's, NPC's and SPPC's cash flow, financial condition and liquidity, and could make it difficult for one or more of SPR, NPC or SPPC to continue to operate outside of bankruptcy.

FERC 206 complaints

In December 2001, the Utilities filed ten wholesale-purchased power complaints with the FERC under Section 206 of the Federal Power Act seeking to reduce prices of certain forward power purchase contracts that the Utilities entered into prior to the price caps imposed by the FERC in June 2001 relating to the western United States utility crisis. The Utilities believe the prices under these purchased power contracts are unjust and unreasonable. The Utilities negotiated a settlement with Duke Energy Trading and Marketing, but were unable to reach agreement in bilateral settlement discussions with other respondents.

The Utilities have already paid the full contract price for all power actually delivered by these suppliers, but are contesting those amounts as well as claims made for terminating power suppliers that did not deliver power, including those terminated by Enron.

The Administrative Law Judge (ALJ) overseeing the Utilities' complaints and proceedings under Section 206 of the Federal Power Act issued an initial decision on December 19, 2002, which stated that the Utilities' complaints did not meet the public interest standard of proof, which the ALJ believed applied to the reformation of their contracts. NPC, SPPC, and other parties to these proceedings filed Briefs on Exceptions to the ALJ's initial order with the FERC.

On June 26, 2003, FERC adopted the ALJ's recommendation and dismissed the Utilities' Section 206 complaints on a two-to-one vote essentially finding that the strict public interest standard applied to the case and that the Utilities had failed to satisfy the burden of proof required by that standard. In that order, FERC also determined that it would not deem the order final and conclusive as to either of the Utilities' liability to Enron for purchase power contracts terminated by Enron, which may be challenged in other proceedings, including other proceedings at FERC. On July 28, 2003, the Utilities filed a petition for rehearing at the FERC requesting that the FERC either reconsider or rehear the case. The petition cited several grounds for rehearing, including that the public interest standard did not apply but that even if it did apply the Utilities had satisfied that standard as well as the less onerous just and reasonable standard which the Utilities contend does apply to the case. On November 10, 2003, the FERC issued an Order on Requests for Rehearing and Clarification, which reaffirmed the June 26, 2003 decision (by the same two-to-one margin). The Utilities intend to pursue available appeals of this matter. Under applicable statutes, the Utilities may seek judicial review before the United States Court of Appeals for the District of Columbia Circuit or the Ninth Circuit. That decision has been appealed to the D.C. Circuit Court of Appeals, which has not yet established a briefing schedule. The Utilities are unable to predict the outcome of this appeal at this time.

On October 6, 2003, the Utilities filed a new FERC Section 206 complaint against Enron to prevent Enron from obtaining a final judgment in the Bankruptcy Court case and/or prevent enforcement of any right to collect its termination payments until FERC has had a chance to review the complaint. The new complaint has been designated as Docket No. EL04-1-000. On October 27, 2003, Enron filed an answer to the Utilities' complaint and the matter is pending. On October 8, 2003, the Nevada Attorney General's office, through its Bureau of Consumer Protection, intervened on behalf of Nevada citizens, joining NPC and SPPC in opposing Enron's actions. On October 29, 2003, United States Senators Reid and Ensign of Nevada also filed an intervention joining NPC and SPPC in opposing Enron's claims to termination payments.

Enron was found by the FERC earlier this year to have unlawfully manipulated the Western energy market, engaging in fraud, deception and other actions that created power market prices that were unjust and unreasonable. Prior and subsequent to the FERC ruling, numerous Enron employees pled guilty to related criminal charges.

The 206 complaint in Docket No. EL04-1-000 asks FERC to issue an order to preserve the status quo by prohibiting Enron from enforcing the termination payment obligations set forth in the judgment until such time as FERC has an opportunity to review the merits of the Utilities' claims raised in their new FERC Section 206 complaint. The complaint further asks that FERC find that Enron's actions violated the terms of tariff language rendering Enron unable to collect termination payments; that Enron violated

federal law, including the Federal Power Act, and breached FERC's regulations and power tariffs governing the transactions. In addition, the complaint asks FERC to: (a) assert its jurisdiction over the issue of whether Enron may lawfully claim rights under the power deals to be paid for not providing power that it could not provide anyway; (b) issue an order to preserve the status quo by prohibiting Enron from enforcing the termination payment obligations set forth in the judgment until such time as FERC has an opportunity to review the merits of the Utilities' claims raised in their new FERC Section 206 complaint; (c) find that the applicable rules do not permit the sort of maneuver to create a windfall that Enron has attempted; and (d) find that, even if hypothetically Enron is technically entitled to a payment, it is neither equitable nor in the public interest for the Utilities to be required to pay Enron an additional award in excess of \$300 million. At this time, NPC and SPPC are unable to predict either the outcome or timing of a decision in this matter.

Reliant Antitrust Litigation

On April 22, 2002, Reliant Energy Services, Inc. (Reliant), filed and served a cross-complaint against NPC and SPPC in the wholesale electricity antitrust cases, which was consolidated in the Superior Court of the State of California. Plaintiffs (original plaintiffs consist of The People of the State of California, City and County of San Francisco, City of Oakland, and County of Santa Clara) in that case seek damages and restitution from the named defendants for alleged fraud, misrepresentation, and anticompetitive conduct in manipulating the energy markets in California resulting in prices far in excess of what would otherwise have been a fair price to the plaintiff class in a competitive market. Reliant filed cross-complaints against all energy suppliers selling energy in California who were not named as original defendants in the complaint, denying liability but alleging that if there is liability, it should spread among all energy suppliers. The trial court has held all answers to cross-claims in abeyance until such time as it decides whether the plaintiffs' complaint should be dismissed for failing to state a claim for relief and whether the complaint should be dismissed under the filed rate doctrine. The court granted the motion to dismiss and the case is currently on appeal.

Nevada Power Company

Morgan Stanley Proceedings

On September 5, 2002, Morgan Stanley Capital Group (MSCG) initiated arbitration pursuant to the arbitration provisions in various power supply contracts terminated by MSCG in April 2002. In the arbitration, MSCG requested that the arbitrator compel NPC to pay MSCG \$25 million pending the outcome of any dispute regarding the amount owed under the contracts. NPC claimed that nothing is owed under the contracts on various grounds, including breach by MSCG in terminating the contracts, and further, that the arbitrator does not have jurisdiction over NPC's contract claims and defenses. In March 2003, the arbitrator overseeing the arbitration proceedings dismissed MSCG's demand for arbitration and agreed that the issues raised by MSCG were not calculation issues subject to arbitration and that NPC's contract defenses were likewise not arbitrable.

On March 26, 2003, NPC filed a complaint for declaratory relief in the U.S. District Court for the District of Nevada asking the Court to declare that NPC is not liable for any damages as a result of MSCG's termination of its power supply contracts. On April 17, 2003, MSCG answered the complaint and filed a counterclaim against NPC alleging non-payment of the termination payment in the amount of \$25 million. In April 2003 MSCG also filed a complaint against NPC at FERC alleging that NPC should be required to pay MSCG the amount of the claimed termination payment pending resolution of the case. NPC filed a motion to intervene in the FERC action commenced by MSCG and FERC dismissed MSCG's complaint. NPC is unable to predict the outcome of the District Court complaint.

Reliant Resources and IDACORP Energy, L.P.

On May 3, 2002, and July 3, 2002, respectively, Reliant Resources (Reliant) and IDACORP Energy, L.P. (Idaho) terminated their power deliveries to NPC. On May 20, 2002, and July 10, 2002, Reliant and Idaho asserted claims for \$25.6 million and \$8.9 million, respectively, under the Western System Power Pool Agreement (WSPP) for liquidated damages under energy contracts that each company terminated before the delivery dates of the power. Such claims are subject to mandatory mediation and, in some cases, arbitration under the contracts. Idaho requested mediation of the contracts. NPC alleges that Idaho and Reliant were participants in market manipulation in the West and therefore are not entitled to termination payments under the contracts. The mediation was not successful and in April 2003 Idaho filed suit in Idaho. NPC moved to dismiss the complaint on jurisdictional grounds and filed its own complaint in State court in Clark County, Nevada in September 2003. The court in Idaho denied NPC's motion to dismiss without prejudice and ordered some preliminary discovery on the jurisdictional issues. The case in Nevada is currently pending.

In June 2003, Reliant Energy submitted a comprehensive settlement proposal to NPC proposing a settlement of NPC's termination payment obligation arising out of Reliant's May 2002 termination of its purchase power contracts with NPC. NPC denies that it owes Reliant any money under these contracts. Mediation of this claim occurred in 2002 and was not successful. Neither party has requested arbitration nor commenced litigation over this dispute, and the parties are continuing discussions.

El Paso Merchant Energy

In August 2002, El Paso Merchant Energy (EPME) terminated contracts for energy it had delivered to NPC under a program that called for delayed payment of the full contract price. In October 2002, EPME asserted a claim against NPC for \$19 million in damages representing the approximate amount unpaid under the contracts. NPC alleges that EPME's termination resulted in net payments due to NPC under the WSPP liquidated damages provision as and for liquidated damages measured by the difference between the contract price and market price of energy EPME was to deliver from 2004 to 2012.

In June 2003, EPME demanded mediation of its claim for a termination payment arising out of EPME's September 25, 2002, termination of all executory purchase power contracts between NPC and EPME. EPME claims that under the terms of the contracts, NPC owes EPME approximately \$39 million representing the difference between the contract price and the market price for power to be delivered under all the terminated contracts and the amount remaining unpaid under the contracts for power delivered between May 2002 and October 2002. NPC claims that EPME owes NPC an amount up to approximately \$162 million for undelivered power representing the difference between the replacement price or market price for power to be delivered under all the executory contracts and the contract price for that power. The mediation was unsuccessful, and on July 25, 2003, NPC commenced an action against EPME and several of its affiliates in the Federal District Court for the District of Nevada for damages resulting from breach of these purchase power contracts. EPME filed a motion to dismiss the complaint on grounds of lack of personal jurisdiction and failure to state a claim for relief. NPC responded to the motion to dismiss on February 27, 2004. EPME's reply is due March 17, 2004. At this time NPC is unable to predict either the outcome or timing of a decision in this matter.

Contract Termination Liabilities

At December 31, 2003, included in NPC's and SPPC's Consolidated Balance Sheets as "Contract termination liabilities," is \$280 million and \$105 million, respectively, for terminated power supply contracts and associated interest. Correspondingly, pursuant to the deferred energy accounting provisions of AB 369, included in NPC and SPPC deferred energy balances as of December 31, 2003, is approximately \$245 million and \$84 million, (which excludes interest costs discussed below) respectively, for recovery in rates in future periods associated with the terminated power supply contracts. If NPC and SPPC are required to pay part or all of the amounts accrued for, the Utilities will pursue recovery of the amounts through future deferred energy filings. To the extent that the Utilities are not permitted to recover any portion of these costs through a deferred energy filing, the amounts not permitted would be charged as a current operating expense. A significant disallowance of these costs by the PUCN could have a material adverse effect on the future financial position, results of operations, and cash flows of SPR, NPC, and SPPC.

Bonneville Square and Union Plaza

In October 2002, Bonneville Square and Union Plaza filed a complaint seeking class certification in the Eighth District Court for Clark County, Nevada, against NPC for fraud and misrepresentation for allegedly overcharging a certain class of customers for energy delivered over the past several years. Plaintiffs allege that NPC fraudulently placed its meters and measured energy delivered at a point prior to passing through transformers during which process a certain amount of energy is dissipated as heat, instead of placing the meters after they pass through the transformer. Plaintiffs claim that NPC overcharged the class by an indeterminate amount. NPC's motion to dismiss on jurisdictional grounds was denied and NPC filed a writ before the Nevada Supreme Court, which is being joined in by the PUCN, which agrees with NPC that it has exclusive jurisdiction over the suit. NPC denies that the placement of the meters was fraudulent and alleges that placement of the meters was mandated by either or both customer request or applicable tariff. The matter is currently pending.

Sierra Pacific Resources

Gordon and Anderson

On September 30, 2002, plaintiffs Stephen A. Gordon and Gail M. Gordon filed a lawsuit in the District Court for Clark County, Nevada, seeking class action status for themselves and all shareholders of SPR against SPR and all of its directors for an alleged breach of fiduciary duty in failing to meaningfully evaluate and consider an alleged offer from the Southern Nevada Water Authority (SNWA) to purchase Nevada Power Company. The suit seeks extraordinary relief in the form of an injunction requiring the directors to carefully evaluate and consider such offer, formation of a special stockholders committee to ensure fair and adequate evaluation procedures, and for unspecified damages and/or punitive damages in the event the SNWA withdraws its alleged offer before it can be carefully evaluated. SPR intends to vigorously defend the suit. No answer or responsive pleading has yet been required nor have plaintiffs moved for class certification. On September 30, 2002, plaintiff John Anderson filed a virtually identical lawsuit seeking the same relief in the same court. On March 21, 2003, plaintiffs' counsel moved to consolidate the Gordon and Anderson cases with another virtually identical lawsuit filed by John Dedolph, also filed in the same court. In July 2003, the cases were consolidated into one action and moved to the Clark County Business Court. On August 22, 2003, the judge dismissed the consolidated cases against SPR.

In 2000, SPC, and TA (formerly Montana Power), formed STA, a limited liability company whose primary purpose was to engage in communications and fiber optics business projects, including construction of a fiber optic line between Salt Lake City, Utah, and Sacramento, California. The project sustained significant cost overruns and several complaints and mechanics liens have been filed by several contractors and subcontractors, including Williams Communications LLC, Bayport Pipeline Company, and Mastec North America. In September 2002, SPC conveyed its membership interest in STA to Touch America and obtained an indemnity for any liabilities associated with STA, all in exchange for title to several fibers in the line and a \$35 million promissory note. Several of the mechanics lienors have named SPC as the owner of the project and Bayport Pipeline has suggested it may amend its complaint to name SPC.

In June 2003, TAI and all its subsidiaries (including STA) filed a petition for Chapter 11 bankruptcy protection. In July 2003, SPC filed a motion with the bankruptcy court for automatic stay relief, specifically to obtain approval of the offset of construction costs and other System-related costs against the promissory note. SPC's position is that no payments are currently due on the note, and that SPC does not have an obligation to make payments on the note during the pendency of the motion. STA and the creditors dispute this position. A status conference on the motion is scheduled for March 11, 2004, a final hearing date has not been set.

SPR and its subsidiaries, through the course of their normal business operations, are currently involved in a number of other legal actions, none of which has had or, in the opinion of management, is expected to have a significant impact on their financial positions or results of operations.

Regulatory Contingencies

The Utilities' rates are currently subject to the approval of the PUCN and, in the case of SPPC, they are also subject to the approval of CPUC. Such rates are designed to recover the cost of providing generation, transmission, and distribution services. Accordingly, the Utilities qualify for the application of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation." See Note 1 of Notes to Financial Statements, Summary of Significant Accounting Policies, for further information.

Regulatory assets represent incurred costs that have been deferred because it is probable they will be recovered through future rates collected from customers. If at any time the incurred costs no longer meet these criteria, these costs are charged to earnings. Regulatory liabilities generally represent obligations to make refunds to customers for previous collections, except for cost of removal which represents the cost of removing future electric and gas assets. Management regularly assesses whether the regulatory assets are probable of future recovery by considering actions of regulators, current laws related to regulation, applicable regulatory environment changes and the status of any pending or potential deregulation legislation. Although current rates do not include the recovery of all existing regulatory assets as discussed further below and in Note 1 of Notes to Financial Statements, Summary of Significant Accounting Policies, management believes the existing regulatory assets are probable of recovery. This determination reflects the current political and regulatory climate in the state, and is subject to change in the future. If future recovery of costs ceases to be probable, the write-off of regulatory assets would be required to be recognized as a charge or expensed in current period earnings.

Regulatory Accounting affects Deferred Energy, Goodwill and Merger Costs, Generation Divestiture Costs, and Piñon Pine, all of which are discussed immediately below. To the extent that the Utilities may not be permitted to recover any portion of deferred energy, goodwill and merger costs, generation divestiture costs and long-lived assets (Piñon Pine), the disallowed costs and related carrying charges would be required to be written off in current period earnings, except for Goodwill, which is subject to evaluation for impairment in accordance with the provisions of SFAS No. 142. A significant disallowance of these costs by the PUCN would have a material adverse effect on the future financial position, results of operations, and cash inflows of SPR, NPC, and SPPC.

Deferred Energy

Nevada and California statutes permit regulated utilities to, from time-to-time, adopt deferred energy accounting procedures. The intent of these procedures is to ease the effect of fluctuations in the cost of purchased gas, fuel, and purchased power.

On April 18, 2001, the Governor of Nevada signed into law AB 369. The provisions of AB 369, include, among others, a reinstatement of deferred energy accounting for fuel and purchased power costs incurred by electric utilities. In accordance with the provisions of SFAS No. 71, the Utilities implemented deferred energy accounting on March 1, 2001, for their respective electric operations. Under deferred energy accounting, to the extent actual fuel and purchased power costs exceed fuel and purchased power costs recoverable through current rates, that excess is not recorded as a current expense on the statement of operations but rather is deferred and recorded as an asset on the balance sheet. Conversely, a liability is recorded to the extent fuel and purchased power costs recoverable through current rates exceed actual fuel and purchased power costs. These excess amounts are reflected in adjustments to rates and recorded as revenue or expense in future time periods, subject to PUCN review.

AB 369 requires the Utilities to file applications to clear their respective deferred energy account balances at least every 12 months and provides that the PUCN may not allow the recovery of any costs for purchased fuel or purchased power "that were the result of any practice or transaction that was undertaken, managed or performed imprudently by the electric utility." In reference to deferred energy accounting, AB 369 specifies that fuel and purchased power costs include all costs incurred to purchase fuel, to purchase capacity, and to purchase energy. The Utilities also record and are eligible under the statute to recover a carrying charge on such deferred balances. Deferred energy balances subject to PUCN review as of December 31, 2003 are \$344 million and \$130 million for NPC and SPPC, respectively, including the deferred provision for terminated supply contracts.

Goodwill and Merger Costs

The order issued by the PUCN in December 1998 approving the merger of SPR and NPC directed both NPC and SPPC to defer three categories of merger costs to be reviewed for recovery through future rates. That order specifically directed both Utilities to defer merger transaction costs, transition costs and goodwill costs for a three-year period. The deferral of these costs was intended to allow adequate time for the anticipated savings from the merger to develop. At the end of the three-year period, the order instructs the Utilities to propose an amortization period for the merger costs and allows the Utilities to recover the costs to the extent they are offset by merger savings.

Costs deferred as a result of the PUCN order were \$325.1 million of goodwill and \$62.8 million in other merger costs as of December 31, 2003. The deferred other merger costs consist of \$41.5 million of transaction and transition costs and \$21.3 million of employee separation costs. Employee separation costs were comprised of \$16.8 million of employee severance, relocation and related costs, and \$4.5 million of pension and post-retirement benefits net of plan curtailment gains. These amounts are included in NPC's and SPPC's current general rate case. We expect a decision in NPC's case in the later part of March 2004 and late spring 2004 for SPPC.

Generation Divestiture Costs

As a condition to its approval of the merger between SPR and NPC, the Utilities filed, and in February 2000 the PUCN approved, a revised Divestiture Plan stipulation for the sale of the Utilities' generation assets. In May 2000, an agreement was announced for the sale of NPC's 14% undivided interest in the Mohave. In the fourth quarter of 2000, the Utilities announced agreements to sell six additional bundles of generation assets described in the approved Divestiture Plan. The sales were subject to approval and review by various regulatory agencies.

AB 369, which was signed into law on April 18, 2001, prohibited the sale of generation assets until July 2003 and directs the PUCN to vacate any of its orders that had previously approved generation divestiture transactions. In January 2001, California enacted a law that prohibits any further divestiture of generation properties by California utilities until 2006, including SPPC, and could also affect any sale of NPC's interest in Mohave after July 2003 since the majority owner of that project is Southern California Edison. SPPC's request for an exemption from the requirements of a separate California law requiring approval of the CPUC to divest its plants was denied. In September 2002, the California Legislature approved an exemption to AB 6, which had prevented private utilities from selling any power plants that provide energy to California customers until 2006. The exemption allows SPPC to complete the sale of the hydroelectric units to Truckee Meadows Water Authority (TMWA) subject to review and approval of the sale by the CPUC.

The sales agreements for the six bundles provided that they would terminate eighteen months after their execution and all of the agreements have now terminated in accordance with their respective provisions. As of December 31, 2003, NPC and SPPC had incurred costs, including carrying charges, of approximately \$21.9 million and \$13.3 million, respectively, in order to prepare for the sale of generation assets. In the fourth quarter of 2001, each Utility requested recovery of its respective costs in its application for a general rate increase filed with the PUCN. In 2002, the PUCN delayed recovery of divestiture costs to future rate case requests and granted a carrying charge on the costs until such time as recovery is allowed. To the extent that the Utilities may not be permitted to recover any portion of these costs in future rates, the disallowed costs and related carrying charges would be required to be written off in current period earnings. These amounts are included in NPC's and SPPC's current general rate case. A decision is expected in NPC's case in the later part of March 2004 and late spring 2004 for SPPC.

Piñon Pine

SPPC owns a combined cycle generation facility, a post-gasification facility, and, through its wholly owned subsidiaries, owns a gasifier that are collectively referred to as the Piñon Pine. Construction of Piñon Pine was completed in June 1998. Included in the Consolidated Balance Sheets of SPR and SPPC is the net book value of the gasifier and related assets, which is approximately \$95 million as of December 31, 2003.

To date, SPPC has not been successful in obtaining sustained operation of the gasifier. In 2001, SPPC retained an independent engineering consulting firm to complete a comprehensive study of the Piñon Pine gasification plant. After evaluating the options presented in the draft report, SPPC decided not to pursue modifications intended to make the facility operational and is seeking recovery, net of salvage, through regulated rates in its general rate case, which was filed on December 1, 2003, based, in part, on the PUCN's approval of Piñon Pine as a demonstration project in an earlier IRP. However, if SPPC is unsuccessful in obtaining recovery, there could be a material adverse effect on SPPC's and SPR's results of operations.

NOTE 16. COMMON STOCK AND OTHER PAID-IN CAPITAL

Rights Agreement

On September 21, 1999, the Board of Directors of SPR (the Board) declared a dividend distribution of one right (an Right) for each outstanding share of SPR common stock to shareholders of record at the close of business on October 31, 1999. By issuing the new Rights, the Board extended the benefits and protections afforded to shareholders under the Rights Agreement, dated as of October 31, 1989, which expired on October 31, 1999. Each Right, initially evidenced by and traded with the shares of SPR common stock, entitles the registered holder (other than an "Acquiring Person" as defined in the Rights Agreement) to purchase at an exercise price of \$75.00, \$150.00 worth of common stock at its then-market value, subject to certain conditions and approvals set forth in the Rights Agreement.

If at any time while there is an Acquiring Person, SPR engages in a merger or other business combination transaction or series of related transactions in which the common stock is changed or exchanged or 50% or more of its assets or earning power is transferred, each Right (not previously voided by the occurrence of a Flip-in Event, as described in the Rights Agreement) will entitle its holder to purchase, at the Right's then-current exercise price, common stock of such Acquiring Person having a calculated value of twice the Right's then-current exercise price.

The Rights are not exercisable until the Distribution Date (as defined in the Rights Agreement) and expire on October 31, 2009, unless previously redeemed by SPR. Following a Distribution Date, the Rights will trade separately from the common stock and will be evidenced by separate certificates. Until the Right is exercised, the holder thereof will have no rights as a shareholder of SPR, including, without limitation, the right to receive dividends. The purpose of the plan is to help ensure that SPR's shareholders receive fair and equal treatment in the event of any proposed hostile takeover of SPR.

Employee Stock Ownership Plans

As of December 31, 2003, 8,316,624 shares of common stock were reserved for issuance under the Common Stock Investment Plan (CSIP), Employees' Stock Purchase Plan (ESPP), and Executive Long-Term Incentive Plan (ELTIP).

The ELTIP for key management employees allows for the issuance of SPR's common shares to key employees through December 31, 2003, which can be earned and issued after December 31, 2003. This Plan permits the following types of grants, separately or in combination: nonqualified and qualified stock options; stock appreciation rights; restricted stock; performance units; performance shares and bonus stock.

SPR also provides an ESPP to all of its employees meeting minimum service requirements. Employees can choose twice each year (offering date) to have up to 15% of their base earnings withheld to purchase SPR common stock. The purchase price of the stock is 90% of the market value on the offering date or 100% of the market price on the execution date, if less.

The Non-employee Director Stock Plan provides that a portion of SPR's outside directors' annual retainer be paid in SPR common stock. SPR records the costs of these plans in accordance with Accounting Principles Board Opinion No. 25. In addition, in 1996 SPR eliminated its outside director retirement plan and converted the present value of each director's vested retirement benefit to phantom stock based on the stock price at the time of conversion. Phantom stock earns dividends, also payable in phantom stock, which are recorded in each Director's phantom account. The value of these accounts is issued in stock or cash, at the election of the Board, at the time the Director leaves the Board.

Non-Employee Director Stock

The annual retainer for non-employee directors is \$30,000, and the minimum amount to be paid in SPR stock is \$20,000 per director. During 2003, 2002 and 2001, SPR granted the following total shares and related compensation to directors in SPR stock, respectively: 39,370, 18,540, and 14,573 shares, and \$150,000, \$160,000, and \$210,000.

Public Stock Offering

On August 15, 2001, SPR completed a public offering of 23,575,000 shares of its common stock, yielding net proceeds of approximately \$340 million, all of which were contributed to NPC as an additional equity investment.

Stock Exchange Transactions

In January 2003, SPR acquired \$8.75 million aggregate principal amount of its Floating Rate Notes due April 20, 2003 in exchange for 1,295,211 shares of its common stock, in two privately negotiated transactions exempt from the registration requirements of the Securities Act of 1933.

Convertible Notes Issuance

On February 14, 2003, SPR issued and sold \$300 million of its 7.25% Convertible Notes due 2010. For additional information regarding this transaction see Note 8 of Notes to Financial Statements, Long-Term Debt. On August 11, 2003, SPR obtained shareholder approval to issue additional shares of SPR's common stock in lieu of paying the cash payment component upon conversion of the Convertible Notes. If the noteholders were to present the Convertible Notes for conversion and SPR were to fully convert the notes into stock, the number of additional shares required would be 65,749,110.

The Convertible Notes provide for the payment of dividends to the holders in an amount equal to any per share dividends on SPR common stock that would have been payable to the holders if the holders of the notes had converted their notes into shares of common stock at the applicable conversion rate on the record date for such dividend. See Note 18, Earnings Per Share for a discussion on the effect on the convertible notes and the calculation of basic and diluted EPS.

NOTE 17. PREFERRED STOCK

Sierra Pacific Power Company

Preferred Stock

SPPC's Restated Articles of Incorporation, as amended on August 19, 1992, authorize an aggregate amount of 11,780,500 shares of preferred stock at any given time.

SPPC's preferred stock is superior to SPPC's common stock with respect to dividend payments (which are cumulative) and liquidation rights.

On January 23, 2004, a dividend of \$975,000 (\$0.4875 per share) was declared on SPPC's preferred stock. The dividend was paid on March 1, 2004, to holders of record as of February 14, 2004.

The following table indicates the dollar amount and number of shares of SPPC preferred stock outstanding at December 31 of each year (dollars in thousands):

	<u>Amount</u>		<u>Shares Outstanding</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Preferred Stock				
Not subject to mandatory redemption				
SPPC Class A Series I	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Total Preferred Stock	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

NOTE 18. EARNINGS PER SHARE (EPS)

The difference, if any, between Basic EPS and Diluted EPS is due to potentially diluted common shares resulting from stock options, the employee stock purchase plan, performance and restricted stock plans, the non-employee director stock plan and dividend participation rights associated with the convertible debt. However, due to net losses for the twelve-month periods ended December 31, 2003 and 2002 these items are anti-dilutive. Accordingly, Diluted EPS for these periods are computed using the weighted average shares outstanding before dilution. Potentially diluted common shares were determined using the treasury stock method or the "if-converted" method as discussed below.

FASB EITF Topic D-95, "Effect of Participating Convertible Securities on the Computation of Basic Earnings Per Share" (Topic D-95), requires participating securities that are convertible into common stock be included in the computation of basic earnings

per share (EPS) if the effect is dilutive. The Convertible Notes are considered participating securities because the terms of the Convertible Notes include dividend participation rights. Accordingly, the provisions of Topic D-95 are applicable. Further, in computing basic EPS, Topic D-95 provides for the use of the "if-converted" method or the "two-class" method. SPR has elected to apply the "if-converted" method. The effect of the dividend participation rights, under the "if-converted" method, are anti-dilutive for the year ended December 31, 2003, and as such they have not been included in the basic earnings per share calculation. EITF 03-06, "Participating Securities and the Two-Class Method under FASB Statement No. 128" has identified several issues regarding the impact of participating convertible securities on the computation of EPS. Issue 5 addresses whether a convertible participating security would be excluded from the computation of basic EPS if an entity has a net loss from continuing operations. The FASB is scheduled to address this issue at their March 17, 2004 meeting.

The following table outlines the calculation for (EPS).

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Basic EPS			
Numerator (\$000)			
Income / (Loss) from continuing operations	\$ (129,375)	\$ (300,851)	\$ 32,898
Gain / (Loss) on discontinued operations	\$ (7,254)	\$ (1,204)	\$ 27,535
Cumulative effect of change in accounting principle	\$ —	\$ (1,566)	\$ —
Income / (Loss) applicable to common stock	\$ (140,529)	\$ (307,521)	\$ 56,733
Denominator			
Weighted average number of shares outstanding	<u>115,774,810</u>	<u>102,126,079</u>	<u>87,542,441</u>
Per-Share amount			
Income / (Loss) from continuing operations	\$ (1.12)	\$ (2.95)	\$ 0.38
Gain / (Loss) on discontinued operations	\$ (0.06)	\$ (0.01)	\$ 0.32
Cumulative effect of change in accounting principle	\$ —	\$ (0.02)	\$ —
Income / (Loss) applicable to common stock	\$ (1.21)	\$ (3.01)	\$ 0.65
Diluted EPS			
Numerator (\$000)			
Income / (Loss) from continuing operations	\$ (129,375)	\$ (300,851)	\$ 32,898
Gain / (Loss) on discontinued operations	\$ (7,254)	\$ (1,204)	\$ 27,535
Cumulative effect of change in accounting principle	\$ —	\$ (1,566)	\$ —
Income / (Loss) applicable to common stock	\$ (140,529)	\$ (307,521)	\$ 56,733
Denominator(1)			
Weighted average number of shares outstanding before dilution	115,774,810	102,126,079	87,542,441
Stock options	—	—	14,021
Executive long term incentive plan—performance shares(2)	—	—	43,693
Executive long term incentive plan—restricted shares(3)	—	—	—
Non-Employee Director stock plan	—	—	9,355
Employee stock purchase plan	—	—	2,862
Dividend participation rights	—	—	—
Weighted average number of shares outstanding after dilution(4)	<u>115,774,810</u>	<u>102,126,079</u>	<u>87,612,372</u>
Per-Share Amount			
Income / (Loss) from continuing operations	\$ (1.12)	\$ (2.95)	\$ 0.38
Gain / (Loss) on discontinued operations	\$ (0.06)	\$ (0.01)	\$ 0.32
Cumulative effect of change in accounting principle	\$ —	\$ (0.02)	\$ —
Income / (Loss) applicable to common stock	\$ (1.21)	\$ (3.01)	\$ 0.65

- (1) The denominator does not include anti-dilutive shares for the Stock Option Plan and Corporate PIES due to conversion prices being higher than market prices at December 31, 2003. The amounts that would be included in the calculation if the conversion prices were met would be 1.4 million shares for the Stock Option Plan and 17.3 million shares for Corporate PIES.
- (2) Plan terminated in 2002.
- (3) New plan for 2003.
- (4) For the twelve months ended December 31, 2003 and 2002 the weighted average number of shares after dilution excludes shares of 65,836,431 and 32,096, respectively for stock options, executive long-term incentive plan - performance shares, executive long term incentive plan - restricted shares, non-employee stock plan, Employee stock purchase plan and dividend participation rights as they would be anti-dilutive.

NOTE 19. DISCONTINUED OPERATIONS AND DISPOSAL AND IMPAIRMENT OF LONG-LIVED ASSETS

Effective January 1, 2002, SPR, NPC and SPPC adopted SFAS No. 144. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 requires a component of an entity that either has been disposed of or is classified as held for sale to be reported as discontinued operations if certain conditions are met. Further, SFAS No. 144 requires that assets to be held and used be tested for recoverability whenever events or circumstances indicate that its carrying amount may not be recoverable.

e-three Business Sale

SPR's subsidiary, e-three, was organized in October 1996 to provide energy and other business solutions in commercial and industrial markets.

In keeping with management's strategy to focus on its core utility businesses, SPR began negotiations in the second quarter of 2003 to sell e-three. Accordingly, on June 30, 2003, e-three was reported as a discontinued operation. Based on the expected selling price, a pre-tax loss on disposal of \$8.9 million was recognized for the six months ended June 30, 2003. On September 26, 2003, the sale of e-three was completed. As a result of the final sales price, an additional pre-tax loss on disposal of \$703,787 was recognized for the three months ended September 30, 2003. The operation of e-three was included in the "Other" business segment.

The operation of e-three discussed above was classified as a discontinued operation in the accompanying consolidated statements of operations. Previously issued statements of operations have been restated to reflect discontinued operations reported subsequent to the original issuance date. The revenues associated with the discontinued operations were \$1.0 million, \$6.4 million and \$16.1 million for the years ended December 31, 2003, 2002 and 2001, respectively.

The assets and liabilities associated with the discontinued operation of e-three are segregated on the consolidated balance sheet at December 31, 2002. The carrying amount of major asset and liability classifications are as follows:

	<u>December 31, 2002</u>
Investments and other property, net	\$ 9,488
Cash and cash equivalents	1,322
Accounts receivable	111
Materials and supplies	492
Current assets- Other	62
Goodwill	470
Deferred federal income taxes	731
Deferred charges- Other	186
	<u>\$ 12,862</u>
Long-term debt	—
Current maturities of long-term debt	68
Accounts payable	675
Accrued salaries and benefits	30
Deferred credits- Other	14
	<u>\$ 787</u>

Sale of Water Business

In June 2001, SPPC closed the sale of its water business to the Truckee Meadows Water Authority (TMWA) for \$341 million. SPPC recorded a \$25.8 million gain on the sale, net of the refund described below and net of income taxes of \$18.2 million. Included in the sale were facilities for water storage, supply, transmission, treatment and distribution, as well as accounts receivable and regulatory assets. Accounts receivable consisted of amounts due from developers for distribution facilities. Regulatory assets consisted primarily of costs incurred in connection with the Truckee River negotiated water settlement. Transfer of hydroelectric facilities included in the contract of sale for an additional \$8 million will require action by the CPUC. The sale agreement contemplates a second closing for the hydroelectric facilities to accommodate the CPUC's review of the transaction. See Note 4 of Notes to Financial Statements, Regulatory Actions, for a discussion of California legislative and regulatory developments involving the hydroelectric facilities.

Pursuant to a stipulation entered into in connection with the sale and approved by the PUCN, SPPC was required to hold in trust for refund to customers \$21.5 million of the proceeds from the sale. The refund was credited on the electric bills of SPPC's former water customers over a fifteen-month period ending November 2002. Under a service contract with TMWA, SPPC provided customer

service and billing services to TMWA until August 2002. SPPC continues to provide meter-reading services under a one-year contract renewable in one-year increments by TMWA through 2008.

Revenue from operations of the water business for the year ended December 31, 2001, was \$23 million. The net income from operations of the water business, as shown in the Consolidated Statements of Operations of both SPR and SPPC, includes preferred dividends of \$200,000 for the year ended December 31, 2001. These amounts are not included in the revenues and income (loss) from continuing operations shown in the accompanying consolidated statements of operations.

Other Property Disposals

During 2002, the Utilities began pursuing the sale of several non-essential properties. As a result, on January 15, 2003, NPC sold a parcel of land located on Flamingo Road near the Barbary Coast Casino in Las Vegas, Nevada. NPC received cash proceeds of approximately \$18 million for the property and retained an easement and other rights necessary to maintain aerial power lines that cross the property. Also, it was agreed that NPC will receive an additional \$2.6 million from the sale if the power lines that cross the property are removed and the other rights are relinquished within a five-year period from the date of the sale. The property had been originally transferred to NPC at no cost. The transaction resulted in a gain of \$17.7 million, which will be recognized into revenue over a period of three years consistent with the accounting treatment directed by the PUCN.

On July 17, 2003, NPC sold a parcel of land located on Centennial Road in North Las Vegas, Nevada. NPC received cash proceeds of approximately \$4.9 million for the property. The property had a carrying value of approximately \$1.2 million. The transaction resulted in an approximate gain of \$3.7 million, which will be recognized into revenue over a period of three years consistent with the accounting treatment directed by the PUCN.

On August 12, 2003, NPC auctioned parcels of land located on Flamingo Road from Koval Lane to Maryland Parkway, commonly known as "the Flamingo Corridor." The net sales price for these properties was \$24.4 million. The carrying value of the properties was approximately \$0.2 million. The sale closed on October 28, 2003. The transaction resulted in an approximate gain of \$24.2 million, of which \$2.4 million is being held in escrow pending the final outcome of related litigation. The gain will be recognized in revenue over a period of three years consistent with the accounting treatment directed by the PUCN.

Sierra Pacific Communications

In 2000, Sierra Pacific Communications (SPC), a wholly owned subsidiary of SPR, and Touch America (formerly Montana Power), formed Sierra Touch America LLC (STA), a limited liability company whose primary purpose was to engage in communications and fiber optics business projects, including construction of a fiber optic line between Salt Lake City, Utah, and Sacramento, California.

In September 2002, SPC conveyed its membership interest in STA to Touch America and obtained an indemnity for any liabilities associated with STA, all in exchange for title to several fibers in the line and a \$35 million promissory note. On June 19, 2003, citing uncertainty about their liquidity, Touch America Holdings and STA filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code.

In light of the bankruptcy of Touch America Holdings and STA, SPC evaluated its business to determine whether the Touch America bankruptcy has caused an impairment of SPC's assets. SPC anticipates that the market for fiber optic cable and conduits will likely become significantly over-supplied and has recognized an impairment charge of \$32.9 million during the second quarter of 2003. The asset impairment charge consisted of \$14.7 million of fiber optic cable, conduits, and other related business equipment write-downs related to SPC's MAN, and \$18.2 million in fiber optic cable, conduits, and other related business equipment write-downs of its long haul network assets.

This evaluation was conducted in conformance with the guidelines of SFAS No. 144, and also considered factors such as the anticipated liquidation of Sierra Touch America LLC assets, resulting in significant changes in business climate and projected discounted cash flows from the assets. SPC evaluated its MAN assets using projected discounted cash flows. The evaluation factored the undiscounted cash flows from current and projected sales contracts and continued operating expenses over the approximate 18-year remaining life of the assets and then discounted those cash flows to the end of the current reporting period. SPC evaluated its long haul network assets based in part on a pending sale for a portion of the long haul network assets currently under construction and in part by prices for similar assets adjusted for the market factors that resulted from the Touch America bankruptcy discussed above.

NOTE 20. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following figures are unaudited and include all adjustments necessary in the opinion of management for a fair presentation of the results of interim periods. (dollars in thousands except per share amounts)

SIERRA PACIFIC RESOURCES

	Quarter Ended			
	March 31, 2003(1)(8)	June 30, 2003(8)	September 30, 2003(8)	December 31, 2003
Operating Revenues	\$ 602,810	\$ 666,626	\$ 904,877	\$ 614,845
Operating Income (loss)	\$ 46,376	\$ (15,542)	\$ 164,820	\$ 52,954(7)
Income (loss) from continuing operations	\$ (9,401)(3)	\$ (210,489)(5)	\$ 109,206(6)	\$ (18,642)
Loss from discontinued operations	\$ (843)	\$ (5,787)	\$ (459)	\$ (165)
Earnings (loss) applicable to common stock	\$ (11,219)	\$ (217,521)	\$ 107,772	\$ (19,781)
Earnings (loss) per share—Basic and Diluted:				
From continuing operations	\$ (0.13)	\$ (1.80)	\$ 0.40	\$ (0.16)
From discontinued operations	\$ (0.01)	\$ (0.05)	\$ —	\$ —
Earnings (loss) applicable to common stock	\$ (0.15)	\$ (1.85)	\$ 0.39	\$ (0.17)

	Quarter Ended			
	March 31, 2002	June 30, 2002	September 30, 2002	December 31, 2002
Operating Revenues	\$ 636,934	\$ 700,524	\$ 1,017,371	\$ 630,475
Operating Income (loss)	\$ (230,638)(2)	\$ 20,415(4)	\$ 143,272	\$ 34,902
Income (loss) from continuing operations	\$ (302,769)	\$ (40,350)	\$ 80,363	\$ (38,095)
(Loss) from discontinued operations	\$ (172)	\$ (591)	\$ (14)	\$ (427)
Earnings (loss) applicable to common stock	\$ (305,482)	\$ (41,916)	\$ 79,374	\$ (39,497)
Earnings (loss) per share—Basic and Diluted:				
From continuing operations	\$ (2.97)	\$ (0.40)	\$ 0.78	\$ (0.39)
From discontinued operations	\$ —	\$ (0.01)	\$ —	\$ —
Cumulative effect of change in accounting principle	\$ (0.01)	\$ —	\$ —	\$ —
Earnings (loss) applicable to common stock	\$ (2.98)	\$ (0.41)	\$ 0.78	\$ (0.39)

- (1) The amounts previously reported in the March 2003 10Q differ from the amounts currently reported due to 1st quarter revisions to reflect the discontinued operations presentation. Amounts were revised as shown in the tables below.
- (2) Reflects the write-off of approximately \$465 million of deferred energy costs and related carrying charges as a result of the PUCN decision in NPC's deferred energy rate case. See Note 4, Regulatory Actions.
- (3) During the first quarter of 2003 SPR recorded an unrealized gain of \$16 million on the derivative instrument associated with the \$300 million of convertible debt discussed in Note 11, Derivatives and Hedging Activities.
- (4) Operating results were negatively affected by the write-off of \$53 million of SPPC's disallowed energy costs.
- (5) Income from continuing operations was negatively affected by an unrealized loss of \$124 million on the derivative instrument associated with the \$300 million of convertible debt discussed in Note 11, Derivatives and Hedging Activities and loss due to the recognition of asset impairments of \$33 million.
- (6) Income from continuing operations was affected by an unrealized gain of \$61.5 million on the derivative instrument associated with the \$300 million of convertible debt as discussed in Note 11, Derivatives and Hedging Activities and higher interest cost that included the recognition of \$40.2 million in interest as a result of the Bankruptcy Court judgment regarding Enron. See Note 15 of Notes to Financial Statements, Commitments and Contingencies.
- (7) In the fourth quarter of 2003, SPR recognized charges of approximately \$6.3 million (pretax) and \$4.0 million (net of tax) from the correction of errors related to prior years (2000-2002) which were determined to be immaterial to the respective prior periods.
- (8) On February 14, 2003, SPR issued and sold \$300 million of its 7.25% Convertible Notes due 2010 (see Note 8, Long-Term Debt). In connection with these Notes, the conversion option, which was treated as a cash-settled written-call option, was separated from the debt and accounted for separately as a derivative instrument. The change in the fair value of the option was recognized during 2003 in SPR's financial statements as an unrealized gain/loss on the derivative instrument. SPR also recorded deferred tax expense or benefit during the first three quarters of 2003, on the unrealized gain/loss, based on its belief that the change was a temporary difference. Additionally, as a result of the bifurcation of the conversion option from the Notes, the carrying value of the Convertible Notes at issuance was approximately \$228 million with an effective interest rate of 12.5%. SPR began accreting the difference between the stated value of the Notes (\$300 million) and the carrying value to interest expense on a monthly basis over the life of the issuance. SPR recorded current tax expense on the accretion of the interest expense.

Subsequent to the issuance of its interim financial statements for the first three quarters of 2003, SPR determined that the change in the fair value of the conversion option and the accretion expense of the debt discount resulting from the option at issuance date represent permanent differences and that SPR should not have recognized income taxes associated with these items.

As a result, the quarterly information presented herein has been restated from the amounts reported with SPR's interim financial statements for the first three quarters of 2003 to remove \$5.6 million of deferred tax expense, \$43.2 million of deferred tax benefit and \$21.5 million of deferred tax expense associated with the change in the fair value of the option for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, respectively and has removed \$0.3 million, \$0.6 million and \$0.6 million of current tax expense associated with the accretion expense related to the conversion option for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003 respectively. See revised quarterly data below.

	Originally Reported March 31, 2003	Adjustment for Discontinued Operations	Adjustment for Convertible Notes	Revised March 31, 2003
Operating Revenues	\$ 602,962	\$ (152)	\$ —	\$ 602,810
Operating Income (loss)	\$ 45,797	\$ 874	\$ (295)	\$ 46,376
Income (loss) from continuing operations	\$ (15,523)	\$ 843	\$ 5,279	\$ (9,401)
Loss from discontinued operations	\$ —	\$ (843)	\$ —	\$ (843)
Earnings (loss) applicable to common shareholders	\$ (16,498)	\$ —	\$ 5,279	\$ (11,219)
Earnings (loss) per share—Basic and Diluted:				
From continuing operations	\$ (0.14)	\$ 0.01	\$ 0.05	\$ (0.13)
From discontinued operations	\$ —	\$ (0.01)	\$ —	\$ (0.01)
Earnings (loss) applicable to common shareholders	\$ (0.15)	\$ —	\$ 0.05	\$ (0.15)

	Originally Reported June 30, 2003	Adjustment for Convertible Notes	Revised June 30, 2003
Operating Revenues	\$ 666,626	\$ —	\$ 666,626
Operating Income (loss)	\$ (14,937)	\$ (605)	\$ (15,542)
Loss from continuing operations	\$ (166,658)	\$ (43,831)	\$ (210,489)
Loss from discontinued operations	\$ (5,787)	\$ —	\$ (5,787)
Earnings (loss) applicable to common shareholders	\$ (173,420)	\$ (43,831)	\$ (217,251)
Earnings (loss) per share—Basic and Diluted:			
From continuing operations	\$ (1.42)	\$ (0.37)	\$ (1.80)
From discontinued operations	\$ (0.05)	\$ —	\$ (0.05)
Earnings (loss) applicable to common shareholders	\$ (1.48)	\$ (0.37)	\$ (1.85)

	Originally Reported September 30, 2003	Adjustment for Convertible Notes	Revised September 30, 2003
Operating Revenues	\$ 904,877	\$ —	\$ 904,877
Operating Income (loss)	\$ 165,444	\$ (624)	\$ 164,820
Income from continuing operations	\$ 88,301	\$ 20,905	\$ 109,206
Loss from discontinued operations	\$ (459)	\$ —	\$ (459)
Earnings (loss) applicable to common shareholders	\$ 86,867	\$ 20,905	\$ 107,772
Earnings (deficit) per share—Basic and Diluted:			
From continuing operations	\$ 0.29	\$ 0.11	\$ 0.40
From discontinued operations	\$ —	\$ —	\$ —
Earnings (loss) applicable to common shareholders	\$ 0.28	\$ 0.11	\$ 0.39

NEVADA POWER

	<u>Quarter Ended</u>			
	<u>March 31, 2003</u>	<u>June 30, 2003</u>	<u>September 30, 2003</u>	<u>December 31, 2003</u>
Operating Revenues	\$ 331,652	\$ 425,512	\$ 639,661	\$ 359,321
Operating Income (loss)	\$ 17,413	\$ 10,484(2)	\$ 127,737	\$ 28,099
NET INCOME (LOSS)	\$ (15,246)	\$ (22,192)	\$ 62,524(3)	\$ (5,809)

	<u>Quarter Ended</u>			
	<u>March 31, 2002</u>	<u>June 30, 2002</u>	<u>September 30, 2002</u>	<u>December 31, 2002</u>
Operating Revenues	\$ 356,272	\$ 477,059	\$ 712,536	\$ 355,167
Operating Income (loss)	\$ (260,759)(1)	\$ 30,162	\$ 109,183	\$ 17,411
NET INCOME (LOSS)	\$ (300,984)	\$ 5,655	\$ 79,304	\$ (19,045)

- (1) Reflects the write-off of approximately \$465 million of deferred energy costs and related carrying charges as a result of the PUCN decision in NPC's deferred energy rate case. See Note 4, Regulatory Actions
- (2) Reflects the write-off of \$46 million in May 2003 of disallowed deferred energy costs.
- (3) Reflects the charge of \$27.8 million of interest cost as a result of the Bankruptcy Court judgment regarding Enron as discussed in Note 15, Commitments and Contingencies.

SIERRA PACIFIC POWER

	<u>Quarter Ended</u>			
	<u>March 31, 2003</u>	<u>June 30, 2003</u>	<u>September 30, 2003</u>	<u>December 31, 2003</u>
Operating Revenues	\$ 270,071	\$ 240,899	\$ 264,407	\$ 254,489
Operating Income (loss)	\$ 23,820	\$ (8,050)(2)	\$ 32,588	\$ 20,208
NET INCOME (LOSS)	\$ 3,998	\$ (27,955)	\$ (317)(3)	\$ 999
Earnings (loss) applicable to common stock	\$ 3,023	\$ (28,930)	\$ (1,292)	\$ 24

	<u>Quarter Ended</u>			
	<u>March 31, 2002</u>	<u>June 30, 2002</u>	<u>September 30, 2002</u>	<u>December 31, 2002</u>
Operating Revenues	\$ 279,837	\$ 222,668	\$ 304,193	\$ 274,336
Operating Income (loss)	\$ 24,934	\$ (14,818)(1)	\$ 30,021	\$ 15,155
NET INCOME (LOSS)	\$ 10,944	\$ (33,951)	\$ 13,543	\$ (4,504)
Earnings (loss) applicable to common stock	\$ 9,969	\$ (34,926)	\$ 12,568	\$ (5,479)

- (1) Operating results were negatively affected by the write-off of \$53 million of SPPC's disallowed energy costs.
- (2) Reflects the write-off of \$45 million in June 2003 of disallowed deferred energy costs.
- (3) Reflects the charge of \$12.4 million of interest costs as a result of the Bankruptcy Court judgment regarding Enron as discussed in Note 15, Commitments and Contingencies.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

- (a) Evaluation of disclosure controls and procedures.

SPR, NPC and SPPC's principal executive officers and principal financial officers, based on their evaluation of the registrants' disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) have concluded that, as of December 31, 2003, the registrants' disclosure controls and procedures are adequate and effective to ensure that material information relating to the registrants and their consolidated subsidiaries is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, particularly during the period for which this annual report has been prepared.

- (b) Change in internal controls over financial reporting.

SPR, NPC and SPPC's principal executive officers and principal financial officers have concluded that there were no changes in the registrants' internal controls over financial reporting during the registrants' fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrants' internal control over financial reporting.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors

The following is a listing of all the current directors of SPR, NPC, and SPPC, and their ages as of December 31, 2003. There are no family relationships among them. Directors serve three-year terms with three (or four) terms of office expiring at each Annual Meeting, or until their successors have been elected and qualified.

Directors whose terms expire in 2004:

James R. Donnelley, 68

Partner, Stet and Query, Ltd., a family-owned investment company, since June 2000. He retired from R.R. Donnelley & Sons Company in June 2000, where he served as Vice Chairman of the Board from July 1990 to June 2000 and as a Director since 1976. Mr. Donnelley was R.R. Donnelley and Sons' Group President, Corporate Development, from June 1987 to July 1990, and Group President, Financial Printing Services Group, from January 1985 to January 1988. He is also a Director of Pacific Magazines & Printing Limited, and Chairman of National Merit Scholarship Corporation. Mr. Donnelley has served as a Director of SPR since 1987, of SPPC since 1992, and was elected a Director of NPC in July 1999.

Walter M. Higgins, 59

Chairman, President and Chief Executive Officer of SPR and Director and Chief Executive Officer of NPC and SPPC since August 2000. Mr. Higgins served as Chairman, President and Chief Executive Officer of AGL Resources, Inc., from February 1998 to August 2000. He was Chairman, President and Chief Executive Officer of SPR from January 1994 to January 1998. He also served as President and Chief Operating Officer of Louisville Gas and Electric Company from 1991 to November 1993. He is also a director of AEGIS Insurance Services, Inc., The National Environmental Education and Training Foundation, Edison Electric Institute, Western Energy Institute and several not-for-profit organizations.

John F. O'Reilly, 58

Chairman and Chief Executive Officer of the law firm of O'Reilly and Ferrario, LLC. He is also Chairman and Chief Executive Officer and/or a Board member of various family owned business entities. Mr. O'Reilly is a member of the Community Board of Directors of Wells Fargo Bank Nevada, N.A., a member of the Advisory Council of the UNLV International Gaming Institute, and a member of the UNLV Foundation Board. Mr. O'Reilly is also a member of the Las Vegas Chamber of Commerce Government Affairs Committee, a Board member and Secretary of United Way of Southern Nevada, a Board member of the Nevada Development Authority, and involved in various other not-for-profit organizations. He is also a member of the Board of Trustees of Loyola Marymount University in Los Angeles, California. Mr. O'Reilly has served as a Director of NPC since 1995, and was elected a Director of SPR and SPPC in July 1999.

Directors whose terms expire in 2005:

Krestine M. Corbin, 66

President and Chief Executive Officer of Sierra Machinery, Incorporated, since 1984 and a director of that company since 1980. Ms. Corbin has served as a Director of SPR since 1989, of SPPC since 1992, and was elected a Director of NPC in July 1999.

Clyde T. Turner, 66

Chairman and CEO of Turner Investments, Ltd., a general-purpose investment company, and several special-purpose real estate development companies known as Spectrum Companies in Las Vegas, Nevada. He is also a director of St. Rose Dominican Hospital and CapCure, and a member of the Environmental Advisory Committee to the Board of County Commissions, Clark County, Nevada. Mr. Turner is the retired Chairman and Chief Executive officer of Mandalay Bay. He was elected a Director of SPR, NPC, and SPPC in November 2001.

Directors whose terms expire in 2006:

Mary Lee Coleman, 66

President of Coleman Enterprises, a developer of shopping centers and industrial parks. She is also a director of First Dental Health. Ms. Coleman has served as a Director of NPC since 1980, and was elected a Director of SPR and SPPC in July 1999.

Theodore J. Day, 54

Senior Partner of Hale, Day, Gallagher Company, a real estate brokerage and investment firm. Mr. Day has served as a Director of SPPC since 1986, of SPR since 1987, and was elected a Director of NPC in July 1999. He is also a Director of the W.M. Keck Foundation.

Jerry E. Herbst, 65

Chief Executive Officer of Terrible Herbst, Inc., a gas station, car wash, convenience store chain and Herbst Supply Co., Inc., a wholesale fuel distributor, both family-owned businesses for which he has worked since 1959. He is also a partner of the Coast Resorts (hotel and casino industry). Mr. Herbst has served as a Director of NPC since 1990, and was elected a Director of SPR and SPPC in July 1999.

Messrs. Day and Higgins are Directors of Tuscarora Gas Pipeline Company; Mr. Higgins is a Director of Lands of Sierra, Inc., Sierra Pacific Communications, Sierra Water Development Company, Sierra Gas Holdings Company, Piñon Pine Corp., Piñon Pine Investment Co., and GPSF-B. All of the above-listed companies are subsidiaries of Sierra Pacific Resources, with the exception of Piñon Pine Corp., Piñon Pine Investment Co., and GPSF-B, which are subsidiaries of Sierra Pacific Power Company.

(b) Executive Officers

The following are current executive officers of the companies indicated and their ages as of December 31, 2003. There are no family relationships among them. Officers serve a term which extends to and expires at the annual meeting of the Board of Directors or until a successor has been elected and qualified:

Walter M. Higgins, 59, Chairman, President and Chief Executive Officer, Sierra Pacific Resources

See above description under Item 10(a), "Directors."

Michael W. Yackira, 52, Executive Vice President, Chief Financial Officer, Sierra Pacific Resources

Mr. Yackira was elected to his position in December 2003 and holds the same position at Nevada Power Company and Sierra Pacific Power Company. Mr. Yackira was previously Executive Vice President, Strategy and Policy, from January to December 2003. Previously he was the Vice President and CFO of Mars, Inc. from 2001 to 2002. Prior to that, he was with Florida-based FPL Group, Inc. from 1989 to 2000. His positions during that span included President of FPL Energy, Vice President-Finance and CFO of FPL Group, Senior Vice President-Finance and CFO of Florida Power & Light Co., Senior Vice President of Market and Regulatory Services of Florida Power and Light Company and Senior Vice President of Corporate Planning and Development. Positions in other industries include GTE Corporation and St. Joe Petroleum, Inc. Mr. Yackira is a certified public accountant.

Donald L. "Pat" Shalmy, 62, President, Nevada Power Company

Mr. Shalmy was elected to his present position in July 2002. He was previously Senior Vice President, NPC since May 2002. Formerly he held the position of Director, Government and Community Relations at Kummer, Kaempfer, Bonner & Renshaw Ltd. He was formerly President of the Las Vegas Chamber of Commerce from 1997 to 2001. From 1979 to 1997 he held various positions with Clark County, Nevada, including Director of Comprehensive Planning and County Manager.

Jeffrey L. Ceccarelli, 49, President, Sierra Pacific Power Company

Mr. Ceccarelli was elected to his present position in June 2000. He previously held the position of Vice President, Distribution Services, New Business, in July 1999 for SPPC and NPC. He was elected Vice President, Distribution Services for SPPC in February 1998. Prior to this, he served as Executive Director, Distribution Services. From January 1996 through January 1998, Mr. Ceccarelli was Director, Customer Operations. A civil engineer, Mr. Ceccarelli has been with SPPC since 1972.

Ernest E. East, 61, Vice President, General Counsel and Corporate Secretary, Sierra Pacific Resources.

Mr. East was elected to his present position in January 2004 and holds the same position at Nevada Power Company and Sierra Pacific Power Company. Previously he was Senior Vice President and General Counsel/Chief Compliance Officer for Hyatt Gaming Services, LLC, from August 1998 to January 2004. In 1997, he was Vice President, Secretary and General Counsel for Artisoft, Inc. From October 1994 to January 1996 he served as Vice President, Secretary and General Counsel for Elsinore Corporation. From June 1991 to August 1994 he was Executive Vice President, Secretary and General Counsel for Trump Hotels and Casino Resorts.

C. Stanley Hunterton, 55, Sierra Pacific Resources

Mr. Hunterton served as Senior Vice President, General Counsel and Corporate Secretary for SPR, NPC and SPPC from September 2002 to January 2004. He continues to serve as a partner at the law firm of Hunterton & Associates in Las Vegas, Nevada, formed in 1986, handling civil litigation. Formerly he held the position of Special Attorney, US Department of Justice, Organized Crime and Racketeering Section, Detroit Strike Force and Las Vegas Strike Force. Upon the appointment of Mr. East, Mr. Hunterton became outside counsel to the Companies.

Victor H. Peña, 55, Senior Vice President and Chief Administrative Officer, Sierra Pacific Resources

Mr. Peña was elected to his current position in May 2001 and holds the same position at SPPC and NPC. From 1998 to his appointment at SPR, he held various executive positions at AGL Resources, Inc., in Atlanta, Georgia, including Vice President, Business Development, and Vice President, Financial Systems and Controller.

Roberto R. Denis, 54, Vice President, Energy Supply, Nevada Power Company and Sierra Pacific Power Company

Mr. Denis was elected to his present position in August 2003. He was formerly Vice President, Market & Regulatory Affairs, at FPL Energy, LLC. From 1972 until assuming his former position, he held increasingly responsible positions at FPL.

John E. Brown, 53, Vice President and Controller, Sierra Pacific Resources

Mr. Brown was elected to his current position in July 2002, and holds the same position at SPPC and NPC. He was formerly Controller since May 2001. Previously he held the position of Director, Corporate and Tax Accounting. Mr. Brown has held a variety of positions in SPR, including Compliance Officer, Director, Shareholder Relations, and Director, Internal Audit. Mr. Brown has been with SPR 21 years.

Richard J. Coyle, Jr., 36, Vice President Finance and Chief Risk Officer, Sierra Pacific Resources

Mr. Coyle was elected to his present position in July 2002, and holds the same position for SPPC and NPC. He was previously President and Managing Director of Sierra Energy Company and Sierra Pacific Communications since June 2001. Formerly he held the position of Executive Director, Marketing and Operations for Sierra Pacific Energy Company since June 1999. Mr. Coyle has been with NPC since 1994.

Matt H. Davis, 48, Vice President, Distribution, Nevada Power Company

Mr. Davis was elected to his present position in 2002. He previously held the position of Vice President, Distribution Services, at both NPC and SPPC since July 1999. Previously he was Director, System Planning, and Division Director, System Planning and Operations for NPC. Mr. Davis has been with NPC since 1978.

Mary O. Simmons, 48, Vice President, Rates and Regulatory Affairs, Sierra Pacific Power Company and Nevada Power Company

Ms. Simmons was elected to her current position in May 2001. Previously she held the position of Controller for SPR since 1999, and held the same position with SPPC and NPC. Her previous positions include: Director, Water Policy and Planning; Director, Budgets and Financial Services; and Assistant Treasurer, Shareholder Relations for SPR. Ms. Simmons is a certified public accountant and has been with SPR since 1985.

Michael R. Smart, 47, Vice President, Distribution Services, Sierra Pacific Power Company

Mr. Smart was elected to his present position in July 2002. He was previously Vice President, Resource Management since May 2001, for both SPPC and NPC. He was formerly Acting Vice President, Resource Management, since October 2000. Previously he was Executive Director, Resource Management, for SPPC and NPC effective August 1999. Prior to this, from February 1998, he

served as Director, Electric Operations, for SPPC. A registered electrical engineer in Nevada and California, Mr. Smart has been with SPPC since 1979 and has held numerous management positions in operations, engineering, and planning.

Jane Crane, 54, Vice President, Human Resources, Sierra Pacific Power Company and Nevada Power Company

Ms. Crane was elected to her present position in July 2002, acting as an outside consultant since April 2002, and joining the Company as Acting Vice President, Human Resources, in May 2002. Formerly she was a consultant in human resources management from April 2000 to April 2002. She previously held the position of Vice President, Human Resources, at ARCO Alaska, Inc. from March 1995 to March 2000. She held various other management positions at ARCO from 1980 to March 1995.

Carol Marin, 52, Vice President, Customer Service, Sierra Pacific Power Company and Nevada Power Company

Ms. Marin was elected to her present position in May 2001. Previously she held the position of Director, Customer Information Systems Project, for both Utilities from August 1999 through May 2001. From 1977 until 1999, Ms. Marin served in a variety of management positions for SPPC in customer service, major accounts, and operations analysis. Ms. Marin has been with SPPC for 25 years.

Julian C. "Jack" Leone, 66, Vice President, Marketing and Communications, Sierra Pacific Power Company and Nevada Power Company

Mr. Leone was elected to his present position in June 2002. He previously held the position of Vice President of Marketing at Caesars Palace since March 2001. Previous to that, he spent two years as a member of Sitrick and Company, a public relations firm based in Los Angeles. From 1984 to 1999, he held a series of senior public relations and marketing positions in the gaming industry, including Caesars World, Inc., MGM Grand Hotel Casino, and Mandalay Bay Resort and Casino.

Susan Brennan, 44, Vice President, Information Services, Sierra Pacific Power Company and Nevada Power Company

Ms. Brennan was elected to her present position in May 2001. Previously she held the position of Executive Director, Customer Service, from August 1999 to May 2001, for NPC. From 1992 to 1999, Ms. Brennan served in various financial and industry restructuring positions. Ms. Brennan has been with NPC for 10 years.

Bob Werner, 66, Vice President, Generation, Sierra Pacific Power Company and Nevada Power Company

Mr. Werner was elected to his present position in July 2002. He was a consultant to NPC from October 2001 until July 2002. From 1997 to 2001, he was previously self-employed as a Consulting Engineer working primarily in the areas of electric generation and coal technology. Prior to that, he held various technical and management positions at PacifiCorp.

(c) Although all outstanding shares of SPPC's common stock are held by SPR and it is SPR's common stock which is traded on the New York Stock Exchange, SPPC has one series of non-voting preferred stock outstanding and registered under the Securities Exchange Act of 1934 (the Act). As a technical matter, SPPC is thus deemed an "issuer" for purposes of the Act whose officers are required to make filings with respect to beneficial ownership, if any, of those non-voting preferred securities. SPPC's officers, all of whom are currently reporting pursuant to Section 16(a) of the Act with respect to SPR's common stock, have filed reports with respect to SPPC's preferred stock, which reports show no past or current beneficial ownership of such preferred stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Rule 16(a) of the Exchange Act requires that directors, officers and holders of more than 10% of SPR's common stock file reports with the Securities and Exchange Commission disclosing ownership of SPR stock and changes in ownership. All reports required to be filed pursuant to Rule 16 were filed in a timely fashion except as disclosed below.

On October 23, 2003 and November 11, 2003, Ms. Jane E. Crane, an officer of Sierra Pacific Resources, disposed of 900 and 87,427 shares of Sierra Pacific Resources common stock, respectively. These transactions were reported to the Securities and Exchange Commission on November 13, 2003.

On June 1, 2002, and December 1, 2002, Mr. Victor H. Pena, an officer of Sierra Pacific Resources, purchased 187 and 208 shares of Sierra Pacific Resources common stock, respectively. These transactions were reported to the Securities and Exchange Commission on December 4, 2003.

On May 24, 2001, Ms. Carol M. Marin became an officer of Sierra Pacific Resources, at that time she owned 360 shares that were inadvertently excluded from the Form 3 filing. The transaction was reported to the Securities and Exchange Commission on February 6, 2004.

Audit Committee

The audit committee consists of the following individuals: James R. Donnelley, John F. O'Reilly, Krestine M. Corbin and Clyde T. Turner who are all independent as defined under applicable rules promulgated under the Exchange Act. The Board of Directors of SPR, NPC and SPPC have determined that audit committee member Clyde T. Turner is an "audit committee financial expert" as defined by the Securities and Exchange Commission.

Code of Ethics

SPR, NPC and SPPC have adopted a code of ethics that applies to its chief executive officer, chief financial officer and to its controller. Printed copies of the code of ethics may be obtained free of charge by writing to SPR's Corporate Secretary at Sierra Pacific Resources, P.O. Box 30150, Reno, NV 89520-3150.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information about the compensation of the Chief Executive Officer and each of the four most highly compensated officers for services in all capacities to SPR and its subsidiaries.

Name and Principal Position (a)	Year (b)	Annual Compensation				Long-Term Compensation			
		Salary (\$)(c)	Bonus (\$) (d)	Other Annual Compensation (\$) (e) (2)	Restricted Stock Awards (\$) (f) (3)	Awards		Payout	
						Securities Underlying Options/SARs (#) (g) (4)	LTIP Payouts (\$) (h)	All Other Compensation (\$) (i) (5)	
Walter M. Higgins Chairman of the Board, President, and Chief Executive Officer	2003	\$ 640,385	\$ 325,500	\$ 91,753	\$ 837,540	—	\$ —	\$ 472,830	
	2002	\$ 590,000	\$ —	\$ 98,254	\$ —	123,900	\$ —	\$ 188,218	
	2001	\$ 590,000	\$ —	\$ 70,970	\$ —	110,130	\$ —	\$ 614,129	
Donald L. Shalmy President, Nevada Power Company	2003	\$ 311,539	\$ 120,000	\$ 38,702	\$ 250,424	—	\$ —	\$ 21,089	
	2002	\$ 166,154	\$ —	\$ 8,654		25,000	\$ —	\$ 29,645	
Michael W. Yackira ¹ Executive Vice President, Chief Financial Officer	2003	\$ 276,923	\$ 120,000	\$ 20,400	\$ 248,384	30,000	\$ —	\$ 256,257	
Jeffrey L. Ceccarelli President, Sierra Pacific Power Company	2003	\$ 257,308	\$ 110,000	\$ 28,711	\$ 223,146	—	\$ —	\$ 23,901	
	2002	\$ 230,000	\$ —	\$ 35,417	\$ —	34,500	\$ —	\$ 21,999	
	2001	\$ 221,539	\$ —	\$ 13,712	\$ —	22,510	\$ —	\$ 19,429	
Victor H. Peña Senior Vice President, Chief Administrative Officer	2003	\$ 248,077	\$ 81,000	\$ 11,364	\$ 170,867	—	\$ —	\$ 22,712	
	2002	\$ 230,000	\$ —	\$ —	\$ —	25,880	\$ —	\$ 20,402	
	2001	\$ 136,231	\$ —	\$ 5,600	\$ 69,187	27,000	\$ —	\$ 57,696	

- (1) Michael W. Yackira, hired in January 2003, was Executive Vice President of Strategy and Policy until December 2003, at which time he was appointed to the position of Executive Vice President and Chief Financial Officer.
- (2) The table below shows those executive perquisites that exceed 25% of the total perquisites listed in column (e) for each named executive.

Description	Walter M. Higgins	Donald L. Shalmy	Jeffrey L. Ceccarelli
Cash in lieu of forgone Vacation	\$ 60,599	\$ 23,077	\$ 13,135
Tax, Memberships, Automobile & Other	\$ 31,154	\$ 15,577	\$ 15,577

- (3) Restricted Stock Grants:

- Upon his hire in 2001, Mr. Peña was awarded a grant of 4,300 restricted shares with dividend equivalents. At December 31, 2003, the value of the grant was \$15,781 at \$7.34 per share. The grant will vest over a four year period at 25% per year. As of the end of 2003, 2,150 shares from this grant have been issued to Mr. Peña, in accordance with the vesting schedule; the year-end value is calculated for the remaining 2,150 shares.

- In 2000, Mr. Higgins was awarded a restricted stock grant of 16,000 shares with dividend equivalents. At December 31, 2003, the remaining value of the grant was \$51,380 at \$7.34 per share. The grant vests over a four year period in the following manner:

September 2002	4,000 shares
September 2003	5,000 shares
September 2004	7,000 shares

As of the end of 2003, 9,000 shares from this grant have been issued to Mr. Higgins, in accordance with the vesting schedule; the year-end value is calculated for the remaining 7,000 shares.

- In 2003, all of the outstanding performance shares were converted into shares of restricted stock on a one to one basis. As a result of this conversion and the normal execution of annual grants under the long-term incentive plan (issued based on a \$10 conversion price), the restricted stock grants listed below were issued on January 1, 2003 to the named executives. These grants will vest over a four year period, with one third vesting in each of the years ended December 31, 2004, 2005, and 2006. The value of the grants is calculated at \$7.34 per share.

<u>Name</u>	<u>Shares Granted</u> <u>(#)</u>	<u>Grant Value</u> <u>(\$)</u>
Walter C. Higgins	126,900	\$ 931,446
Donald L. Shalmy	37,943	278,502
Michael W. Yackira	37,634	276,234
Jeffrey L. Ceccarelli	33,810	248,165
Victor H. Peña	25,889	190,025

- (4) Upon his hire in January 2003, Mr. Yackira was awarded a nonqualifying stock option for 30,000 shares. The option price for this grant is \$6.04, and the grant was 100% vested on the date of grant.
- (5) Amounts for All Other Compensation include the following for 2003:

<u>Description</u>	<u>Walter M.</u> <u>Higgins</u>	<u>Donald L.</u> <u>Shalmy</u>	<u>Michael W.</u> <u>Yackira</u>	<u>Jeffrey L.</u> <u>Ceccarelli</u>	<u>Victor H.</u> <u>Peña</u>
Company contributions to the 401k deferred compensation plan	\$ 12,000	\$ 9,500	\$ 12,000	\$ 12,000	\$ 12,000
Company paid portion of Medical/Dental/Vision Benefits	\$ 10,272	\$ 3,804	\$ 9,416	\$ 10,272	\$ 7,752
Imputed income on group term life insurance premiums paid by SPR	\$ 3,612	\$ 3,168	\$ 1,012	\$ 531	\$ 1,522
Insurance premiums paid for executive term life policies	\$ 6,495	\$ 4,617	\$ 1,134	\$ 1,097	\$ 1,438
Moving Expense Reimbursement			\$ 139,672		
Taxable Interest/Refund of Deferred Contributions	\$ 28,928				
Hiring Incentive			\$ 93,023		
Retention Incentive	\$ 333,333				
Housing Allowance	\$ 78,191				
Total	\$ 472,830	\$ 21,089	\$ 256,257	\$ 23,901	\$ 22,712

Options/SAR Grants in Last Fiscal Year

The following table shows all grants of options to the named executive officers of SPR in 2003. Pursuant to Securities and Exchange Commission (SEC) rules, the table also shows the present value of the grant at the date of grant.

<u>Name</u> <u>(a)</u>	<u>Number of</u> <u>Securities</u> <u>Underlying</u> <u>Options/SAR's</u> <u>Granted</u> <u>(b)(1)</u>	<u>Percent of Total</u> <u>Options/SAR's</u> <u>Granted to</u> <u>Employees in</u> <u>Fiscal Year</u> <u>(c)</u>	<u>Exercise of</u> <u>Base Price</u> <u>(\$/share)</u> <u>(d)</u>	<u>Expiration</u> <u>Date</u> <u>(e)</u>	<u>Grant Date</u> <u>Present Value</u> <u>(f)(2)</u>
Michael W. Yackira 01/18/2003 Grant date	30,000	54.55%	\$ 6.04	01/18/2013	\$ 108,900

- (1) The total number of nonqualifying stock options granted to all employees in 2003 was 55,000.

- (2) The hypothetical grant-date present values are calculated under the Black-Scholes Model. The Black-Scholes Model is a mathematical formula used to value options traded on stock exchanges. The assumptions used in determining the option grant date present value listed above include the stock's average expected volatility (46.97%), average risk free rate of return (4.64%), average projected dividend yield (0.00%), the stock option term (10 years), and an adjustment for risk of forfeiture during the vesting period (4 years at 3%). No adjustment was made for non-transferability.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

The following table provides information as to the value of the options held by the named executive officers at year-end measured in terms of the closing price of Sierra Pacific Resources common stock on December 31, 2003:

Name (a)	Shares Acquired on Exercise (b)	Value Realized (c)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year-End (d)		Value of Unexercised in-the- money Options/SARs at Fiscal Year-End (e)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Walter M. Higgins	—	—	634,030	—	\$ —	\$ —
Donald L. Shalmy	—	—	25,000	—	\$ 20,500	\$ —
Michael W. Yackira	—	—	30,000	—	\$ 35,400	\$ —
Jeffrey L. Ceccarelli	—	—	83,150	—	\$ —	\$ —
Victor H. Peña	—	—	52,880	—	\$ —	\$ —

- (e) Pre-tax gain. Value of in-the-money options based on December 31, 2003, closing trading price of \$7.34, less the option exercise price.

Long-Term Incentive Plans-Awards in Last Five Years

The executive long-term incentive plan (LTIP) provides for the granting of stock options (both nonqualified and qualified), stock appreciation rights (SARs), restricted stock, performance units, performance shares and bonus stock to participating employees as an incentive for outstanding performance. Incentive compensation is based on the achievement of pre-established financial goals for SPR. Goals are established for total shareholder return (TSR) compared against the Dow Jones Utility Index and annual growth in earnings per share (EPS).

There were no performance shares granted in 2003 to the named executive officers of Sierra Pacific Resources. Furthermore, effective January 1, 2003, all of the outstanding performance share grants were converted into shares of restricted stock; consequently, there are currently no outstanding grants of performance shares. Nonqualifying stock options granted to the named executives as part of the LTIP are shown in the table "Option/SAR Grants in Last Fiscal Year."

Pension Plans

The following table shows annual benefits payable on retirement at normal retirement age 65 to elected officers under SPR's qualified and non-qualified defined benefit plans based on various levels of remuneration and years of service which may exist at the time of retirement. The amounts below are based upon a maximum benefit of 60% of final average earnings used under the Supplemental Executive Retirement Plan. This maximum is reduced to 50% for any Officer who became a participant after November 1, 1999.

Highest Average Five-Years Remuneration	Annual Benefits for Years of Service Indicated				
	15 Years	20 Years	25 Years	30 Years	35 Years
\$ 60,000	\$ 27,000	\$ 31,500	\$ 36,000	\$ 36,000	\$ 36,000
\$ 120,000	\$ 54,000	\$ 63,000	\$ 72,000	\$ 72,000	\$ 72,000
\$ 180,000	\$ 81,000	\$ 94,500	\$ 108,000	\$ 108,000	\$ 108,000
\$ 240,000	\$ 108,000	\$ 126,000	\$ 144,000	\$ 144,000	\$ 144,000
\$ 300,000	\$ 135,000	\$ 157,500	\$ 180,000	\$ 180,000	\$ 180,000
\$ 360,000	\$ 162,000	\$ 189,000	\$ 216,000	\$ 216,000	\$ 216,000
\$ 420,000	\$ 189,000	\$ 220,500	\$ 252,000	\$ 252,000	\$ 252,000
\$ 480,000	\$ 216,000	\$ 252,000	\$ 288,000	\$ 288,000	\$ 288,000
\$ 540,000	\$ 243,000	\$ 283,500	\$ 324,000	\$ 324,000	\$ 324,000
\$ 600,000	\$ 270,000	\$ 315,000	\$ 360,000	\$ 360,000	\$ 360,000
\$ 660,000	\$ 297,000	\$ 346,500	\$ 396,000	\$ 396,000	\$ 396,000
\$ 720,000	\$ 324,000	\$ 378,000	\$ 432,000	\$ 432,000	\$ 432,000

SPR's noncontributory qualified retirement plan provides retirement benefits to eligible employees upon retirement at a specified age. Annual benefits payable are determined by a formula based on years of service and final average earnings consisting of base salary and incentive compensation. Remuneration for the named executives is the amount shown in columns (c) and (d) of the Summary Compensation Table. Pension costs of the retirement plan, to which SPR contributes 100% of the funding, are not and cannot be readily allocated to individual employees and are not subject to Social Security or other offsets.

The years of credited service under the qualified retirement plan for the named executives are as follows: Mr. Higgins 7.5, Mr. Shalmy 1.6 (not vested), Mr. Yackira 11 months (not vested), Mr. Ceccarelli 29.3 (maximum vesting is 25 years), and Mr. Peña 6.8.

A supplemental executive retirement plan (SERP) and a restoration plan are also offered to the named executive officers. The SERP is intended to ensure the payment of a competitive level of retirement income to attract, retain and motivate selected executives. The Restoration Plan is intended to provide benefits to executive officers whose benefits cannot be paid under the qualified plan because of salary deferrals to the Non-Qualified Deferred Compensation Plan, IRS limitations on compensation that can be recognized by a qualified plan, and IRS limitations on benefits payable from a qualified plan.

The years of credited service under the non-qualified SERP are as follows: Mr. Higgins 12.7, Mr. Shalmy 1.6 (not vested), Mr. Yackira 11 months (not vested), Mr. Ceccarelli 29.3 (maximum vesting is 25 years), and Mr. Peña 6.8.

Severance Arrangements

Individual severance allowance plans exist for the named executive officers which provide for severance pay, payable in a lump sum or by purchase of an annuity, if within three years after a change in control of SPR, there is a termination of employment by SPR related to such change in control, or a termination of employment by the employee for good reason, in each case as described in the plans. In these circumstances, officers are entitled to a severance allowance not to exceed an amount equal to 36 months of the officer's base salary and any bonus and the continuation for up to 36 months of participation in SPR's group medical and life insurance plans. Change in control is defined in the plans as, among other things, a dissolution or liquidation, a reorganization, merger or consolidation in which SPR is not the surviving corporation, the sale of all or substantially all the assets of SPR (not the sale of a work unit) or the acquisition by any person or entity of 30% or more of the voting power of SPR.

In addition, several merger-related and merger-conditioned severance arrangements have been entered into between SPR and several executives, which are described in Item 13, Certain Relationships and Related Transactions.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Voting Stock

The following table indicates the shares owned by FRM Corp., Franklin Resources, Inc., Boston Partners, Wellington Mgmt, Co., Putnam Investments and J.P. Morgan Chase & Co. the only investors known to Sierra Pacific Resources to be owners of more than 5 percent of any class of its voting stock as of March 1, 2004, based solely on reports on Form 13G filed with the Securities and Exchange Commission.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Shares Beneficially Owned</u>	<u>Percent of Class</u>
Common Stock	FRM Corp. 82 Devonshire St. Boston, MA 02109	11,692,552	9.979%
Common Stock	Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403-1906	8,758,973	7.30%
Common Stock	Boston Partners 28 State Street Boston, MA 02109	7,724,955	6.60%
Common Stock	Wellington Mgmt. Co. 28 State Street, 20 th Floor Boston, MA 02109	7,343,704	6.15%
Common Stock	Putnam Investments One Post Office Square Boston, MA 02109	7,292,827	6.10%
Common Stock	J.P. Morgan Chase & Co. 270 Park Ave. New York, NY 10017	6,229,729cm as converted 2,452,245	5.00% 2.00%

The table below sets forth the shares of Sierra Pacific Resources Common Stock beneficially owned by each director, nominee for director, the Chief Executive Officer, and the four other most highly compensated executive officers. No director, nominee for director or executive officer owns, nor do the directors and executive officers as a group own, in excess of one percent of the outstanding Common Stock of SPR. Unless otherwise indicated, all persons named in the table have sole voting and investment power with respect to the shares shown.

<u>Name of Director or Nominee</u>	<u>Common Shares Beneficially Owned as of March 2, 2004</u>	<u>Percent of Total Common Shares Outstanding as of March 2, 2004</u>
Mary L. Coleman	158,309	No director or nominee for director owns in excess of one percent.
Krestine M. Corbin	33,892	
Theodore J. Day	46,599	
James R. Donnelley	49,426	
Jerry E. Herbst	23,137	
Walter M. Higgins	673,918	
John F. O'Reilly	26,418	
Clyde T. Turner	5,249	
	<u>1,045,842</u>	
Executive Officers		
Walter M. Higgins	673,918	No executive officer owns in excess of one percent
Donald L. Shalmy	25,405	
Michael W. Yackira	30,980	
Jeffrey L. Ceccarelli	90,875	
Victor H. Pena	32,616	
	<u>853,794</u>	
All directors and executive officers as a group (a) (b) (c)	<u>1,424,044</u>	

- (a) Includes shares acquired through participation in the Employee Stock Purchase Plan and/or the 401(k) plan.
- (b) The number of shares beneficially owned includes: shares the Executive Officers currently have the right to acquire pursuant to stock options granted under the Executive Long-Term Incentive Plan. Shares beneficially owned pursuant to stock options granted to Messrs. Higgins, Shalmy, Yackira, Ceccarelli, Pena and directors and executive officers as a group are 634,030, 25,000, 30,000, 83,150, 27,000, shares, and 958,738 respectively.
- (c) Included in the shares beneficially owned by the Directors are 72,340 shares of "phantom stock" representing the actuarial value of the Director's vested benefits in the terminated Retirement Plan for Outside Directors. The "phantom stock" is held in an account to be paid at the time of the Director's departure from the Board.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Change in Control Agreements

SPR has entered into change in control severance agreements with its executive staff, including Walter M. Higgins, Jeffrey L. Ceccarelli, Michael W. Yackira, Victor H. Peña, Roberto R. Denis, Mary O. Simmons, Susan Brennan, Carol Marin, John Brown, Michael R. Smart, Matt H. Davis, Donald L. Shalmy, Julian C. Leone, Richard J. Coyle, Bob Werner, and Jane Crane. These agreements expire on December 31, 2004, and provide that, upon termination of the executive's employment during the term of the Agreement (subject to an extension in the event a Potential Change in Control, as defined in the agreement, occurs during the term) following a change in control of SPR (as defined in the agreement) either (a) by SPR for reasons other than cause (as defined in the agreements), (b) death or disability, or (c) by the executive for good reason (as defined in the agreement), including a diminution of responsibilities, compensation, or benefits (unless, with respect to reduction in salary or benefits, such reduction is applicable to all senior executives of SPR), the executive will receive certain payments and benefits. These severance payments and benefits include (i) a lump sum payment equal to two or, with respect to certain senior officers, three times the sum of the executive's base salary and target bonus, (ii) a lump sum payment equal to the present value of the benefits the executive would have received had he continued to participate in SPR's retirement plans for an additional two or three years (or, in the case of SPR's Supplemental Executive Retirement Plan only, the greater of three years or the period from the date of termination until the executive's early retirement date, as defined in such plan), and (iii) continuation of life, disability, accident and health insurance benefits for a period of 24 or 36 months immediately following termination of employment, except with respect to Mr. Higgins, whose agreement is described in the Employment Agreements section below. The agreements also provide that if any compensation paid, or benefit provided, to the executive, whether

or not pursuant to the change in control agreements, would be subject to the federal excise tax on "excess parachute payments," payments and benefits provided pursuant to the agreement will be cut back to the largest amount that would not be subject to such excise tax, if such cutback results in a higher after-tax payment to the executive.

SPR has also entered into a change in control severance agreement with Ernest E. East which contains provisions substantially similar to those set forth above. Mr. East's agreement provides, however that, among other things, his change in control agreement may be terminated prior to December 31, 2004.

The Board of Directors entered into these agreements in order to attract and retain management and to encourage and reinforce continued attention to the executives' assigned duties without distraction under circumstances arising from the possibility of a change in control of SPR. In entering into these agreements, the Board was advised by Towers Perrin, the national compensation and benefits consulting firm described above, and Skadden, Arps, Slate, Meagher & Flom, an independent outside law firm, to insure that the agreements entered into were in line with existing industry standards, and provided benefits to management consistent with those standards.

Employment Agreements

Walter M. Higgins

On September 26, 2003, SPR, NPC, and SPPC entered into an employment agreement with Mr. Higgins which superseded and replaced his existing employment agreement, which was entered into when Mr. Higgins agreed to leave his former employment as Chairman and CEO of AGL Resources, and accept a similar position with the Company. The agreement expires September 26, 2006 (the "expiration") unless the parties mutually agree to extend it. The agreement provides that Mr. Higgins will remain in his current position as CEO and Chairman of the Board of the Companies for the full term of the contract, and will devote full-time best efforts to his office and to the business of the Company. The contract provides that during the term Mr. Higgins will receive a base salary commensurate with his position as determined by the Board, but generally in an amount not less than \$640,385 per annum, and shall be eligible to receive annual cash incentive awards of not less than 70% of base salary based on the extent to which he and the Company achieve criteria and performance targets established by the Board at the commencement of each annual performance period. As a special incentive to remain with the Company for the entire duration of his contract, the agreement provides that he shall receive a cash payment of \$333,333 on September 26, 2003, and on the second and third anniversaries of such date. Mr. Higgins will also be entitled to benefits provided by all Company health, welfare, and pension plans and vacation, and remains eligible for long-term incentive awards based on and in accordance with the terms and conditions of the plans and generally on the same basis as such plans are made available to all other senior officers of the Company, except that with respect to the SERP, Mr. Higgins shall be entitled to one year of credit for each year of service for previous employment with AGL Resources and Louisville Gas & Electric. The agreement also provides that Mr. Higgins shall be reimbursed for travel and other business expenses plus reasonable car allowance and tax preparation fees and the Company agreed to maintain his existing life insurance policy at its existing \$2,000,000 level, plus an additional \$1,000,000 should Mr. Higgins die while on Company business.

As a special incentive, Mr. Higgins was awarded 600,000 phantom shares of stock (to be replaced by restricted shares in the event that during the term shareholders approve an equity-based incentive plan for senior executives) which, subject to earlier vesting as discussed below, will vest on September 26, 2009 if Mr. Higgins is still employed by SPR on such date. The shares can vest early based on achievement of specified performance targets or criteria. One-half of any remaining unvested shares shall vest on expiration of the agreement if the Board determines that the targets and criteria for vesting could reasonably be achieved within the remaining time of the six-year vesting period.

In the event Mr. Higgins' employment is involuntarily terminated without cause or he terminates employment for good reason (as defined in the agreement) during the employment term, he shall be entitled to receive all unpaid base salary and any fully vested but unpaid benefits, one-year's base salary, and an annual incentive award based on target performance (i.e., 70% of annual base salary), and a pro-rata share (based on the length of time employed during the term of the applicable period) of any unvested phantom shares and/or other incentive-based form of compensation he was eligible to receive at the time of termination had his employment continued; provided, that no payment will be made, in respect of the 600,000 phantom shares, unless the Board determines at that time that the targets established could be reasonably achieved by the end of the term. After termination, he and his eligible dependents would also receive 36 months of health, dental, and life benefits. In the event of termination without cause following a change in control of the Company as further defined in the agreement, Mr. Higgins would not receive the benefits on termination without cause as defined above. In the event of a termination, within 24 months following a change in control of SPR either (a) by SPR for reasons other than cause (as defined in the agreement), death or disability, or (b) by Mr. Higgins for good reason (as defined in the agreement), he will receive (i) a lump sum payment equal to three times the sum of his base salary and target bonus, (ii) a lump-sum payment equal to the present value of the benefits he would have received had he continued to participate in SPR's retirement plans for an additional three years, and (iii) continuation of life, disability, accident and health insurance benefits for a period of 36 months immediately following termination of employment.

Under the employment agreement, SPR will pay any additional amounts sufficient to hold Mr. Higgins harmless for any excise tax that might be imposed as a result of being subject to the federal excise tax on "excess parachute payments" or similar taxes imposed by state or local law in connection with receiving any compensation or benefits that are considered contingent on a change in control.

Affiliate Transactions and Relationships

Employees of SPR provide certain accounting, treasury, information technology and administrative services to NPC and SPPC. The costs of those services are allocated among the three Utilities according to each Utility's usage. Additionally, many of SPR's officers are also officers of NPC and SPPC. All three Companies have the same members of their respective boards of directors.

SPR files a consolidated federal income tax return for itself and its subsidiaries. Current income taxes are allocated based on each entity's respective taxable income or loss and investment tax credits as if each subsidiary filed a separate return. SPR does not believe that any significant additional tax liability would be incurred by any of its subsidiaries on behalf of any other subsidiary; however, SPR and its subsidiaries could potentially incur certain tax liabilities as a result of the joint tax filing in the event of a change in applicable law or as a result of an audit.

As part of their on-going cash management practices and operations, SPR may make intercompany loans to the Utilities and/or the Utilities may make intercompany loans to each other, subject to any applicable regulatory restrictions and restrictions under SPR's or the Utilities' financing agreements.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table summarizes the aggregate fees billed to SPR, NPC and SPPC by our auditors, Deloitte and Touche.

	<u>NPC</u>		<u>SPPC</u>		<u>SPR Consolidated</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Audit Fees (a)	\$ 521,063	\$ 537,984	\$ 400,939	\$ 343,841	\$ 1,236,221	\$ 906,067
Audit Related Fees (b)	—	—	13,140	15,736	150,828	15,736
Tax Fees (c)	68,157	1,834,214	2,434	1,848,043	71,916	3,682,256
All Other Fees (d)	1,888	238,070	—	194,163	5,181	511,241
Total	<u>\$ 565,260</u>	<u>\$ 2,610,268</u>	<u>\$ 397,014</u>	<u>\$ 2,401,783</u>	<u>\$ 1,464,146</u>	<u>\$ 5,115,300</u>

(a) Fees for audit services billed in 2003 and 2002 consisted of:

- Audit of the companies financial statements
- Reviews of the companies quarterly financial statements
- Comfort letters, statutory and regulatory audits, consents and other services related to SEC matters.

(b) Fees for audit related services billed in 2003 and 2002 consisted of:

- Sarbanes-Oxley Act, Section 404 advisory services
- Agreed upon procedures

(c) Fees for tax services billed in 2003 and 2002 consisted of tax compliance and tax planning and advice:

- Research and development tax credits documentation and analysis for purposes of filing amended returns

(d) Fees for all other services billed in 2002 consisted of permitted non-audit services, such as:

- Merger Savings Consultation
- Financial accounting consultations
- Business consulting

In considering the nature of the services provided by the independent auditor, the Audit Committee determined that such services are compatible with the provision of independent audit services. The Audit Committee discussed these services with the independent auditor and Management to determine that they are permitted under the rules and regulations concerning auditor independence promulgated by the U.S. Securities and Exchange Commission (the "SEC") to implement the Sarbanes-Oxley Act of 2002, as well as the American Institute of Certified Public Accountants.

Pre-Approval Policy

The services performed by Deloitte and Touche, in 2003 were pre-approved in accordance with the pre-approval policy and procedures adopted by the Audit Committee at its May 13, 2003, meeting, as amended at the November 12, 2003 meeting. This policy describes the permitted audit, audit-related, tax, and other services (collectively, the "Disclosure Categories") that Deloitte and Touche may perform. The policy requires that prior to the beginning of each fiscal year, a description of the services (the "Service List") expected to be performed by Deloitte and Touche in each of the Disclosure Categories in the following fiscal year be presented to the Audit Committee for approval.

Services provided by Deloitte and Touche during the following year that are included in the Service List were pre-approved following the policies and procedures of the Audit Committee.

Any requests for audit, audit related, tax, and other services not contemplated on the Service List must be submitted to the Audit Committee for specific pre-approval and cannot commence until such approval has been granted. Normally, pre-approval is provided at regularly scheduled meetings. However, the authority to grant specific pre-approval between meetings, as necessary, has been delegated to the Chairman of the Audit Committee. The Chairman must update the Audit Committee at the next regularly scheduled meeting of any services that were granted specific pre-approval.

In addition, although not required by the rules and regulations of the SEC, the Audit Committee (generally) requests a range of fees associated with each proposed service on the Service List and any services that were not originally included on the Service List. Providing a range of fees for a service incorporates appropriate oversight and control of the independent auditor relationship, while permitting the Company to receive immediate assistance from the independent auditor when time is of the essence.

On a quarterly basis, the Audit Committee reviews the status of services and fees incurred year-to-date against the original Service List and the forecast of remaining services and fees for the fiscal year.

The policy contains a de minimis provision that operates to provide retroactive approval for permissible non-audit services under certain circumstances. The provision allows for the pre-approval requirement to be waived if all of the following criteria are met:

1. The service is not an audit, review or other attest service;
2. The aggregate amount of all such services provided under this provision does not exceed the lesser of \$50,000 or five percent of total fees paid to the independent auditor in a given fiscal year;
3. Such services were not recognized at the time of the engagement to be non-audit services;
4. Such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee or its designee; and
5. The service and fee are specifically disclosed in the Proxy Statement as meeting the de minimis requirements.

During 2003, fees for audit related services, tax services and all other fees were pre-approved by the audit committee or Chairman of the audit committee.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

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2. Financial Statement Schedules:	
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All other schedules have been omitted because they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto. Columns omitted from schedules have been omitted because the information is not applicable.

Exhibits:

Exhibits are listed in the Exhibit Index on pages 204-218.

(b) Reports on Form 8-K:

Form 8-K dated October 1, 2003, filed by SPR and NPC – Item 5, Other Events

Disclosed and included as an exhibit, NPC's press release, dated October 1, 2003, announcing that it has filed a general rate case with the Public Utilities Commission of Nevada calling for a 3.4 percent rate increase to customers beginning April 1, 2004.

Form 8-K dated October 6, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed and included as an exhibit, SPR's press release, dated October 6, 2003, announcing that NPC and SPPC, filed a complaint with the United States Federal Energy Regulatory Commission (FERC) to prevent Enron Power Marketing, Inc. (EPMI) from enforcing the termination provisions of certain wholesale electric power transactions until FERC has made their determination.

Form 8-K dated October 15, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed that the Bankruptcy Court Judge overseeing the bankruptcy case of Enron Power Marketing, Inc. (EPMI) approved a stipulation among EPMI, NPC and SPPC (NPC and SPPC the “Utilities”) in which EPMI agreed for a 60 day period beginning October 10, 2003 not to seek to execute, or register or institute any proceedings for the enforcement of, EPMI’s judgment against the Utilities entered by the Bankruptcy Court on September 25, 2003 (the “Judgment”).

The Judgment provides for the payment by the Utilities of liquidated damages and pre-judgment interest, for power not delivered by EPMI, under power supply contracts terminated by EPMI in May 2002. The Utilities have previously filed a motion with the Bankruptcy Court seeking a stay pending appeal of the Judgment and proposing to issue General and Refunding Mortgage Bonds as collateral to secure payment of the Judgment.

Form 8-K dated November 6, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed and included as an exhibit, SPR’s press release, dated November 6, 2003, announcing that the Federal Bankruptcy Court Judge overseeing the bankruptcy case of Enron Power Marketing, Inc. (EPMI) rendered a decision on the motion by NPC and SPPC to stay the execution of EPMI’s judgment against NPC and SPPC for liquidated damages and pre-judgment interest for power supply contracts terminated by EPMI in May 2002 (the “Judgment”).

The Bankruptcy Court Judge’s ruling stays the execution of the Judgment, which stay will be secured by the posting into escrow by NPC and SPPC of General and Refunding Mortgage Bonds plus cash for pre-judgment interest. Additionally, NPC and SPPC will pay cash on a pro rata basis into the escrow account, which will lower the principal amount of General and Refunding Mortgage Bonds held in escrow by a like amount, 90 days after the date of the final stay order.

Form 8-K dated November 14, 2003, filed by SPR and NPC—Item 5, Other Events

Disclosed and included as an exhibit, NPC’s press release, dated November 14, 2003, announcing that it made required filings with the Public Utilities Commission of Nevada seeking to recover costs for fuel and purchased power as well as conservation and energy efficiency programs.

Form 8-K dated November 21, 2003, filed by SPR—Item 5, Other Events

Disclosed that, SPR made a filing to revise information that was previously reported in its Form 10-K for the year ended December 31, 2002 to reflect discontinued operations that have been discontinued since the time of the filing of SPR’s most recent Form 10-K. These discontinued operations have been previously disclosed in SPR’s reports filed under the Securities Exchange Act of 1934.

Form 8-K dated December 1, 2003, filed by SPR and SPPC—Item 5, Other Events

Disclosed and included as an exhibit, SPPC’s press release, dated December 1, 2003, announcing that it has filed a general rate case with the Public Utilities Commission of Nevada calling for a 9.7 percent rate increase to customers beginning June 1, 2004.

Form 8-K dated December 5, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed and included as an exhibit, SPR’s press release, dated December 5, 2003, announcing the resignation of Richard K. Atkinson as vice president and chief financial officer, effective December 12, 2003.

Form 8-K dated December 17, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed that, on December 17, 2003, the Public Utilities Commission of Nevada finalized an order that authorizes NPC and SPPC to issue additional short-term debt securities and also removes an NPC dividend payment restriction that had been imposed from an earlier PUCN Order.

Disclosed and included as an exhibit, SPR’s press release, dated December 18, 2003, announcing that Michael W. Yackira has been named executive vice president and chief financial officer of SPR, NPC and SPPC, effective immediately.

Form 8-K dated December 23, 2003, filed by SPR, NPC and SPPC—Item 5, Other Events

Disclosed and included as an exhibit, SPR’s press release, dated December 23, 2003, announcing that Ernest E. East has been elected vice president, general counsel and corporate secretary, and will be joining SPR in January 2004.

SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company have each duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized. The signatures for each undersigned company shall be deemed to relate only to matters having reference to such company and any subsidiaries thereof.

**SIERRA PACIFIC RESOURCES
NEVADA POWER COMPANY
SIERRA PACIFIC POWER COMPANY**

By /s/ Walter M. Higgins

Walter M. Higgins
Chairman, Chief Executive Officer and Director
March 5, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company and in the capacities indicated on the 11th day of March, 2004.

/s/ Michael W. Yackira

Michael W. Yackira
Executive Vice President,
Chief Financial Officer (Principal Financial Officer)

/s/ Mary Lee Coleman

Mary Lee Coleman
Director

/s/ Krestine M. Corbin

Krestine M. Corbin
Director

/s/ Theodore J. Day

Theodore J. Day
Director

/s/ James R. Donnelley

James R. Donnelley
Director

/s/ John Brown

John E. Brown
Vice President,
Controller (Principal Accounting Officer)

/s/ Jerry E. Herbst

Jerry E. Herbst
Director

/s/ John F. O'Reilly

John F. O'Reilly
Director

/s/ Clyde T. Turner

Clyde T. Turner
Director

SIERRA PACIFIC RESOURCES
SCHEDULE II - CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
For The Years Ended December 31, 2003, 2002 and 2001
(Dollars in Thousands)

	<u>Provision for Uncollectible Accounts</u>
Balance at January 1, 2001	\$ 13,194
Provision charged to income(1)	42,767
Amounts written off, less recoveries	<u>(16,626)</u>
Balance at December 31, 2001	<u>\$ 39,335</u>
Balance at January 1, 2002	\$ 39,335
Provision charged to income	16,814
Amounts written off, less recoveries	<u>(11,965)</u>
Balance at December 31, 2002	<u>\$ 44,184</u>
Balance at January 1, 2003	\$ 44,184
Provision charged to income	26,858
Amounts written off, less recoveries	<u>(26,125)</u>
Balance at December 31, 2003	<u>\$ 44,917</u>

NEVADA POWER COMPANY
SCHEDULE II - CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
For The Years Ended December 31, 2003, 2002 and 2001
(Dollars in Thousands)

	<u>Provision for Uncollectible Accounts</u>
Balance at January 1, 2001	\$ 11,605
Provision charged to income(1)	32,137
Amounts written off, less recoveries	<u>(12,881)</u>
Balance at December 31, 2001	<u>\$ 30,861</u>
Balance at January 1, 2002	\$ 30,861
Provision charged to income	12,107
Amounts written off, less recoveries	<u>(9,127)</u>
Balance at December 31, 2002	<u>\$ 33,841</u>
Balance at January 1, 2003	\$ 33,841
Provision charged to income(2)	24,254
Amounts written off, less recoveries	<u>(17,798)</u>
Balance at December 31, 2003	<u>\$ 40,297</u>

SIERRA PACIFIC POWER COMPANY
SCHEDULE II - CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
For The Years Ended December 31, 2003, 2002 and 2001
(Dollars in Thousands)

	<u>Provision for Uncollectible Accounts</u>
Balance at January 1, 2001	\$ 1,589
Provision charged to income(1)	10,630
Amounts written off, less recoveries	<u>(3,745)</u>
Balance at December 31, 2001	<u>\$ 8,474</u>
Balance at January 1, 2002	\$ 8,474
Provision charged to income	4,707
Amounts written off, less recoveries	<u>(2,838)</u>
Balance at December 31, 2002	<u>\$ 10,343</u>
Balance at January 1, 2003	\$ 10,343
Provision charged to income	2,604
Amounts written off, less recoveries	<u>(8,327)</u>
Balance at December 31, 2003	<u>\$ 4,620</u>

- (1) In 2001, the provision charge to income included \$12.6 million and \$1.2 million respectively, for NPC and SPPC allowances against receivables from California's Power Exchange and Independent System Operator. The provision charge also included \$.1 million and \$.4 million respectively, for NPC and SPPC as allowances against receivables from Enron.
- (2) In 2003 the NPC provision charge to income included \$7.1 million for transmission receivables due under contracts with certain parties which challenged the NPC's right to collect such receivables and filed complaints at the FERC. Due to delays in the ability of the parties to use the transmission facilities which were built at the parties' request, to accommodate new power generating stations then under construction or to be constructed by them, the parties requested delays in the service commencement of their transmission service contracts. The parties claimed that the Open Access Transmission Tariff excused them from their obligation to take and pay for the full amount of the transmission service for which they subscribed and or postponed their contractual obligations. Two of these claims have been settled subject to FERC acceptance and the third is pending.

2003 FORM 10-K EXHIBIT INDEX

(a) Exhibits Index

Certain of the following exhibits with respect to SPR and its subsidiaries, Nevada Power Company, Sierra Pacific Power Company, Lands of Sierra, Inc., Sierra Energy Company, Tuscarora Gas Pipeline Company and Sierra Water Development Company, are filed herewith. Certain other of such exhibits have heretofore been filed with the Commission and are incorporated herein by reference.

(* filed herewith)

(3) Sierra Pacific Resources

- Restated Articles of Incorporation of Sierra Pacific Resources dated July 28, 1999 (filed as Exhibit 3(A) to Form 10-K for year ended December 31, 1999).
- By-laws of Sierra Pacific Resources as amended through August 14, 2002 (filed as Exhibit 3(A) to Form 10-K for year ended December 31, 2002).

Nevada Power Company

- Restated Articles of Incorporation of Nevada Power Company, dated July 28, 1999 (filed as Exhibit 3(B) to Form 10-K for year ended December 31, 1999).
- Amended and Restated By-Laws of Nevada Power Company dated July 28, 1999 (filed as Exhibit 3(C) to Form 10-K for year ended December 31, 1999).

Sierra Pacific Power Company

- Restated Articles of Incorporation of Sierra Pacific Power Company dated May 19, 1987 (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1993).
- Certificate of Amendments dated August 26, 1992 to Restated Articles of Incorporation of Sierra Pacific Power Company dated May 19, 1987, in connection with Sierra Pacific Power Company's preferred stock (filed as Exhibit 3.1 to Form 8-K dated August 26, 1992).
- Certificate of Designation, Preferences and Rights dated August 31, 1992 to Restated Articles of Incorporation of Sierra Pacific Power Company dated May 19, 1987, in connection with Sierra Pacific Power Company's Class A Series 1 Preferred Stock (filed as Exhibit 4.3 to Form 8-K dated August 26, 1992).
- By-laws of Sierra Pacific Power Company, as amended through November 13, 1996 (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1996).
- Articles of Incorporation of Piñon Pine Corp., dated December 11, 1995 (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1995).
- Articles of Incorporation of Piñon Pine Investment Co., dated December 11, 1995 (filed as Exhibit (3)(B) to Form 10-K for the year ended December 31, 1995).
- Agreement of Limited Liability Company of Piñon Pine Company, L.L.C., dated December 15, 1995, between Piñon Pine Corp., Piñon Pine Investment Co. and GPSF-B INC 1995 (filed as Exhibit (3)(C) to Form 10-K for the year ended December 31, 1995).
- Amended and Restated Limited Liability Company Agreement of SPPC Funding LLC dated as of April 9, 1999, in connection with the issuance of California rate reduction bonds (filed as Exhibit (3)(A) to Form 10-K for the year ended December 31, 1999).

(4) Sierra Pacific Resources

- Indenture dated as of February 14, 2003 between Sierra Pacific Resources and The Bank of New York, as Trustee, in connection with the issuance of 7.25% Convertible Notes due 2010 (filed as Exhibit 4.1 to Form 10-Q dated March 31, 2003).
- Form of Sierra Pacific Resources' 7.25% Convertible Note due 2010 (filed as Exhibit 4.2 to Form 10-Q dated March 31, 2003)
- Registration Rights Agreement, dated February 14, 2003, between Sierra Pacific Resources and Merrill Lynch, Pierce, Fenner & Smith Incorporated as the initial purchaser of the 7.25% Convertible Notes due 2010 (filed as Exhibit 4.6 to Form S-3 dated May 7, 2003).
- Amended and Restated Rights Agreement dated as of February 28, 2001 between Sierra Pacific Resources and Wells Fargo Bank Minnesota, N.A. as successor Rights Agent (filed as Exhibit 4.1 to Registration Statement on Form S-3 filed July 2, 2001, File No. 333-64438).
- Purchase Contract Agreement dated November 16, 2001, between Sierra Pacific Resources and The Bank of New York, relating to the Company's Premium Income Equity Securities (PIES) (filed as Exhibit 4.3 to Form 8-K dated November 16, 2001).
- Corporate PIES Certificate (filed as Exhibit 4.4 to Form 8-K dated November 16, 2001).
- Treasury PIES Certificate (filed as Exhibit 4.5 to Form 8-K dated November 16, 2001).
- Pledge Agreement dated November 16, 2001, among Sierra Pacific Resources, Wells Fargo Bank Minnesota, N.A. and The Bank of New York (filed as Exhibit 4.6 to Form 8-K dated November 16, 2001).
- Remarketing Agreement dated November 16, 2001, between Sierra Pacific Resources and Lehman Brothers, Inc. (filed as Exhibit 4.7 to Form 8-K dated November 16, 2001).
- Indenture between Sierra Pacific Resources and The Bank of New York, dated as of May 1, 2000 for the issuance of debt securities (filed as Exhibit 4.1 to Form 8-K dated May 22, 2000).
 - Global 8³/₄% Note due 2005 (filed as Exhibit 4.2 to Form 8-K dated May 22, 2000).
 - Officers' Certificate establishing the terms of the 8³/₄% Notes due 2005 (filed as Exhibit 4.3 to Form 8-K dated May 22, 2000).
 - 7.93% Senior Note due 2007 issued in connection with Sierra Pacific Resources PIES (filed as Exhibit 4.2 to Form 8-K dated November 16, 2001).
 - Officers' Certificate establishing the terms of the 7.93% Senior Notes due 2007 (filed as Exhibit 4.3 to Form 8-K dated November 16, 2001).
 - Fiscal and Paying Agency Agreement dated as of April 17, 2000 between Sierra Pacific Resources and Bankers Trust Company, relating to the Company's money market note program (filed as Exhibit 4(A) to Form 10-K for the year ended December 31, 2000).
 - Form of Global Floating Rate Note due April 20, 2003 in connection with the Company's money market note program (filed as Exhibit 4(C) to Form 10-K for year ended December 31, 2000).

Nevada Power Company

- General and Refunding Mortgage Indenture, dated as of May 1, 2001, between Nevada Power Company and The Bank of New York, as Trustee (filed as Exhibit 4.1(a) to Form 10-Q for the quarter ended June 30, 2001).
 - First Supplemental Indenture, dated as of May 1, 2001, establishing Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.1(b) to Form 10-Q for the quarter ended June 30, 2001).

- Officer's Certificate establishing the terms of Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.1(c) to Form 10-Q for the quarter ended June 30, 2001).
- Form of Nevada Power Company's 8.25% General and Refunding Mortgage Bonds, Series A, due June 1, 2011 (filed as Exhibit 4.1(d) to Form 10-Q for the quarter ended June 30, 2001).
- Second Supplemental Indenture, dated as of October 1, 2001, establishing Nevada Power Company's General and Refunding Mortgage Notes, Floating Rate, Series B, due October 15, 2003 (filed as Exhibit 4(A) to Form 10-K for the year ended December 30, 2001).
- Officer's Certificate establishing the terms of Nevada Power Company's General and Refunding Mortgage Bonds, Series D, due April 15, 2004 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended June 30, 2002).
- Form of Nevada Power Company's General and Refunding Mortgage Bonds, Series D, due April 15, 2004 (filed as Exhibit 4.2 to Form 10-Q for the quarter ended June 30, 2002).
- Officer's Certificate establishing the terms of Nevada Power Company's 10 ⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009 (filed as Exhibit 4.1 to Form 10-Q for the quarter ended September 30, 2002).
- Form of Nevada Power Company's 10 ⁷/₈% General and Refunding Mortgage Notes, Series E, due 2009 (filed as Exhibit 4.2 to Form 10-Q for the quarter ended September 30, 2002).
- Officer's Certificate establishing the terms of Nevada Power Company's 9% General and Refunding Mortgage Notes, Series G, due 2013 (filed as Exhibit 4.1 to Form 10-Q dated September 30, 2003).
- Form of Nevada Power Company's 9% General and Refunding Mortgage Notes, Series G, due 2013 (filed as Exhibit 4.2 to Form 10-Q dated September 30, 2003).
- Junior Subordinated Indenture between Nevada Power and IBJ Schroder Bank & Trust Company, as Debenture Trustee dated March 1, 1997 (filed as Exhibit 4.01 to Form S-3, File No. 333-21091).
 - Trust Agreement of NVP Capital I dated March 1, 1997 (filed as Exhibit 4.03 to Form S-3, File No. 333-21091).
 - Form of Amended and Restated Trust Agreement dated March 1, 1997 (filed as Exhibit 4.10 to Form S-3, File No. 333-21091).
 - Form of Agreement as to Expenses and Liabilities between Nevada Power and NVP Capital I dated March 1, 1997 (filed as Exhibit 4.14 to Form S-3, File No. 333-21091).
 - Form of Preferred Security Certificate for NVP Capital I and NVP Capital II dated March 1, 1997 (filed as Exhibit 4.11 to Form S-3, File No. 333-21091).
 - Form of Guarantee Agreement dated March 1, 1997 (filed as Exhibit 4.12 to Form S-3, File No. 333-21091).
 - Form of Supplemental Indenture between Nevada Power and IBJ Schroder Bank & Trust Company, as Debenture Trustee dated March 1, 1997 (filed as Exhibit 4.13 to Form S-3, File No. 333-21091).
 - Supplemental Indenture No. 2 and Assumption Agreement, dated as of June 1, 1999, between Nevada Power Company and IBJ Whitehall Bank & Trust Company, supplementing and assuming the Junior Subordinated Indenture dated as of March 1, 1997 between Nevada Power Company and IBJ Whitehall Bank & Trust Company (filed as Exhibit 4(D) to Form 10-K for year ended December 31, 1999).

- Form of Indenture between Nevada Power and IBJ Schroder Bank & Trust Company, as Trustee dated October 1, 1998 (filed as Exhibit 4.1 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Certificate of Trust of NVP Capital III dated October 1, 1998 (filed as Exhibit 4.2 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Trust Agreement for NVP Capital III dated October 1, 1998 (filed as Exhibit 4.3 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Form of Amended and Restated Declaration of Trust dated October 1, 1998 (filed as Exhibit 4.4 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Form of Preferred Security Certificate for NVP Capital III dated October 1, 1998 (filed as Exhibit 4.5 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Form of Preferred Securities Guarantee Agreement dated October 1, 1998 (filed as Exhibit 4.7 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Form of Junior Subordinated Deferrable Interest Debenture dated October 1, 1998 (filed as Exhibit 4.9 to Form S-3, File Nos. 333-63613 and 333-63613-01).
 - Supplemental Indenture No. 1 and Assumption Agreement, dated as of June 1, 1999, between Nevada Power Company and IBJ Whitehall Bank & Trust Company, supplementing and assuming the Indenture dated as of October 1, 1998 between Nevada Power Company and IBJ Whitehall Bank & Trust Company (filed as Exhibit 4(E) to Form 10-K for year ended December 31, 1999).
- Form of Senior Unsecured Note Indenture between Nevada Power Company and IBJ Whitehall Bank & Trust Company dated as of March 1, 1999 (filed as Exhibit 4.1 to Form S-4, File No. 333-77325).
 - Supplemental Indenture No. 1 between Nevada Power Company and IBJ Whitehall Bank & Trust Company dated as of March 1, 1999 (including form of 6.20% Senior Unsecured Note, Series A due April 15, 2004) (filed as Exhibit 4.2 to Form S-4, File No. 333-77325).
 - Supplemental Indenture No. 2 between Nevada Power Company and IBJ Whitehall Bank & Trust Company dated as of April 1, 1999 (including form of 6.20% Senior Unsecured Note, Series B due April 15, 2004) (filed as Exhibit 4.3 to Form S-4, File No. 333-77325).
 - Supplemental Indenture No. 3 and Assumption Agreement, dated as of July 1, 1999, between Nevada Power Company and IBJ Whitehall Bank & Trust Company, supplementing and assuming the Senior Unsecured Note Indenture dated as of March 1, 1999 between Nevada Power Company and IBJ Whitehall Bank & Trust Company (filed as Exhibit 4(F) to Form 10-K for year ended December 31, 1999).
- Indenture of Mortgage and Deed of Trust providing for Nevada Power Company's First Mortgage Bonds, dated as of October 1, 1953 and Twenty-Eight Supplemental Indentures as follows:
 - First Supplemental Indenture, dated as of August 1, 1954 (filed as Exhibit 4.2 to Form S-1, File No. 2-11440).
 - Instrument of Further Assurance dated April 1, 1956 to Indenture of Mortgage and Deed of Trust dated October 1, 1953 (filed as Exhibit 4.8 to Form S-1, File No. 2-12666).
 - Second Supplemental Indenture, dated as of September 1, 1956 (filed as Exhibit 4.9 to Form S-1, File No. 2-12566).
 - Third Supplemental Indenture, dated as of May 1, 1959 (filed as Exhibit 4.13 to Form S-1, File No. 2-14949).
 - Fourth Supplemental Indenture, dated as of October 1, 1960 (filed as Exhibit 4.5 to S-1, File No. 2-16968).
 - Fifth Supplemental Indenture, dated as of December 1, 1961 (filed as Exhibit 4.6 to Form S-16, File No. 2-74929).

- Sixth Supplemental Indenture, dated as of October 1, 1963 (filed as Exhibit 4.6A to Form S-1, File No. 2-21689).
- Seventh Supplemental Indenture, dated as of August 1, 1964 (filed as Exhibit 4.6B to Form S-1, File No. 2-22560).
- Eighth Supplemental Indenture, dated as of April 1, 1968 (filed as Exhibit 4.6C to Form S-9, File No. 2-28348).
- Ninth Supplemental Indenture, dated as of October 1, 1969 (filed as Exhibit 4.6D to Form S-1, File No. 2-34588).
- Tenth Supplemental Indenture, dated as of October 1, 1970 (filed as Exhibit 4.6E to Form S-7, File No. 2-38314).
- Eleventh Supplemental Indenture, dated as of November 1, 1972 (filed as Exhibit 2.12 to Form S-7, File No. 2-45728).
- Twelfth Supplemental Indenture, dated as of December 1, 1974 (filed as Exhibit 2.13 to Form S-7, File No. 2-52350).
- Thirteenth Supplemental Indenture, dated as of October 1, 1976 (filed as Exhibit 4.14 to Form S-16, File No. 2-74929).
- Fourteenth Supplemental Indenture, dated as of May 1, 1977 (filed as Exhibit 4.15 to Form S-16, File No. 2-74929).
- Fifteenth Supplemental Indenture, dated as of September 1, 1978 (filed as Exhibit 4.16 to Form S-16, File No. 2-74929).
- Sixteenth Supplemental Indenture, dated as of December 1, 1981 (filed as Exhibit 4.17 to Form S-16, File No. 2-74929).
- Seventeenth Supplemental Indenture, dated as of August 1, 1982 (filed as Exhibit 4.2 to Form 10-K, File No. 1-4698, Year:1982).
- Eighteenth Supplemental Indenture, dated as of November 1, 1986 (filed as Exhibit 4.6 to Form S-3, File No. 33-9537).
- Nineteenth Supplemental Indenture, dated as of October 1, 1989 (filed as Exhibit 4.2 to Form 10-K, File No. 1-4698, Year 1989).
- Twentieth Supplemental Indenture, dated as of May 1, 1992 (filed as Exhibit 4.21 to Form S-3, File No. 33-53034).
- Twenty-First Supplemental Indenture, dated as of June 1, 1992 (filed as Exhibit 4.22 to Form S-3, File No. 33-53034).
- Twenty-Second Supplemental Indenture, dated as of June 1, 1992 (filed as Exhibit 4.23 to Form S-3, Filed No. 33-53034).
- Twenty-Third Supplemental Indenture, dated as of October 1, 1992 (filed as Exhibit 4.23 to Form S-3, File No. 33-53034).
- Twenty-Fourth Supplemental Indenture, dated as of October 1, 1992 (filed as Exhibit 4.23 to Form S-3, File No. 33-53034).
- Twenty-Fifth Supplemental Indenture, dated as of January 1, 1993 (filed as Exhibit 4.23 to Form S-3, File No. 33-53034).
- Twenty-Sixth Supplemental Indenture, dated as of May 1, 1995 (filed as Exhibit 4.2 to Form 10-K, File No. 1-4698, Year 1995).

- Twenty-Seventh Supplemental Indenture dated as of July 1, 1999 (filed as Exhibit 4(C) to Form 10-K for year ended December 31, 1999).
- Twenty-Eighth Supplemental Indenture dated as of July 1, 2001 (filed as Exhibit 4(D) to Form 10-K for the year ended December 30, 2001).

Sierra Pacific Power Company

- General and Refunding Mortgage Indenture, dated as of May 1, 2001, between Sierra Pacific Power Company and The Bank of New York, as Trustee (filed as Exhibit 4.2(a) to Form 10-Q for the quarter ended June 30, 2001).
 - First Supplemental Indenture, dated as of May 1, 2001, establishing Sierra Pacific Power Company's 8% General and Refunding Mortgage Bonds, Series A, due June 1, 2008 (filed as Exhibit 4.2(b) to Form 10-Q for the quarter ended June 30, 2001).
 - Officer's Certificate establishing the terms of Sierra Pacific Power Company's 8% General and Refunding Mortgage Bonds, Series A, due June 1, 2008 (filed as Exhibit 4.2(c) to Form 10-Q for the quarter ended June 30, 2001).
 - Form of Sierra Pacific Power Company's 8% General and Refunding Mortgage Bonds, Series A, due June 1, 2008 (filed as Exhibit 4.2(d) to Form 10-Q for the quarter ended June 30, 2001).
 - Officer's Certificate establishing the terms of Sierra Pacific Power Company's General and Refunding Mortgage Bonds, Series C, due October 31, 2005 (filed as Exhibit 4.3 to Form 10-Q for the quarter ended September 30, 2002).
 - Form of Sierra Pacific Power Company's General and Refunding Mortgage Bonds, Series C, due October 31, 2005 (filed as Exhibit 4.4 to Form 10-Q for the quarter ended September 30, 2002).
- Officer's Certificate establishing the terms of Sierra Pacific Power Company's General and Refunding Mortgage Notes, Series D, due 2004 (filed as Exhibit 4.3 to Form 10-Q dated September 30, 2003).
 - Form of Sierra Pacific Power Company's General and Refunding Mortgage Notes, Series D, due 2004 (filed as Exhibit 4.4 to Form 10-Q dated September 30, 2003).
- Indenture of Mortgage providing for Sierra Pacific Power Company's First Mortgage Bonds, dated as of December 1, 1940 (filed as Exhibit 7-A to Registration No. 2-7475).
 - Ninth Supplemental Indenture, dated as of June 1, 1964 (filed as Exhibit 2-M to Registration No. 2-59509).
 - Tenth Supplemental Indenture, dated as of March 31, 1965 (filed as Exhibit 4-K to Registration No. 2-23932).
 - Eleventh Supplemental Indenture, dated as of October 1, 1965 (filed as Exhibit 4-L to Registration No. 2-26552).
 - Twelfth Supplemental Indenture, dated as of July 1, 1967 (filed as Exhibit 4-L to Registration No. 2-36982).
 - Sixteenth Supplemental Indenture, dated as of October 1, 1975 (filed as Exhibit 2-Y to Registration No. 2-53404).
 - Nineteenth Supplemental Indenture, dated as of April 1, 1978 (filed as Exhibit (4)(A) to the 1991 Form 10-K).
 - Twentieth Supplemental Indenture, dated as of October 1, 1978 (filed as Exhibit (4)(B) to the 1991 Form 10-K).
 - Twenty-Seventh Supplemental Indenture, dated as of August 1, 1989 (filed as Exhibit (4)(A) to the 1989 Form 10-K).
 - Twenty-Eighth Supplemental Indenture, dated as of May 1, 1992 (filed as Exhibit (4)(A) to the 1992 Form 10-K).
 - Twenty-Ninth Supplemental Indenture, dated as of June 1, 1992 (filed as Exhibit D to Form 8-K dated July 15, 1992).

- Thirtieth Supplemental Indenture, dated as of July 1, 1992 (filed as Exhibit (4)(B) to the 1992 Form 10-K).
- Thirty-First Supplemental Indenture, dated as of November 1, 1992 (filed as Exhibit (4)(C) to the 1992 Form 10-K).
- Thirty-Second Supplemental Indenture, dated as of June 1, 1993 (filed as Exhibit 4.6 to Registration No. 33-69550).
- Thirty-Third Supplemental Indenture, dated as of October 1, 1993 (filed as Exhibit C to Form 8-K dated October 20, 1993).
- Thirty-Fourth Supplemental Indenture, dated as of February 1, 1996 (filed as Exhibit C to Form 8-K dated March 11, 1996).
- Thirty-Fifth Supplemental Indenture, dated as of February 1, 1997 (filed as Exhibit C to Form 8-K dated March 10, 1997).
- Indenture dated as of April 9, 1999 between SPPC Funding LLC and Bankers Trust Company of California, N.A. in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(C) to Form 10-K for year ended December 31, 1999).
 - First Series Supplement dated as of April 9, 1999 to Indenture between SPPC Funding LLC and Bankers Trust Company of California, N.A. in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(D) to Form 10-K for year ended December 31, 1999).
 - Form of SPPC Funding LLC Notes, Series 1999-1, in connection with the issuance of California rate reduction bonds (filed as Exhibit 4(E) to Form 10-K for year ended December 31, 1999).
- Collateral Trust Indenture dated June 1, 1992 between Sierra Pacific Power Company and Bankers Trust Company, as Trustee, relating to Sierra Pacific Power Company's medium-term note program (filed as Exhibit B to Form 8-K dated July 15, 1992).
 - First Supplemental Indenture dated June 1, 1992 (filed as Exhibit C to Form 8-K dated July 15, 1992).
 - Second Supplemental Indenture dated October 1, 1993 (filed as Exhibit B to Form 8-K dated October 20, 1993).
 - Third Supplemental Indenture dated as of February 1, 1996 (filed as Exhibit B to Form 8-K dated March 11, 1996).
 - Fourth Supplemental Indenture dated as of February 1, 1997 (filed as Exhibit B to Form 8-K dated March 10, 1997).
 - Form of Medium-Term Global Fixed Rate Note, Series A in connection with Sierra Pacific Power Company's medium-term note program (filed as Exhibit E to Form 8-K dated July 15, 1992).
 - Form of Medium-Term Global Fixed Rate Note, Series B in connection with Sierra Pacific Power Company's medium-term note program (filed as Exhibit D to Form 8-K dated October 25, 1993).
 - Form of Medium-Term Global Fixed-Rate Note, Series C in connection with Sierra Pacific Power Company's medium-term note program (filed as Exhibit D to Form 8-K dated March 11, 1996).
 - Form of Medium-Term Global Fixed-Rate Note, Series D in connection with Sierra Pacific Power Company's medium-term note program (filed as Exhibit D to Form 8-K dated March 10, 1997).

(10) Sierra Pacific Resources

- *(A) Ernest E. East Employment Letter dated December 15, 2003 .
- *(B) Roberto Denis Employment Letter dated July 11, 2003.

- Employment Agreement for Walter M. Higgins (filed as Exhibit 10.1 to Form 10-Q dated September 30, 2003).
- Change in Control Agreement by and among Sierra Pacific Resources and the following officers (individually): Jeffrey L. Ceccarelli, Victor H. Pena, Donald L. Shalmy, Michael W. Yackira and Roberto Denis in substantially the same form as the Change in Control Agreement dated May 21, 2001 by and between Sierra Pacific Resources and Dennis D. Schiffl (filed as Exhibit 10(C) to Form 10-K for the year ended December 30, 2001).
- Change in Control Agreement by and among Sierra Pacific Resources and the following officers (individually): Susan Brennan, Richard J. Coyle, Jane Crane, Matt H. Davis, Carol Elmore-Marin, Julian C. Leone, Mary O. Simmons, Mike Smart and Bob Werner in substantially the same form as the Change in Control Agreement dated May 21, 2001 by and between Sierra Pacific Resources and John E. Brown (filed as Exhibit 10(D) to Form 10-K for the year ended December 30, 2001).
- *(C) Change in Control Agreement by and between Sierra Pacific Resources and Ernest E. East dated January 22, 2004.
- Donald L. Shalmy Employment Letter dated May 21, 2002 (filed as Exhibit 10.1 to Form 10-Q for the quarter ended September 30, 2002).
- Michael W. Yackira Employment Letter dated March 17, 2003 (filed as Exhibit 10(A) to Form 10-K for the year ended December 31, 2002).
- Severance and Release Agreement, dated September 2002 among Sierra Pacific Resources, its affiliates Nevada Power Company and Sierra Pacific Power Company, and William E. Peterson (filed as Exhibit 10(B) to Form 10-K for the year ended December 31, 2002).
- Sierra Pacific Resources' Executive Long-Term Incentive Plan (filed as Exhibit 99.1 to Form S-8 dated December 13, 1999).
- Sierra Pacific Resources' Non-Employee Director Stock Plan (filed as Exhibit 99.2 to Form S-8 dated December 13, 1999).
- Sierra Pacific Resources' Employee Stock Purchase Plan (filed as Exhibit 99.3 to Form S-8 dated December 13, 1999).

Nevada Power Company

- Western Systems Power Pool (WSPP) Agreement effective February 1, 2003 between Nevada Power Company as a member of the WSPP, Sierra Pacific Power Company as a member of the WSPP and the other members of the WSPP (filed as Exhibit 10.1 to Form 10-Q dated March 31, 2003).
- *(D) Western Systems Power Pool (WSPP) Agreement effective October 1, 2003 between Nevada Power Company as a member of the WSPP, Sierra Pacific Power Company as a member of the WSPP and the other members of the WSPP.
- Financing Agreement No. 1 between Clark County, Nevada and Nevada Power Company dated as of June 1, 2000 (Series 2000A) (filed as Exhibit 10(O) to Form 10-K for the year ended December 31, 2000).
- Financing Agreement No. 2 between Clark County, Nevada and Nevada Power Company dated as of June 1, 2000 (Series 2000B) (filed as Exhibit 10(P) to Form 10-K for the year ended December 31, 2000).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated November 1, 1997 (relating to Clark County, Nevada \$52,285,000 Industrial Development Revenue Bonds, Series 1997A) (filed as Exhibit 10.83 to Form 10-K, File No. 1-4698, Year 1997).
- Financing Agreement between Coconino County, Arizona Pollution Control Corporation and Nevada Power Company dated November 1, 1997 (relating to Coconino County, Arizona \$20,000,000 Pollution Control Corporation Pollution Control Revenue Bonds, Series 1997B) (filed as Exhibit 10.84 to Form 10-K, File No. 1-4698, Year 1997).

- Financing Agreement between Coconino County, Arizona Pollution Control Corporation and Nevada Power Company dated October 1, 1996 (relating to Coconino County, Arizona Pollution Control Corporation \$20,000,000 Pollution Control Revenue Bonds, Series 1996) (filed as Exhibit 10.82 to Form 10-K, File 1-4698, Year 1996).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada \$76,750,000 Industrial Development Revenue Bonds, Series 1995A) (filed as Exhibit 10.75 to Form 10-K, File No. 1-4698, Year 1995).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada \$85,000,000 Industrial Development Refunding Revenue Bonds, Series 1995B) (filed as Exhibit 10.76 to Form 10-K, File No. 1-4698, Year 1995).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada \$76,750,000 Industrial Development Revenue Bonds, Series 1995A and \$44,000,000 Industrial Development Refunding Revenue Bonds, Series 1995C) (filed as Exhibit 10.77 to Form 10-K, File No. 1-4698, Year 1995).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1995 (relating to Clark County, Nevada \$20,300,000 Pollution Control Refunding Revenue Bonds, Series 1995D) (filed as Exhibit 10.78 to Form 10-K, File No. 1-4698, Year 1995).
- Financing Agreement between Coconino County, Arizona Pollution Control Corporation and Nevada Power Company dated October 1, 1995 (relating to Coconino County, Arizona Pollution Control Corporation \$13,000,000 Pollution Control Refunding Revenue Bonds, Series 1995E) (filed as Exhibit 10.79 to Form 10-K, File No. 1-4698, Year 1995).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated October 1, 1992 (Relating to Industrial Development Refunding Revenue Bonds, Series 1992C) (filed as Exhibit 10.67 to Form 10-K, File No. 1-4698, Year 1992).
- Financing Agreement between Clark County, Nevada and Nevada Power Company dated June 1, 1992 (Relating to Clark County, Nevada \$105,000,000 Industrial Development Revenue Bonds, Series 1992A) (filed as Exhibit 10.65 to Form 10-K, File No. 1-4698, Year 1992).
 - Financing Agreement between Clark County, Nevada and Nevada Power Company dated June 1, 1992 (Relating to Pollution Control Refunding Revenue Bonds, Series 1992B) (filed as Exhibit 10.66 to Form 10-K, File No. 1-4698, Year 1992).
 - Financing Agreement between Clark County, Nevada and Nevada Power Company dated as of November 1, 1988 (relating to Clark County, Nevada \$25,000,000 Floating Rate Weekly Demand Industrial Development Revenue Bonds, Series 1988) (filed as Exhibit 10.42 to Form 10-K, File No. 1-4698, Year 1988).
 - Financing Agreement between Clark County, Nevada and Nevada Power Company dated as of December 1, 1985 (relating to Clark County, Nevada \$44,000,000 Floating Rate Weekly Demand Industrial Development Revenue Bonds, Series 1985) (filed as Exhibit 10.37 to Form 10-K, File No. 1-4698, Year 1985).
 - Financing Agreement dated as of February 1, 1983 between Clark County, Nevada and Nevada Power Company (relating to Clark County, Nevada \$78,000,000 Industrial Development Revenue Bonds, Series 1983) (filed as Exhibit 10.36 to Form 10-K, File No. 1-4698, Year 1985).
 - Collective Bargaining Agreement dated as of February 1, 2002, effective through February 1, 2005, between Nevada Power Company and the International Brotherhood of Electrical Workers Local Union No. 396 (filed as Exhibit 10.2 to Form 10-Q for the quarter ended March 31, 2002).
 - Western Systems Power Pool (WSPP) Agreement effective September 1, 2002 between Nevada Power Company as a member of WSPP and the other members of the WSPP (filed as Exhibit 10(C) to Form 10-K for the year ended December 31, 2002).

- Agreement for Transmission Service dated March 29, 1989 between Overton Power District No. 5, Lincoln County Power District No. 1 and Nevada Power Company (filed as Exhibit 10.51 to Form 10-K, File No. 1-4698, Year 1989).
- Contract for Operation, Maintenance, Replacement, Ownership, and Interconnection of Facilities dated June 30, 1988 between United States Department of Energy Western Area Power Administration and Nevada Power Company (filed as Exhibit 10.52 to Form 10-K, File No. 1-4698, Year 1989).
- Transmission Facilities Agreement between Utah Power & Light Company and Nevada Power Company, dated August 17, 1987 (filed as Exhibit 10.41 to Form 10-K, File No. 1-4698, Year 1987).
- Contract for Sale of Electrical Energy between the State of Nevada and Nevada Power Company, dated July 8, 1987 (filed as Exhibit 10.39 to Form 10-K, File No. 1-4698, Year 1987).
- Participation Agreement Reid Gardner Unit No. 4 dated July 11, 1979 between Nevada Power Company and California Department of Water Resources (filed as Exhibit 5.34 to Form S-7, File No. 2-65097).
- Amended Mohave Project Coal Slurry Pipeline Agreement dated May 26, 1976 between Peabody Coal Company and Black Mesa Pipeline, Inc. (Exhibit B to Exhibit 10.18) (filed as Exhibit 5.36 to Form S-7, File No. 2-56356).
- Amended Mohave Project Coal Supply Agreement dated May 26, 1976 between Nevada Power Company and Southern California Edison Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural Improvement and Power District and the Peabody Coal Company (filed as Exhibit 5.35 to Form S-7, File No. 2-56356).
- Navajo Project Co-Tenancy Agreement dated March 23, 1976 between Nevada Power Company, Arizona Public Service Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural Improvement and Power District, Tucson Gas & Electric Company and the United States of America (filed as Exhibit 5.31 to Form 8-K, File No. 1-4696, April 1974).
- Mohave Operating Agreement dated July 6, 1970 between Nevada Power Company, Salt River Project Agricultural Improvement and Power District, Southern California Edison Company and Department of Water and Power of the City of Los Angeles (filed as Exhibit 13.26F to Form S-1, File No. 2-38314).
- Navajo Project Coal Supply Agreement dated June 1, 1970 between Nevada Power Company, the United States of America, Arizona Public Service Company, Department of Water and Power of the City of Los Angeles, Salt River Project Agricultural District, Tucson Gas & Electric Company and the Peabody Coal Company (filed as Exhibit 13.27B to Form S-1, File No. 2-38314).
- Eldorado System Conveyance and Co-Tenancy Agreement dated December 20, 1967 between Nevada Power Company and Salt River Project Agricultural Improvement and Power District and Southern California Edison Company (filed as Exhibit 13.30 to Form S-9, File No. 2-28348).
- Mohave Project Plant Site Conveyance and Co-Tenancy Agreement dated May 29, 1967 between Nevada Power Company and Salt River Project Agricultural Improvement and Power District and Southern California Edison Company (filed as Exhibit 13.27 to Form S-9, File No. 2-28348).
- Reliability Management System Agreement dated June 18, 1999 by and between Western Systems Coordinating Council and Nevada Power Company (filed as Exhibit 10(U) to Form 10-K for the year ended December 31, 2000).
- Service Agreement No. 90 for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission July 20, 2001 between Nevada Power Company and Reliant Energy Services, Inc. (filed as Exhibit 10(G) to Form 10-K for the year ended December 30, 2001).
- Service Agreement Nos. 98 and 99 for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission August 1, 2001 between Nevada Power Company and Mirant Americas Development, Inc. (filed as Exhibit 10(J) to Form 10-K for the year ended December 30, 2001).

- Settlement Agreement dated April 16, 2002, by and between Nevada Power Company and each of Calpine Corporation, Duke Energy Trading and Marketing, L.L.C., Mirant Las Vegas, LLC, Pinnacle West Energy Corporation and Reliant Energy Services (filed as Exhibit 10(D) to Form 10-K for the year ended December 31, 2002).
- Service Agreement No. 96 for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission July 9, 2002 between Nevada Power Company and Calpine Corporation (filed as Exhibit 10(E) to Form 10-K for the year ended December 31, 2002).
- Service Agreement No. 97 for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission July 3, 2002 between Nevada Power Company and Duke Energy Trading and Marketing (filed as Exhibit 10(F) to Form 10-K for the year ended December 31, 2002).
- Service Agreement No. 100 for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission December 12, 2002 between Nevada Power Company and Reliant Energy Services, Inc (filed as Exhibit 10(G) to Form 10-K for the year ended December 31, 2002).
- *(E) Assignment and Assumption of Long-Term Firm Point to Point Transmission Service Agreement No. 101.A. between Pinnacle West Energy Corporation and Pinnacle West Capital Corporation.
- *(F) Service Agreement No. 101.A for Long-Term Firm Point To Point Transmission Service filed with the Federal Energy Regulatory Commission December 19, 2003 between Nevada Power Company and Pinnacle West Capital Corporation.
- Service Agreement No. 101.B for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission December 12, 2002 between Nevada Power Company and Southern Nevada Water Authority (filed as Exhibit 10(I) to Form 10-K for the year ended December 31, 2002).
- *(G) Settlement Agreement dated December 19, 2003, between Nevada Power Company, Pinnacle West Energy Corporation and Southern Nevada Water Authority.
- *(H) Service Agreement No. 101.B for Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission December 19, 2003 between Nevada Power Company and Southern Nevada Water Authority.
- *(I) Service Agreement No. 102 For Long-Term Firm Point-To-Point Transmission Service filed with the Federal Energy Regulatory Commission April 21, 2003 between Nevada Power Company and Las Vegas Cogeneration II, LLC.
- Sublease Agreement between Powveg Leasing Corp., as Lessor and Nevada Power Company as Lessee, dated January 1, 1984 for lease of administrative headquarters (the primary term of the sublease ends in 2014 and the lessee has the option to extend the term up to 25 additional years) (filed as Exhibit 10.31 to Form 10-K, File No. 1-4698, Year 1983).

Sierra Pacific Power Company

- Term Loan Agreement, dated as of October 30, 2002, by and among Sierra Pacific Power Company, the several banks and other financial institutions or entities from time to time parties to the Agreement, Lehman Brothers Inc., as advisor, sole lead arranger and sole bookrunner, Lehman Commercial Paper Inc., as syndication agent, and Lehman Commercial Paper Inc., as administrative agent (filed as Exhibit 10.3 to Form 10-Q for the quarter ended September 30, 2002).
 - First Amendment, dated as of June 27, 2003, to the Term Loan Agreement, dated as of October 30, 2002 (filed as Exhibit 10.2 to Form 10-Q dated June 30, 2003).
- Financing Agreement dated June 1, 1993 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1993A (filed as Exhibit (10) (I) to Form 10-K for the year ended December 31, 1993).

- Financing Agreement dated June 1, 1993 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Gas and Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1993B (filed as Exhibit (10)(J) to Form 10-K for the year ended December 31, 1993).
- Financing Agreement dated as of March 1, 2001 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 2001 (filed as Exhibit 10(O) to Form 10-K for the year ended December 30, 2001).
- Financing Agreement dated September 1, 1990 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Gas Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1990 (filed as Exhibit (10)(C) to Form 10-K for the year ended December 31, 1990).
- Financing Agreement dated December 1, 1987 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Variable Rate Demand Gas Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 (filed as Exhibit (10)(H) to Form 10-K for the year ended December 31, 1993).
- Financing Agreement dated June 1, 1987 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Variable Rate Demand Water Facilities Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 (filed as Exhibit (10)(G) to Form 10-K for the year ended December 31, 1993).
- Financing Agreement dated March 1, 1987 between Sierra Pacific Power Company and Humboldt County, Nevada relating to the Humboldt County, Nevada Variable Rate Demand Pollution Control Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 (filed as Exhibit (10)(E) to Form 10-K for the year ended December 31, 1993).
- Financing Agreement dated March 1, 1987 between Sierra Pacific Power Company and Washoe County, Nevada relating to the Washoe County, Nevada Variable Rate Demand Gas and Water Facilities Refunding Revenue Bonds (Sierra Pacific Power Company Project) Series 1987 (filed as Exhibit (10)(F) to Form 10-K for the year ended December 31, 1993).
- Transition Property Purchase and Sale Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(B) to Form 10-K for the year ended December 31, 1999).
- Transition Property Servicing Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(C) to Form 10-K for the year ended December 31, 1999).
- Administrative Services Agreement dated as of April 9, 1999 between Sierra Pacific Power Company and SPPC Funding LLC in connection with the issuance of California rate reduction bonds (filed as Exhibit 10(D) to Form 10-K for the year ended December 31, 1999).
- *(J) Collective Bargaining Agreement dated January 1, 2003, effective through December 31, 2005 between Sierra Pacific Power Company and the International Brotherhood of Electrical Workers Local No. 1245.
- Settlement Agreement and Mutual Release dated May 8, 1992 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(D) to Form 10-K for the year ended December 31, 1992; confidential portions omitted and filed separately with the Securities and Exchange Commission).
- Western Systems Power Pool (WSPP) Agreement effective September 1, 2002 between Sierra Pacific Power Company as a member of WSPP and the other members of the WSPP (filed as Exhibit 10(C)).
- Coal Supply Agreement dated January 1, 2002 between Sierra Pacific Power Company and Arch Coal Sales Company, Inc. (5 year term ending on December 31, 2006) (filed as Exhibit 10(R) to Form 10-K for the year ended December 30, 2001).

- Interconnection Agreement dated May 29, 1981 between Sierra Pacific Power Company and Idaho Power Company (filed as Exhibit (10)(C) to Form 10-K for the year ended December 31, 1991).
- Amendatory Agreement dated February 14, 1992 to Interconnection Agreement dated May 29, 1981 between Sierra Pacific Power Company and Idaho Power Company (filed as Exhibit (10)(D) to Form 10-K for the year ended December 31, 1991).
- Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (confidential portions omitted and filed separately with the Securities and Exchange Commission) (filed as Exhibit 5-GG to Registration No. 2-62476).
- Amendment No. 1 dated November 8, 1983 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(B) to Form 10-K for the year ended December 31, 1991).
- Amendment No. 2 dated February 25, 1987 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(A) to Form 10-K for the year ended December 31, 1993).
- Amendment No. 3 dated May 8, 1992 to Coal Sales Agreement dated May 16, 1978 between Sierra Pacific Power Company and Coastal States Energy Company (filed as Exhibit (10)(B) to Form 10-K for the year ended December 31, 1992; confidential portions omitted and filed separately with the Securities and Exchange Commission).
- Lease dated January 30, 1986 between Sierra Pacific Power Company and Silliman Associates Limited Partnership relating to the Company's corporate headquarters building (filed as Exhibit (10)(I) to Form 10-K for the year ended December 31, 1992).
- Letter of Amendment dated May 18, 1987 to Lease dated January 30, 1986 between Sierra Pacific Power Company and Silliman Associates Limited Partnership relating to the Company's corporate headquarters building (filed as Exhibit (10) (K) to Form 10-K for the year ended December 31, 1993).

Sierra Pacific Communications

- Unit Redemption, Release, and Sale Agreement entered into by and among Touch America, Inc., Sierra Pacific Communications, and Sierra Touch America LLC, dated as of September 9, 2002 (filed as Exhibit 10.4 to Form 10-Q for the quarter ended September 30, 2002).
- Amended and Restated Conduit Sale Agreement dated September 11, 2002, made by and between Sierra Pacific Communications and Qwest Communications Corporation (filed as Exhibit 10.5 to Form 10-Q for the quarter ended September 30, 2002).

(11) Nevada Power Company and Sierra Pacific Power Company

- Nevada Power Company and Sierra Pacific Power Company are wholly owned subsidiaries and, in accordance with Paragraph 6 of SFAS No. 128 (Earnings Per Share), earnings per share data have been omitted.

(12) Sierra Pacific Resources

- *(A) Statement regarding computation of Ratios of Earnings to Fixed Charges.

Nevada Power Company

- *(B) Statement regarding computation of Ratios of Earnings to Fixed Charges.

Sierra Pacific Power Company

- *(C) Statement regarding computation of Ratios of Earnings to Fixed Charges.

(21) Sierra Pacific Resources

- Nevada Power Company, a Nevada Corporation.
- Sierra Pacific Power Company, a Nevada Corporation .
- Great Basin Energy Company, a Nevada Corporation.
- Lands of Sierra, Inc., a Nevada Corporation.
- Sierra Energy Company dba e-three, a Nevada Corporation.
- Sierra Gas Holdings Company, a Nevada Corporation.
- Sierra Pacific Energy Company, a Nevada Corporation.
- Sierra Pacific Resources Capital Trust I, a Delaware Business Trust.
- Sierra Pacific Resources Capital Trust II, a Delaware Business Trust.
- Sierra Water Development Company, a Nevada Corporation.
- Tuscarora Gas Pipeline Company, a Nevada Corporation.
- Tuscarora Gas Operating Company, a Nevada Corporation.
- SRP Receivables Finance Corporation, a Delaware Corporation.

Nevada Power Company

- Nevada Electric Investment Company, a Nevada Corporation
- Commonsite, Inc., a Nevada Corporation.
- NVP Capital I, a Delaware Business Trust.
- NVP Capital II, a Delaware Business Trust.
- Nevada Power Receivables Finance Corporation, a Delaware Corporation.

Sierra Pacific Power Company

- Piñon Pine Company, a Nevada Corporation.
- Piñon Pine Investment Company, a Nevada Corporation.
- Piñon Pine Investment Co. LLC, a Nevada Limited Liability Company.
- GPSF-B, a Delaware Corporation.
- SPPC Funding LLC, a Delaware Limited Liability Company.
- Sierra Pacific Power Capital Trust I, a Delaware Business Trust.
- SPPC Receivables Finance Corporation, a Delaware Corporation.

(23) Sierra Pacific Resources

- ***(A)** Consent of Independent Accountants in connection with the Sierra Pacific Resources' Registration Statements No. 333-77523 (Common Stock Investment Plan) on Form S-3, No. 333-92651 (Employees' Stock Ownership Plan, Executive Long-Term Incentive Plan, and Non-Employee Director Stock Plan) on Forms S-8, No. 333-72160 (Post-Effective Amendment to Registration) No. 333-80149 on Form S-3 and Registration Statement No. 333-105070 on Form S-3, as amended (Convertible Notes).

Nevada Power Company

- ***(B)** Consent of Independent Accountants in connection with the Nevada Power Company's Registration Statement No. 333-112911 (Series G Mortgage Notes) on Form S-4.

(31) Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company

- ***(31.1)** Annual Certification of Principal Executive Officer Required by Section 302(A) of the Sarbanes-Oxley Act of 2002
- ***(31.2)** Annual Certification of Principal Financial Officer Required by Section 302(A) of the Sarbanes-Oxley Act of 2002

(32) Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company

- ***(32.1)** Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- ***(32.2)** Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 12 (A)

SIERRA PACIFIC RESOURCES
RATIOS OF EARNINGS TO FIXED CHARGES

(dollars in thousands)	Year Ended December 31,				
	2003	2002	2001	2000	1999
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations					
After Interest Charges	\$ (129,375)	\$ (300,851)	\$ 32,898	\$ (46,253)	\$ 50,029
Income Taxes	(82,939)	(171,993)	(16,634)	(31,749)	26,364
Income (Loss) From Continuing Operations before Income Taxes	(212,314)	(472,844)	16,264	(78,002)	76,393
Fixed Charges	390,548	301,148	243,874	209,937	133,364
Capitalized Interest	(5,976)	(5,270)	(2,801)	(10,634)	(8,000)
Preferred Stock Dividend Requirement	(6,000)	(6,000)	(5,692)	(5,383)	(3,385)
Total	\$ 166,258	\$ (182,966)	\$ 251,645	\$ 115,918	\$ 198,372
FIXED CHARGES AS DEFINED:					
Interest Expensed and Capitalized (1)	\$ 384,548	\$ 295,148	\$ 238,182	\$ 204,554	\$ 129,979
Preferred Stock Dividend Requirement	6,000	6,000	5,692	5,383	3,385
Total	\$ 390,548	\$ 301,148	\$ 243,874	\$ 209,937	\$ 133,364
RATIO OF EARNINGS TO FIXED CHARGES	-	-	1.03	-	1.49
DEFICIENCY	\$ 224,290	\$ 484,114	\$ -	\$ 94,019	\$ -

(1) Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, "Fixed charges" represent the aggregate of interest charges on short-term and long-term debt, allowance for borrowed funds used during construction (AFUDC) and capitalized interest, the portion of rental expense deemed to be attributable to interest, and the pre-tax preferred stock dividend requirement of SPPC. "Earnings" represent pre-tax income (or Loss) from continuing operations before pre-tax preferred stock dividend requirement of SPPC, fixed charges and capitalized interest.

EXHIBIT 12 (B)

NEVADA POWER COMPANY
RATIOS OF EARNINGS TO FIXED CHARGES

(dollars in thousands)	Year Ended December 31,				
	2003	2002	2001	2000	1999
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations					
After Interest Charges	\$ 19,277	\$(235,070)	\$ 63,405	\$ (7,928)	\$ 38,787
Income Taxes	(614)	(131,784)	32,783	(9,386)	21,213
Income (Loss) From Continuing Operations before Income Taxes	18,663	(366,854)	96,188	(17,314)	60,000
Fixed Charges	197,918	141,380	114,484	104,402	98,203
Capitalized Interest	(2,700)	(3,412)	(2,141)	(7,855)	(8,356)
Total	<u>\$ 213,881</u>	<u>\$(228,886)</u>	<u>\$ 208,531</u>	<u>\$ 79,233</u>	<u>\$ 149,847</u>
FIXED CHARGES AS DEFINED:					
Interest Expensed and Capitalized (1)	\$ 197,918	\$ 141,380	\$ 114,484	\$ 104,402	\$ 98,203
Total	<u>\$ 197,918</u>	<u>\$ 141,380</u>	<u>\$ 114,484</u>	<u>\$ 104,402</u>	<u>\$ 98,203</u>
RATIO OF EARNINGS TO FIXED CHARGES	1.08	-	1.82	-	1.53
DEFICIENCY	\$ -	\$ 370,266	\$ -	\$ 25,169	\$ -

(1) Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, "Fixed charges" represent the aggregate of interest charges on short-term and long-term debt, allowance for borrowed funds used during construction (AFUDC) and capitalized interest, and the portion of rental expense deemed to be attributable to interest. "Earnings" represents pre-tax income (or loss) from continuing operations before fixed charges and capitalized interest.

EXHIBIT 12 (C)

SIERRA PACIFIC POWER COMPANY
RATIOS OF EARNINGS TO FIXED CHARGES

(dollars in thousands)	Year ended December 31,				
	2003	2002	2001	2000	1999
EARNINGS AS DEFINED:					
Income (Loss) From Continuing Operations					
After Interest Charges	\$ (23,275)	\$ (13,968)	\$ 22,743	\$ (4,077)	\$ 64,615
Income Taxes	(12,237)	(4,491)	10,260	(1,362)	33,489
Income (Loss) From Continuing Operations before Income Taxes	(35,512)	(18,459)	33,003	(5,439)	98,104
Fixed Charges	104,790	81,161	68,965	56,753	48,503
Capitalized Interest	(3,276)	(1,858)	(660)	(2,779)	(141)
Preferred Stock Dividend Requirement	-	-	-	-	-
Total	<u>\$ 66,002</u>	<u>\$ 60,844</u>	<u>\$ 101,308</u>	<u>\$ 48,535</u>	<u>\$ 146,466</u>
FIXED CHARGES AS DEFINED:					
Interest Expensed and Capitalized (1)	\$ 104,790	\$ 81,161	\$ 68,965	\$ 56,753	\$ 48,503
Preferred Stock Dividend Requirement	-	-	-	-	-
Total	<u>\$ 104,790</u>	<u>\$ 81,161</u>	<u>\$ 68,965</u>	<u>\$ 56,753</u>	<u>\$ 48,503</u>
	-	-	1.47	-	3.02
RATIO OF EARNINGS TO FIXED CHARGES					
DEFICIENCY	\$ 38,788	\$ 20,317	\$ -	\$ 8,218	\$ -

(1) Includes amortization of premiums, discounts, and capitalized debt expense and interest component of rent expense.

For the purpose of calculating the ratios of earnings to fixed charges, "Fixed charges" represent the aggregate of interest charges on short-term and long-term debt, allowance for borrowed funds used during construction (AFUDC) and capitalized interest, and the portion of rental expense deemed to be attributable to interest. "Earnings" represents pre-tax income (or loss) from continuing operations before pre-tax preferred stock dividend requirement, fixed charges and capitalized interest.

EXHIBIT 31.1

**ANNUAL CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER REQUIRED BY
SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002**

I, Walter M. Higgins III, certify that:

1. I have reviewed the combined annual report on Form 10K of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company;
2. Based on my knowledge, the combined annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the combined annual report;
3. Based on my knowledge, the financial statements, and other financial information included in the combined annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in the combined annual report;
4. The chief financial officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrants and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the combined annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in the combined annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the combined annual report based on such evaluation; and
 - (c) Disclosed in the combined annual report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The chief financial officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

March 5, 2004

/s/ Walter M. Higgins, III
Walter M. Higgins III
Chief Executive Officer

EXHIBIT 31.2**ANNUAL CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER REQUIRED BY
SECTION 302(A) OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael W. Yackira, certify that:

1. I have reviewed the combined annual report on Form 10K of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Power Company;
2. Based on my knowledge, the combined annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the combined annual report;
3. Based on my knowledge, the financial statements, and other financial information included in the combined annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in the combined annual report;
4. The chief executive officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrants and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the combined annual report is being prepared;
 - (b) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in the combined annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the combined annual report based on such evaluation; and
 - (c) Disclosed in the combined annual report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The chief executive officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of registrants' board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

March 5, 2004

/s/ Michael W. Yackira
Michael W. Yackira
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the combined Annual Report of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Company (the "Companies") on Form 10K for the period ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Walter M. Higgins, III, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the combined Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the combined Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ Walter M. Higgins, III

Walter M. Higgins, III
Chief Executive Officer
March 5, 2004

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of the Exchange Act, except to the extent the Companies specifically incorporate it by reference.

A signed original of this written statement required by Section 906 has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the combined Annual Report of Sierra Pacific Resources, Nevada Power Company and Sierra Pacific Company (the "Companies") on Form 10K for the period ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael W. Yackira, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. the combined Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the combined Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ Michael W. Yackira

Michael W. Yackira
Chief Financial Officer
March 5, 2004

This Certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of the Exchange Act, except to the extent the Companies specifically incorporate it by reference.

A signed original of this written statement required by Section 906 has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

ABEYANCE ITEM - Discussion and possible action regarding an Appeal of Denial for a Child Care Facility License, Sheila Logan, dba Love All Kidz Daycare, 6309 Guadalupe Avenue, Sheila Logan 100% - Ward 6 (Mack)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Sheila Logan, an applicant for a Family Child Care Home license, appeared before the Child Care Licensing Board on June 9, 2004. She had received an unfavorable police report in her background investigation due to areas of concern on both herself and her husband, Larry Logan. Ms. Logan's application was denied by the Child Care Licensing Board. She is now appealing that decision.

RECOMMENDATION:

Uphold the denial of the Child Care Licensing Board.

BACKUP DOCUMENTATION:

1. Findings of Fact, Conclusions of Law and Decision
2. Verbatim Transcript of the Child Care Licensing Board (CCLB) Meeting held June 9, 2004
3. Notice of Denial of Application for Child Care Facility License and Notice of Right of Appeal
4. Notice of Appeal for Sheila Logan from Goodman Brown Premsrut, Esq.
5. Department's Response to Sheila Logan's Appeal of the CCLB's Denial

MOTION:

REESE - Motion to bring forward and STRIKE Item 50 and Hold in ABEYANCE Item 53 to 12/1/2004 - UNANIMOUS with MONCRIEF excused

MINUTES:

There was no discussion.

(9:55 - 9:57)

1-1705

1

BEFORE THE CHILD CARE LICENSING BOARD
OF THE CITY OF LAS VEGAS, NEVADA

IN THE MATTER OF:

APPLICATION FOR CHILD CARE FACILITY
LICENSE, filed by Sheila Logan

FINDINGS OF FACT, CONCLUSIONS OF LAW AND DECISION

DENYING SHEILA LOGAN'S APPLICATION
FOR CHILD CARE FACILITY LICENSE

On June 9, 2004, a meeting of the Las Vegas Child Care Licensing Board was held to consider the application for Child Care Facility License filed by Sheila Logan. Sheila Logan was personally present and was accompanied by her husband Larry Logan. Members of the Las Vegas Metropolitan Police Department (METRO) and the Clark County District Attorney's offices were present as the result of an Area of Concern report being filed by METRO with the Board concerning the license application. The Board took testimony from the applicant Sheila Logan and her husband Larry Logan, Sgt. Reagan Alexander and Investigative Specialist Bobbie Manning from METRO and Deputy District Attorney Doug Herndon from the Clark County District Attorney's Office, and good cause appearing, hereby issues these findings of fact, conclusions of law, and decision denying Sheila Logan's application for a Child Care Facility License.

FINDINGS OF FACT

1. That pursuant to the Las Vegas Municipal Code Chapter 6.24 (LVMC) Sheila Logan filed an application with the City for a Child Care Facility License to be operated as a Family Child Care Home on July 9, 2003.
2. That the location of the proposed Child Care Facility is the personal residence of Sheila and Larry Logan, husband and wife, at 6309 Guadalupe Ave., Las Vegas, Nevada.
3. That Sheila Logan is seeking permission to care for six children between the ages of infancy and eighteen years of age during the hours of 6:00 a.m. and 6:00 p.m., Monday through

1 Friday.

2 4. That Sheila Logan shares the above personal residence with her husband Larry Logan
3 and her two minor daughters, ages 15 and 14, and her minor son, age 12.

4 5. That prior to the above hearing Sheila Logan's application was referred to METRO
5 pursuant to LVMC 6.24.060 for a personal background check concerning her suitability to be licensed
6 as a child care provider, and at the time of the hearing METRO had submitted its findings to the
7 Board stating several areas of concern regarding Sheila Logan's suitability, including her criminal
8 history of embezzlement, minor in a bar and arrest on a Grand Jury Indictment for murder, as well
9 as areas of concern regarding Larry Logan's criminal history for crimes involving prostitution.

10 6. That during July of 1996 in Clark County, Nevada, a 18-month-old foster child died
11 after sustaining brain injuries from trauma ("Shaken Child Syndrome") while in the care of Sheila
12 Logan and Larry Logan and as a result in March of 1998, she was arrested pursuant to a Grand Jury
13 Indictment entered against her for murder, which was later dismissed by the District Court due to
14 improper jury instructions being given to the Grand Jury.

15 7. That Sheila Logan committed acts of embezzlement against her employer during 1982.

16 8. That on August 9, 2000, Larry Logan plead guilty to the charge of an act of Solicitation
17 for the Purpose of Prostitution in Clark County, Nevada, which charge was later reduced to a
18 nonmoving traffic violation upon his completion of court-ordered counseling.

19 9. That on February 4, 2003, Larry Logan was convicted of an act of Loitering for the
20 Purpose of Prostitution in Clark County, Nevada.

21 10. That Larry Logan currently works the graveyard shift at his place of employment, and
22 thus will be at the proposed Child Care Facility during its hours of operation.

23 11. That Sheila Logan is unsuitable for a Child Care Facility License due to her past
24 criminal conduct and her failure during 1996 to provide adequate and proper care of a 18-month-old
25 foster child placed in her care, custody and control.

26 12. That Sheila Logan's proposed Family Child Care Home at 6309 Guadalupe Avenue,
27 Las Vegas, Nevada, has a home environment which is not conducive to the health, safety, morals or
28 welfare of children.

1 "The licensee may be subject to disciplinary action by the City Council for good cause, which
2 may, without limitation, include:

3 * * *

4 (C) The licensee or any of its principals has been convicted of an act which
5 constitutes a crime which involves moral turpitude or involves any local, state or federal law or
6 regulation which relates to the same or similar business." * * * [Emphasis added]

7 16. NRS 432A.190 provides in pertinent part:

8 "1. The Bureau may deny an application for a license or may suspend or revoke any
9 license issued under the provisions of this chapter upon any of the following grounds:

10 (a) Violation by the applicant or licensee or an employee of the applicant or
11 licensee of any of the provisions of this chapter or of any other law of this state or of the standards
12 and other regulations adopted thereunder.

13 (b) Aiding, abetting or permitting the commission of any illegal act.

14 (c) Conduct inimical to the public health, morals, welfare and safety of the
15 people of the State of Nevada in the maintenance and operation of the child care facility for
16 which a license is issued.

17 (d) Conduct or practice detrimental to the health or safety of the occupants
18 or employees of the child care facility, or the clients of the outdoor youth program.

19 (e) Conviction of any crime listed in subsection 2 of NRS 432A.170 committed
20 by the applicant or licensee or an employee of the applicant or licensee, or by a resident of the
21 child care facility or participant in the outdoor youth program who is 18 years of age or older."

22 * * * [Emphasis added]

23 17. NRS 432A.170 provides in pertinent part:

24 * * *

25 "2. The Bureau shall secure from appropriate law enforcement agencies information on
26 the background and personal history of every applicant, licensee or employee of an applicant or
27 licensee, or every resident of a child care facility or participant in an outdoor youth program who is
28 18 years of age or older, to determine whether he has been convicted of:

- 1 (a) Murder, voluntary manslaughter or mayhem;
2 (b) Any other felony involving the use of a firearm or other deadly weapon;
3 (c) Assault with intent to kill or to commit sexual assault or mayhem;
4 (d) Sexual assault, statutory sexual seduction, incest, lewdness, indecent
5 exposure or any other sexually related crime;
6 (e) Abuse or neglect of a child or contributory delinquency; or
7 (f) A violation of any federal or state law regulating the possession, distribution
8 or use of any controlled substance or any dangerous drug as defined in chapter 454 of NRS." * * *

9 [Emphasis added]

10 18. If any of these conclusions of law should more properly be deemed findings of fact,
11 they shall be so deemed.

12 DECISION

13 After due consideration the Board concludes, (1) that the proposed family child care home of
14 Sheila Logan has a home environment which is not conducive to the health, safety, morals or welfare
15 of children, and (2) that after due consideration for the protection of the public health, safety, morals
16 and welfare Sheila Logan is unsuitable to receive a Child Care Facility License. Accordingly, Sheila
17 Logan's application for a Child Care Facility License is hereby denied.

18 Dated this 14th day of July, 2004.

19 THE CHILD CARE LICENSING BOARD
20 OF THE CITY OF LAS VEGAS, NEVADA

21 By: [Signature]
22
23
24
25
26
27
28

City of Las Vegas

VERBATIM TRANSCRIPT

CHILD CARE LICENSING BOARD MEETING - JUNE 9, 2004

Discussion Item #1b - Sheila Logan dba Love All Kidz Daycare

2

Participants:

Child Care Board: Julie Proud - Present
June Gunderson - Excused
Mary Jane Hayes - Present
Maryanne Salm - Absent
Steve Greco - Absent
Terry Clodt - Present
Lillian Brumwell - Present

Staff: Jim DiFiore, Business Services Manager
Wendy Smith, Business Services Supervisor
Larry Bettis, Deputy City Attorney
Donna Knipschild, Recording Secretary

Other: Sheila Logan, applicant
Larry Logan, applicant's husband
Sergeant Reagan Alexander, Las Vegas Metropolitan Police Dept. Special Investigations Section
Investigator Bobbie Manning, Las Vegas Metropolitan Police Dept. Special Investigations Section
Doug Herndon, Chief Deputy District Attorney for the Special Victim's Unit in the Clark County District Attorney's Office

Ms. Logan Hello, my name is Sheila Logan. I live at 6309 Guadalupe Avenue, Las Vegas Nevada 89108.

Ms. Proud Sir, would you introduce yourself.

Mr. Logan Yes, I am Larry Logan, her husband and I live also at the same address.

Ms. Proud Thank you.

Sgt. Alexander Hello, I'm Sergeant Reagan Alexander, Las Vegas Metropolitan Police Department, Special Investigation Section.

Ms. Smith Board Members, as you are aware, there is an area of concern on the applicant Sheila Logan and representatives from the Metropolitan Police Dept. are here to answer questions that you may have.

Ms. Proud Mr. Alexander would you just go ahead and give us the information?

Sgt. Alexander Yes, I'm going to open this up with just kind of a general overview. The report which you have, which hopefully you have been able to review, preview, and it tells three areas of concern. And as they flow the report I'll speak about that in general. One, that the first area of concern is involving a grand jury indictment that occurred upon this applicant back in 1998 that stemmed from the death of a child on July 1996. We're prepared to discuss that issue and also the resulting disposition of that here today. My lead investigator on this, Investigator Bobbie Manning, is with me and she's available for questions about that matter. Also, another area of concern is just in some general criminal history that we discovered during our investigation upon this applicant. Those issues in and of themselves may be enough for an area of concern but I must say based upon other areas of our investigation they kind of pale in comparison. But alone we would probably be speaking about those anyway. And thirdly, an area of concern is involving her husband, Larry Logan, which involves arrests, citations, arrests for vice-related charges: solicitation for the purpose of

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prostitution and also the disposition of those incidences and I'll give you Investigator Manning if you'd like to have any further questions.

Ms. Proud Yes, please. . . Could you just give us a brief overview of the findings or your decisions?

Ms. Manning During the course of my investigation several things came to light, of course first being that Sheila Logan, the applicant, was investigated and indicted by a grand jury on a charge of murder by child abuse. Then in Ms. Logan's background she also lists a crime of moral turpitude which was embezzlement but it is an old case and concerning her husband he has two vice-related incidents that occurred and the most current one was I believe in February of 2003, which was just several months prior to her applying for the child care license.

Ms. Proud Were any of these listed on her application or did you find these out through your investigation?

Ms. Manning She disclosed her prior criminal history. His was not included in the application but as part of the investigation process, because he does live in the home, he must also come forward and get a child care card.

Ms. Proud Right. And do you, based on your investigation, do you have any recommendations?

Sgt. Alexander Well typically we don't give recommendations. We provide you with the report and its findings.

Ms. Proud O.K.

Sgt. Alexander Our report I think speaks for itself on what our recommendation would be: that she's unsuitable and also if you would like to, and I think it might be very important as we go through this the issue of the disposition on the indictment we've also been able to speak with the District Attorney's office and we also have the chief, Doug Herndon of the Special Victims Unit here who can provide some information in that regard which I think might be helpful if you choose to hear that.

Ms. Proud O.K. Mr. Herndon could you come forward please?

Mr. Herndon Good afternoon ladies and gentlemen, my name is Douglas Herndon, I'm the Chief Deputy District Attorney for the Special Victim's Unit in the Clark County D.A.'s office.

Ms. Proud Could you just give us any information that you have?

Mr. Herndon Just dispositional-wise, factual-wise, in regard to that case, do you guys kind of want a just a general overview?

Ms. Proud Yes, please.

Mr. Herndon Essentially, the child in question, Evan Watkins, died in July of 1996. He was autopsied and found to have severe intercranial injuries including bleeding around the spaces of his brain, brain swelling, bleeding in the retinal areas of his eyes as well as a number of acute bruising areas to his face, neck and buttocks. There was an autopsy done by the Clark County Coroner's Office by a gentleman, quite frankly, that at that time I don't think had a lot of expertise in child abuse related findings. The death was ruled at that time due to cerebral edema and accidental.

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Our office at the request of the Metropolitan Police Department consulted two forensic pathologists who had expertise in the area of child abuse and/or non-accidental type findings and deceased children. One of which was a national expert known as Randal Alexander from the University of Iowa who is a frequent conference speaker on forensic findings in deceased children as well as Ellen Clark who is a pathologist up in Reno for Washo County. Both of them examined all of the autopsy photos, tissue samples, slides, so-forth from the autopsy and determined that Evan Watkins had died as a result of a homicide. That being intentional acts inflicted upon him consistent with something known as Shaken Baby Syndrome wherein the child is violently shaken enough to sheer bridging blood vessels in the brain which cause bleeding into the intercrannial spaces, subsequent pressure on the brain, conflicting and compressing on vital areas which cause respiratory distress and/or cardiac arrest in children usually occurring within several hours of the infliction of the event will the death occur. Thereafter we were able to get a charge filed, this was close to two years after Evan's death, however, and it had come at great expense to our office to involve these other doctors.

Further tortured history of the case, they, once the case was filed the defense asks for Evan's body to be exhumed for a defense doctor to examine him. That was done. I had conversations with a Dr. Karen Grist who was present during the exhumation and did some examination of the body. She, in her conversations with me had some disagreement about the timing of the injury but not about the fact that it was intentionally inflicted trauma which I thought was important and about the fact that it would have to be an adult person that inflicts that trauma because the only other people in the house were small children who don't have the pubertal muscular development to create the force necessary to cause these injuries in a child.

In addition to that, my conversations with Ms. Logan's defense attorneys in the case had indicated that their defense was to indicate that Mr. Logan had been the perpetrator of the acts which caused the child's death either accidentally by throwing or shaking the child, not realizing how much force he was inflicting or because, according to them, he was a somewhat violent individual. Ultimately the case went through the Grand Jury. It was presented, she was indicted for open murder, which included either pre-meditated and deliberate murder or murder by child abuse, either of those theories. We went through several trial settings that were continued at the defense request and ultimately we were about four years post-death, some time in the year 2000, when the defense filed a motion before the District Court on a, what I will refer to quite honestly as a technicality on an instruction that was given to the jury, the grand jury, about the law, not anything dealing with sufficiency of the evidence factually, but on whether the grand jury got the right legal instructions before they indicted Ms. Logan.

Quite honestly we had filed an opposition to that thinking and citing case law that that wasn't an instruction that even comes before a grand jury, it was a question for a try or a fact at the time of a trial. None-the-less the district court judge dismissed our indictment, which placed us in a position of having to start all over again, ultimately we weren't able to do that. That is a decision that my office made, regrettably, part of that is for budgetary considerations: there had been, if I'm recalling correctly the death of an investigator at the Metropolitan Police Department that had conducted a lot of the interviews as well, and it was ultimately decided that we couldn't re-pursue the case and so we did not go back to the

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grand jury.

Ms. Proud

O.K. Thank you very much. Ms. Logan, would you like to say something?

Ms. Logan

I would like to say that according to my Special Public Defender the case was dismissed and I'm supposed to be exonerated and even though he stated what he stated that is not true. The expert witness Reagan Alexander who came in and testified in a grand jury against me without us even knowing this was going on is no longer even in practice for doing what he did for a living going around saying babies were shaken and they weren't. For my defense, I'd like to say that the baby was not shaken. That never came up. As he stated, two years later they decided, oh, it wasn't accidental, the coroner didn't know what he was doing, it's Shaken Baby Syndrome. Which that had never happened. We had three babies, well three kids of our own which are a year apart that, if I were that type of person, I think I would have done that to them out of stress is what they were trying to say. I don't know.

This has been a dream of mine ever since I was fourteen years old is to have my own day care. I have three children of my own. My husband and I decided even with the three at the time working for Child Haven to go and adopt a child because that's what I love, I love children. Unfortunately this baby was placed in our home with no medical records. We had no idea this baby was a fragile baby. The incident that occurred was a joyful incident and no one ever says that. My husband had got a promotion on his job and he picked up our other kids and was tossing them up. He picked up this baby and was tossing him up. We had no idea this baby was medically fragile until after he passed away and we have lived with that for six years in and out of court with this murder charge over my head and I know I'm innocent. I'm here to stand today to say I'm innocent. I think a person that's guilty of such a crime would not even come this far to do this. But I feel, ever since I was fourteen years old, I've always wanted and I've always loved children and I've always dealt with children through my church, through my neighborhood, through my family, through strangers and a marriage ministry that we were involved in, they'd bring their children to us and I just felt I'm not going to give up on my dream. So I went forward with it.

Ms. Proud

When you said, you said the baby was fragile; what does that mean? What do you mean by that?

Ms. Logan

You know we didn't know that. When we got the baby we were told by his caseworker that he was a crack exposed child. That's all we were told. We had him for about two and a half months. After he passed away the coroner came to our house (and that's how we found out he was a medically fragile baby) the coroner came in to us and explained to us that, "Didn't you know this child was fragile, you know, medically fragile that you couldn't do certain things with this baby?" We had no training, his caseworker never showed up; we had no medical, we had none of that. We just took this child in and tried to love him and treat him the same way as our children in which we shouldn't have done because he was not a normal child that could handle that.

Ms. Proud

O.K.

Ms. Hayes

How long did you have the baby?

Ms. Logan

Two months

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Ms. Hayes: And how old was the baby when you got him?

Ms. Logan: He was sixteen months. He was eighteen months when he died.

Ms. Hayes: Oh that's a pretty big baby.

Ms. Logan: No, he was very small.

Ms. Hayes: At sixteen months?

Ms. Logan: He was very small. He was very small in size. We had to buy special shoes, special milk, to try to get him up to where he should be. We took him to a special clinic to see a special therapist, you know, constantly to try to get him where he should be and that's, to me, it's not a good thing because we didn't know this was going on until after he passed away and the coroner came in and he said, "O.K., first of all, you shouldn't have shaved his head the way you did." We had a close, close shave haircut. He just went down the rules of things that we shouldn't have done with him and, like I said, we didn't know. We didn't know.

Ms. Hayes: Who had him before you had him?

Ms. Logan: A foster mother that was 82 years old and she had never taken him to a doctor. The coroner said he did not have any medical records for this child at the time of autopsy.

Ms. Proud: Sergeant Alexander, were you getting ready to speak? Oh, I thought you . . .

Sgt. Alexander: I do have something to say but I'll wait.

Ms. Proud: Mr. Herndon did you want to respond to any of her comments?

Mr. Herndon: Yes, I'd like to respond to several things. Dr. Randal Alexander does still involve himself in this area of medical expertise. He is not at the University of Iowa any more; he is in Alabama now I believe. But it was stated by him as well as the Clark County Coroner and Ellen Clark from Reno that crack exposed babies don't lend themselves any more than any other child to suffering shaking injuries in their brain. Their brains aren't fragile, the blood vessels aren't fragile, he did not have any type of osteogenesis imperfecta or other blood disease which would make him bruise easily. One of the things I forgot to mention was that during the grand jury testimony Larry Logan was shown photos of Evans from autopsy where all the bruises were depicted and specifically stated that those bruises weren't there the last time he left the house before Evans was deceased. So there wasn't an issue of these type of things occurring in this child without somebody inflicting the trauma on the child. I don't know if there's any further information you all need.

Ms. Logan: I feel like I'm back on trial again, but it's O.K. It's O.K. I feel like I'm on trial again for something that I, you know. For some reason the State gave us that child and they did not inform us, they did not educate us, they did not tell us how and what not to do with this child and unfortunately, I mean, I'm not saying I'm the victim, because the baby was the victim, the baby's the one that's gone, but I do still feel persecuted right about now because I was told by my public defender when it was dismissed that they were going to exonerate me and take this off my record and it's still there so here I am.

Ms. Proud: And we aren't trying to persecute you in any way.

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Ms. Logan Not you . . . not you . . .

Ms. Proud We are looking for the best interests of the children that would be in your care and that's what we're here to do.

Ms. Logan I understand. I understand.

Ms. Proud Go ahead Sgt. Alexander.

Sgt. Alexander Madam Chair, Board, of course we're not here to re-try Sheila, O.K.

Ms. Logan That's what it feels like.

Sgt. Alexander Unfortunately the duty that we have in our investigation in looking at the environment, the suitability, the background, the history, the criminal history, on any persons who endeavor to teach, to care for, to house children is mandated by not only the City, the County and also the State and this investigation, fortunately or unfortunately is reflected some things which are ugly. And it is not to re-indict Sheila at all, however, these are facts and we can only present them the way we obtained them. We don't try to color any of this. You don't have to color this incident up at all. And, in fact, if the Board needs to, or would like to, Investigator Manning can provide you more information as to the severity of bruising, things that occurred and what not to the child.

But what I wanted to say is that really the heart and soul of this investigation has to do with, not only with Sheila (and this is one area that we've talked about so far) and it does have to do with her involvement, her presence when she had care for a child and this occurred. This occurred when it was under her care and that's why this has to be talked about. And Mr. Herndon, I'm very thankful that he was able to come and provide information to help understand why the disposition was as it was. And it is a matter of fact. It's a matter of court record as to what the disposition was and why it came about that way. It's a matter of fact.

We have not even begun to speak about a peripheral issue, which really aren't peripheral, it's one very close to her, that's her husband and the dealings that Larry has had with the police in regards to these vice-related arrests which, the oldest goes back to August 9th, 2000 and the most recent is February 4th of 2003. This is also on, all alone this would be an area of concern if no other matters even were identified in this. We strongly believe and we have the codes and ordinances that give us direction on this that people in the home play a major influence as to whether a home is suitable for this type of license and if you'd like to proceed, I don't know if we're ready to do that or not, but I would like to put on record some of the information regarding Mr. Logan. There's a whole lot more we could discuss about this incident of this, which was originally charged as a homicide on this child, but I don't know how much further you all want to go on that.

Ms. Proud Can we address the other two areas of concern? I think we have enough information on the first. Can you address the other two?

Sgt. Alexander Absolutely and I will ask Investigator Manning to give you the specifics on Mr. Logan and also the areas regarding some criminal history that really are, again, there by themselves they wouldn't be as minor but they appear minor on Ms. Logan.

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Ms. Manning

In regards to her husband, Larry, he had two incidents that occurred. The first incident on August 9, 2000, Mr. Logan was issued a citation for the purposes of prostitution wherein he approached an undercover vice detective and solicited her for a prostitution act. He was arrested and issued a citation at that time for solicitation of prostitution. When he went to court he pled guilty to the charge and was sentenced to attend Johns school and was ordered, the court ordered him to stay out of trouble and upon completion of the program in view of the fact that he did stay out of trouble the charge was amended to jaywalking and he paid a one hundred dollar fine.

On February 4, 2003 the same vice detective that he had initially solicited observed him in the downtown area, in an area that is known to be frequented by prostitutes. According to her report she said approximately two weeks prior to the arrest they had conducted surveillance on Mr. Logan and in following him he was consistent with persons attempting, his actions were consistent with what persons would be apt to do to pick up prostitutes. They observed him in the area, they surveilled him; they saw him engaging known prostitute in a conversation; they both got into Mr. Logan's car and they drove away. They conducted a vehicle stop on the car and Mr. Logan and the prostitute were removed. The female prostitute did give a voluntary written statement that she knew him from previous dates where he had paid her for previous sex acts. Because of the previous charges he was arrested. At that time, because he was in jail, he did have to contact his wife to come down and bail him out. During the course of my interview with Mr. and Mrs. Logan, during the interview she disclosed that he did not tell her about the first incident. He just said that it was a citation for jaywalking but because he was arrested she had to come down and bail him out. Now initially, had filed not guilty and then he changed his plea to Nolo and by doing that he was given a fine of four hundred dollars plus the court costs and he did pay all his fines in full.

Ms. Proud

O.K.

Mr. Bettis

Just for the record: Nolo is the same as pleading guilty.

Ms. Manning

Yes

Ms. Proud

O.K. and then there is one other area of concern regarding Ms. Logan?

Ms. Manning

I'm sorry?

Ms. Proud

There is one other area of concern regarding Ms. Logan?

Ms. Manning

Yeah, the other area of concern regarding Ms. Logan stems back to a very old citation for embezzlement there she did disclose the embezzlement in her application. However, during the course of the interview and the course of my investigation, the facts that she stated as to why she was terminated from her job varied from the facts that were contained in the citation and what went to court. And the discrepancy was that Ms. Logan had claimed that she had worked at a department store which was diamonds, I believe it was diamonds at the time, and she was giving a discount to her family and friends wherein sometimes she would discount the items, sometimes she wouldn't even ring them up. I questioned Ms. Logan as to whether or not she had ever taken any money from the till and she said, "Sure, lots of times." Now according to the citation and the report that I received what they had done is they had caught her on the surveillance camera and they observed

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her taking money from the till and putting it in her pocket and that is what she was cited for was for the embezzlement and that was the ultimate reason why she was terminated.

Ms. Proud Do you have any response to that?

Ms. Logan Response to what? What she said about me?

Ms. Proud Correct. Yes.

Ms. Logan I admitted to it, yes.

Ms. Proud O.K. I don't know if you had anything else you wanted to say.

Ms. Logan Yeah, I did. She's making it seem like I was trying to be evasive with that but I was real young, first job and I had family members coming in, "Hey, give me a discount!" and that's what's still on my mind even though to me that was embezzlement: stealing from the company. And, yes, I was stealing from the company so I'm not denying that, yes.

Ms. Proud Mr. Logan, did you want to say anything in response to the information.

Mr. Logan Yes I do because, you know, up until that moment, they're making it seem like we're criminals, that we're repetitiously doing things and if you go into my record that's the only two incidents that have happened in my life, O.K.? In my entire life. O.K., I'm almost forty years old. Of all the things that me and my wife went through, I went out and I did something wrong and the way they set that up is they had a prostitution to write what they had to write and what was I going to say? That's another thing that we've been battling with this.

We wouldn't have came before you today if we had hidden agendas, if we didn't want things exposed. We have nothing to hide. But we want to do this because this is something that's right. Yes I've made mistakes. Yes I went to jail. Yes, I understood I did what was wrong. Yes, I did some things to her, but the bottom line to this is that we're trying to do this out of fostering. We did this and we were negative. O.K., that was the first round: the baby died, O.K.? They blamed her then they blamed me, O.K.? Now we come before you and they got issues and you know it really hurts us because they're trying to make it seem like we're just randomly, you know, criminals.

We're both County workers, have very good jobs, you know, and we're trying to do this because we want to do this for children, O.K.? And we know that there are some real issues there but I wouldn't have came before you if I was worried about being embarrassed about prostitution or any other thing. But I can't change what they wrote because at the time I didn't have money to get an attorney, to fight the facts that what they're putting. So I just went in and said, "You guys have already put me down as a John running around and that's not the way things went down but how can I say what I can say?" You know, it's just, it's there, it's a sore, O.K.? but I want this council to know that there's nothing going on in our house, O.K.? If you've seen our children they're very well taken care of and they're just making it seem like we're just running around randomly criminals and that's not true.

That's not putting an image of what me and her really are out, it's just their facts on paper, what they want to fight for and either way it goes, O.K., it's for me and her to know that. We wouldn't even came here if we had hidden issues. We knew that we were going to come in here and there's things going to come out. That's why we're standing before this council

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because we don't have nothing to hide, because we're not ashamed and I'm a grown man and I make mistakes and I can never apologize. I'm standing here today because she forgave me for what I did and told me I was wrong. Yes, I went out the first time - on my birthday - if you look in the records. That was the first time I did that out of six years of being in trouble, frustrated, out, working, you know, things happen. I'm a human being and I'm not perfect but I don't like, Council, they way that they're trying to make it seem like me and her is just criminals from the age of nineteen and up because it's not like that. It really isn't like that. And that's very wrong.

Ms. Proud

Thank you.

Sgt. Alexander

I just might address that and, once again the Logans, we're not trying to tell them that they are bad, guilty people today. In the course of these investigations a person's history is always examined. We have done nothing except provide the facts and yes they are the facts of what has occurred in a portion of their lifetime and some not going back very far at all, not more than about six years and the Board understands this. This is what we're providing. It's not to re-indict; it's not to try to make guilty of something that may have been disbowed out of something else today, but they're still facts that are always brought to the attention of the Board. Anything less would be an aberration of what we're supposed to do and that's all I wanted to re-state and for whatever good it does the Logans, this is just facts that have occurred in their life, we haven't added or taken away anything.

Mr. Logan

It's taken away. It's not facts, it's taken away. Every time we go. . .

Sgt. Alexander

Mr. Logan, I'm not speaking to you, O.K.?

Mr. Clodt

Mr. Logan, it is a fact that you were arrested for soliciting?

Mr. Logan

Yes, it is.

Mr. Clodt

O.K. so that's a fact, correct?

Mr. Logan

Yes, it is.

Mr. Clodt

O.K. Is it also a fact that you was out there doing it another time when you were cited?

Mr. Logan

I was cited but the way that it's wrote in that file, sir, is not the way it went down. It's the same way with the file with the baby.

Mr. Clodt

Well, regardless, it was twice, correct?

Mr. Logan

Yes

Mr. Clodt

That's a fact.

Mr. Logan

No, but yes.

Mr. Clodt

Thank you.

Ms. Proud

Does the Board have any more questions? (No response.) Based on the evidence, and again, our responsibility is for the health and well-being of the children, but based on the evidence I have to move that we deny Sheila Logan a new family child care home.

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Mr. Clodt I'll second it.

Ms. Proud It's been moved by Julie Proud and seconded by Terry Clodt to disapprove of Sheila Logan for a new family child care home, all those in favor?

Unanimous Aye

Ms. Proud Opposed? (No response.) Hearing none the motion carries. Thank you for coming.



LAS VEGAS CITY COUNCIL

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MAYOR PRO TEM

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DOUGLAS A. SELBY
CITY MANAGER

DEPARTMENT OF FINANCE AND BUSINESS SERVICE

Sheila Logan
6309 Guadalupe Ave.
Las Vegas, Nevada 89108

To: Sheila Logan

NOTICE OF DENIAL OF APPLICATION FOR CHILD CARE
FACILITY LICENSE
AND
NOTICE OF RIGHT OF APPEAL

You are hereby given notice that the City Child Care Licensing Board has denied your application for a Child Care Facility License filed with the City on July 9, 2003, for the reason stated in its Findings of Fact, Conclusions of Law and Decision dated 14 July, a copy of which is attached hereto.

You are hereby further given notice that you have the right to appeal the Board's decision to the City Council by filing a written notice of appeal with the Department of Finance and Business Services, identifying with specificity the errors of law and fact allegedly committed by the Board. The notice of appeal must be filed not later than ten (10) calendar days after this notice of denial.

Done this 16th day of July, 2004.

DEPARTMENT OF FINANCE AND BUSINESS SERVICES

By: Jim D. Fene

(Title)

CITY OF LAS VEGAS
400 STEWART AVENUE
LAS VEGAS, NEVADA 89101

VOICE 702.229.6011
TDD 702.386.9108
www.lasvegasnevada.gov
18112-001-6/04



City of Las Vegas

CONFIRMATION OF HAND DELIVERY

DELIVERED TO:

Sheila Logan

Signature of Recipient

Sheila Logan

Print Name of Recipient

DATE:

7/16/04

DELIVERED BY:

Donald W. King

Signature of Deliverer

Donald W. King

Print Name of Deliverer

Business Services Division

400 Stewart Avenue, 3rd Floor

Las Vegas NV 89101-2986

DESCRIPTION OF ITEM(S) DELIVERED:

① Notice of DENIAL of Application for Child Care
License dated 7/16/04 ② CCLB Finding of Fact, Conclusion of
Law Decision (5 Pages) Signed & dated By Julie Proulx on 7/14/04.

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GOODMAN BROWN PREMSRIRUT

ATTORNEYS AT LAW

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POOY K. PREMSRIRUT, ESQ.

DAVID T. BROWN, ESQ.

ERICA A. GOODMAN, ESQ.

July 26, 2004

VIA FACSIMILE 382-6642

Wendy Smith
City Council of Las Vegas

Re: Notice of Appeal for Sheila Logan

Dear Ms. Smith

Please be advised that this law firm represents Sheila Logan and her husband Larry Logan (hereinafter the "Petitioner") in matters relating to Petitioner's application for childcare license. Pursuant to Section 6.24.110 of the Las Vegas Municipal Code, please accept this letter as formal notice of appeal of the denial of Ms. Logan's application.

It is submitted that the Child Care Licensing Board committed the following errors in its review of petitioner's application:

1. Presence of Counsel. Pursuant to NRS 233B.121, any party is entitled to be represented by counsel in administrative hearings. Petitioner, when asked whether counsel should be present, was advised *not* to have counsel present at the hearing. Particularly in light of the Board's delving into prior alleged criminal history, Petitioner should have been encouraged and not thwarted to have counsel in attendance.
2. Prior Charges. Petitioner Sheila Logan was previously charged in a matter where she was ultimately not convicted, and absolved of any and all criminal liability. Despite having vindicated herself in these proceedings, the Board rendered its decision based on this prior act for which charges were dismissed.
3. Denial of Due Process Rights. The Nevada Administrative Procedures Act ensures that all parties are afforded an to respond and present evidence and argument on all issues involved. Petitioner is entitled to notice and a fair hearing. NRS 233B.121(4). Not only was Petitioner precluded from speaking at the hearing, but Petitioner was also not able to submit evidence in support of Petitioner's application. The Board, solely based on a biased and prejudicial background investigation, rendered its decision for denial without giving Petitioner any opportunity to be heard.

Petitioner was not able to address the allegations and findings before the Board and therefore was denied Constitutional due process rights under both Nevada and United States law. Further, failing to provide Petitioner the basic opportunity to present Petitioner's evidence is in violation of the Nevada Administrative Procedures Act, which is applicable to these proceedings. See NRS 233B.039.

4. Remedial Measures. Coupled with the Board's refusal to permit Petitioner to present any evidence on Petitioner's behalf, the Board also failed to consider Petitioner's remedial measures to appease the concerns of the Board.

- A. Petitioner has installed "web-cams" throughout the entire residential day-care facility.
- B. Petitioner has disclosed to any and all prospective patrons of the prior charges and is further willing to make such disclosures mandatory and in writing as a condition of licensing. Such disclosure can be in a form approved by the Board.
- C. Petitioner and its prospective patrons are willing to register with the Board and certify that the disclosures have been made, and that the prospective patron seeks Petitioner's services notwithstanding such disclosures.
- D. Petitioner is willing to accept conditional licensing on a probationary period.
- E. Petitioner is willing to pay any additional administrative fees and costs associated with the probationary period.

In sum, the Board unequivocally trumped Petitioner's rights when its staff advised Ms. Logan not to have counsel in attendance. Then during the hearing, the Board compounded their error by failing to give Petitioner a full and fair opportunity to be heard. Petitioner was fully prepared to address the issues that surfaced from the background investigation; unfortunately the Board denied Petitioner any such opportunity.

Petitioner understands the Board's position as needing to protect the public and its children from unscrupulous individuals. However, the Board must not usurp a citizen's right to due process, and other citizen's right to patron a childcare facility when full disclosures and monitoring have been made available.

City Council of Las Vegas

Re: Notice of Appeal for Sheila Logan

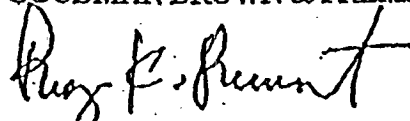
July 26, 2004

Page -3-

We look forward to a successful result on appeal and are willing to implement any and all remedial measures to address the Board's concerns.

Very truly yours,

GOODMAN BROWN & PREMSRIRUT

A handwritten signature in dark ink, appearing to read "Puoy K. Premsirut", written over the printed name.

Puoy K. Premsirut, Esq.

5

BEFORE THE CITY COUNCIL
OF THE CITY OF LAS VEGAS, NEVADA
RECEIVED
CITY CLERK

IN THE MATTER OF:

APPLICATION FOR CHILD CARE FACILITY
LICENSE, Filed by Sheila Logan

2004 AUG -4 A 9: 59

DEPARTMENT OF FINANCE AND BUSINESS SERVICES'
RESPONSE TO SHEILA LOGAN'S APPEAL
OF THE CITY CHILD CARE LICENSING BOARD'S DENIAL OF HER APPLICATION
FOR A CHILD CARE FACILITY LICENSE

On July 14, 2004, the City Child Care Licensing Board ("Board") entered its written Findings of Fact, Conclusions of Law and Decision denying Sheila Logan's application for a child care facility license to provide child care in Ms. Logan's home. On July 26, 2004, Ms. Logan filed with the Department of Finance and Business Services ("Department") a timely Notice of Appeal of the Board's decision to the City Council (copy attached hereto for convenience). The Department by and through its undersigned counsel responds to the alleged errors of procedure and law in the Notice of Appeal as follows:

1. Presence of Counsel. Ms. Logan's Notice of Appeal incorrectly states she was advised by City staff not to have her legal counsel present during the Board meeting. Child Care Licensing Officer Donald King, when asked by Ms. Sheila Logan concerning the presence of her legal counsel before the Board, responded that she was welcome to have her legal counsel present. Mr. King at the same time informed Ms. Logan that the Board would want to talk with her concerning her application. See the affidavit of Mr. King, attached hereto as Exhibit "A."

Ms. Logan's reliance on the provisions of NRS Chapter 233B for the proposition that she is entitled to be represented at administrative hearings is misplaced. The provisions of NRS 233B020 provide in pertinent part:

"Legislative intent.

1. By this chapter, the Legislature intends to establish minimum procedural requirements for the regulation-making and adjudication procedure of all agencies of the Executive Department of the State Government and for judicial review of both

1 functions, except those agencies expressly exempted pursuant to the provisions of this
2 chapter. This chapter confers no additional regulation-making authority upon any
3 agency except to the extent provided in subsection 1 of NRS 233B.050." (Emphasis
4 added)

5 The Nevada Supreme Court in Clark County Liquor and Gaming Licensing Board v. Clark,
6 102 Nev. 654, 658, 730 P.2d 443, 446 (1986) recognized that Chapter 233B of NRS (Administrative
7 Procedure Act) does not apply to local governments when it stated, "We recognize the Administrative
8 Procedure Act does not apply to review of county board actions."

9 The City is not an agency of the Executive Department of the State Government.

10 The provisions of Chapter 6.24 of the City Code not NRS 233B govern this process.
11 The license application procedures for a child care facility license under Chapter 6.24 are the same
12 as those for applying for a privileged license before the City Council. Once the license application
13 is received by the Department it is referred to METRO for a background investigation of the
14 applicant. After METRO has completed its investigation, the application is referred to the Board
15 along with any AREA OF CONCERN noted by METRO. The applicant is then notified of the
16 scheduled date and time the Board will review the application and is requested to personally appear
17 to answer any questions the Board may have concerning the applicants suitability to hold a child care
18 facility license. While legal counsel for an applicant may be present, there is no affirmative duty on
19 the part of the City pursuant to Chapter 6.24 of the City Code to notify an applicant for a child care
20 facility license of his or her right to be represented by legal counsel before the Board. However,
21 notwithstanding the presence or absence of legal counsel, the applicant, when filing an application
22 for a child care facility license, voluntarily subjects himself or herself to being questioned by the
23 Board concerning his or her suitability to have such a license.

24 The record before the Board in this matter clearly shows that Ms. Logan and her husband were
25 given an opportunity to address any of the AREAS OF CONCERN raised by METRO as well as the
26 opportunity to respond to the questions raised by the Board members. And, in fact Ms. Logan and
27 her husband did make lengthy responses. At no point did Ms. Logan request a continuance to give
28 her an opportunity to have legal counsel present.

1 2. Prior Charges/Burden of Proof. Ms. Logan claims it was not appropriate for the Board to examine
2 a matter concerning criminal charges against her because she was not convicted. The Board is
3 charged with two basic responsibilities when reviewing applications to provide child care in a family
4 child care home: 1) determine the suitability of the applicant after due consideration for the public
5 health, safety, morals or welfare of children, and 2) determine if the environment of the family child
6 care home is conducive to the health, safety, morals or welfare of children.

7 Ms. Logan had the burden to satisfy the Board that she qualifies in both respects.

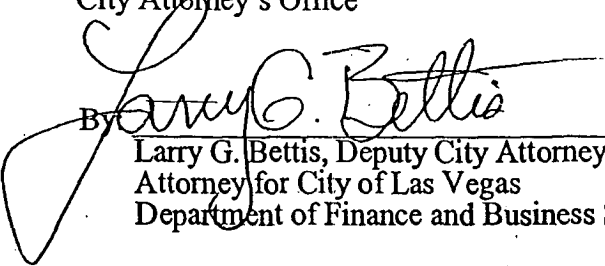
8 The fact the criminal indictment for murder entered against Ms. Logan was quashed did not
9 preclude the Board from examining the factual matters that resulted in the charges to determine if they
10 have any bearing on the question of Ms. Logan's suitability for a family child care home license.
11 Negligent or inattentive conduct is just as compelling as criminal conduct for the purpose of
12 determining suitability. Based on the testimony presented, the Board concluded that Ms. Logan did
13 not bear her burden to show that the injuries sustained by the 18-month-old foster child in her and her
14 husband's custody was not as the result of her failing to provide adequate and proper care of the child.
15 The Board's reference in its decision to Ms. Logan's criminal past was due to her testimony admitting
16 that she embezzled from a prior employer.

17 The Board also considered testimony concerning the past criminal offenses regarding
18 soliciting and loitering for prostitution committed by Ms. Logan's husband, which were relevant in
19 the Board's determination of the suitability of Ms. Logan's home environment.

20 Submitted this 3rd day of August 2004.

21
22 City of Las Vegas
23 City Attorney's Office

24
25 By


26 Larry G. Bettis, Deputy City Attorney
27 Attorney for City of Las Vegas
28 Department of Finance and Business Services

CERTIFICATE OF SERVICE

I hereby certify that on August 4, 2004, I served a true and correct copy of the foregoing
“Department of Finance and Business Services’ Response to Sheila Logan’s Appeal of the City Child
Care Licensing Board’s Denial of Her Application for a Child Care Facility License” by depositing
the same in the United States Mail at Las Vegas, Nevada, postage fully prepaid and addressed to:

Puoy K. Premspirut, Esq.
520 South Fourth Street, Suite 320
Las Vegas, Nevada 89101

Christina L. Morgan
AN EMPLOYEE OF THE CITY OF LAS VEGAS

EXHIBIT A

1 STATE OF NEVADA)
2 COUNTY OF CLARK) ss.

3 AFFIDAVIT OF DONALD W. KING

4 I, Donald W. King, after being first duly sworn, depose and state that I have full knowledge
5 of the facts herein, and that I believe the same to be true and accurate to the best of my knowledge,
6 information, and belief, and if called will testify to the following:

7 My duties as a City of Las Vegas, Nevada, Senior License Officer for the Department of
8 Finance and Business Services, Business Services Division, Child Care Section include the assistance
9 of processing a child care application and enforcement of child care codes, standards and regulations.

10 My duties regularly put me in telephone and personal contact with applicants for child care
11 licenses.

12 New child care applications are heard by the City Child Care Licensing Board the second
13 Wednesday of each month.

14 On May 28, 2004, Grace Jimenez-Kraft, and I, as City License Officers, conducted an initial
15 licensing inspection of the residence of Sheila Logan at 6309 Guadalupe Avenue, Las Vegas, Nevada,
16 89108. Ms. Sheila Logan, who was present during our inspection, had filed an application for a new
17 child care license at said address.

18 Ms. Logan was scheduled to be heard by the Child Care Licensing Board at its regularly
19 scheduled meeting on June 9, 2004.

20 As part of the initial inspection process it is common practice for City Child Care Licensing
21 Officers to advise the applicant for a Child Care license of any pending items that must be completed
22 prior to the completion of the licensing process.

23 During this meeting with Ms. Logan she asked if she should bring her attorney with her to the
24 Child Care Licensing Board meeting.

25 ...

26 ...

27 ...

28 ...

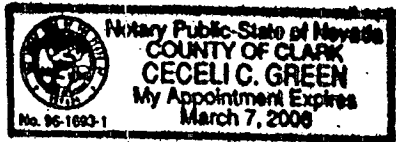
1 At that time I advised Ms. Logan that she was welcome to bring her attorney, however, the
2 Board Members would want to hear what she had to say in support of her application.

3
4 DATED this 4th day of August, 2004

5 Donald W. King
6 Donald W. King

7 SUBSCRIBED and SWORN to
8 before me this 4th day of August, 2004

9 Cecilia C. Green
10 Notary Public



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business, Young Il Kong, dba Grand Master Kong Taekwon-Do, 1780 North Buffalo Drive, Suite 105, Young I. Kong, 100% - Ward 4 (Brown)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business.

RECOMMENDATION:

Recommendation to be provided following discussion of this item at the City Council meeting

BACKUP DOCUMENTATION:

Agenda Memo

MOTION:

BROWN - APPROVED the license - UNANIMOUS with MONCRIEF excused

MINUTES:

The applicant was present.

JIM DiFIORE, Manager, Business Services, deferred to STACY RODD, Detective, Las Vegas Metropolitan Police Department (Metro), to give an overview of the activity at this business for the past six months. DETECTIVE RODD reported that the confidential report of six months ago outlined some areas of concern with MR. KONG'S background. However, the Council decided to issue a temporary license with a six-month review. During that time, Metro monitored the business and the calls for service and found that there are no further areas of concern to report. MR. KONG is working very hard to satisfy the nearby neighborhood and Metro.

MAYOR GOODMAN and COUNCILMAN BROWN appreciated Metro's patience. He thanked MR. KONG for operating satisfactorily.

(10:39 - 10:41)

2-155

AGENDA MEMO

CITY COUNCIL MEETING DATE: NOVEMBER 3, 2004

DEPARTMENT: FINANCE AND BUSINESS SERVICES

ITEM DESCRIPTION: Discussion and possible action regarding a Six-Month Review of a Martial Arts Instruction Business, Young Il Kong, dba Grand Master Kong Taekwon-Do, 1780 North Buffalo Drive, Suite 105

On May 5, 2004 the City Council granted approval of this license subject to a six-month review due to an area of concern in the police report and conditioned the license requiring a key employee to submit for suitability within 30 days.

Nadja Ropac submitted her application for key employee on June 1, 2004, and we received a favorable police report for her dated September 1, 2004.

A report from the Special Investigations Section, Las Vegas Metropolitan Police Department, will be furnished to the City Council prior to the meeting.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License, Sabah Shoshani, dba Bells Market, 720 West Owens Avenue, Sabah H. Shoshani, 100% - Ward 5 (Weekly)

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License

RECOMMENDATION:

Recommendation to be provided following discussion of this item at the City Council meeting

BACKUP DOCUMENTATION:

Agenda Memo

MOTION:

WEEKLY - APPROVED the license subject to a six-month (5/4/2005) review - **UNANIMOUS** with **MONCRIEF** excused

MINUTES:

The applicant was not present.

JIM DiFIORE, Manager, Business Services, indicated that MR. SHOSHANI was given ample notification of this meeting.

STACY RODD, Detective, Las Vegas Metropolitan Police Department (Metro), indicated that there are no additional areas of concern.

(10:41 - 10:43)

2-217

AGENDA MEMO

CITY COUNCIL MEETING DATE: NOVEMBER 3, 2004

DEPARTMENT: FINANCE AND BUSINESS SERVICES

ITEM DESCRIPTION: Discussion and possible action regarding a Six Month Review of a Beer/Wine/Cooler Off-sale License, Sabah Shoshani, dba Bells Market, 720 West Owens Avenue

On May 5, 2004 the City Council granted temporary approval of this license subject to a six-month review due to department concerns.

During this review period, we received a police report for Mr. Shoshani which referenced two areas of concern.

A report from the Special Investigations Section, Las Vegas Metropolitan Police Department, will be furnished to the City Council prior to the meeting.

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: FINANCE & BUSINESS SERVICES

DIRECTOR: MARK R. VINCENT

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

ABEYANCE ITEM - Discussion and possible action regarding a new Auctioneer License, J. P. King Auction Company, Inc., dba J. P. King Auction Company, Inc., 108 Fountain Avenue, Gadsden, Alabama, Jerry C. King, Dir, Pres, Auctioneer, 25%, James S. King, Dir, Executive VP, Auctioneer, 25%, Christie K. Ray, Dir, Secy, Auctioneer, 25% - Alabama

Fiscal Impact:

☒

No Impact

Amount:

☐

Budget Funds Available

Dept./Division:

☐

Augmentation Required

Funding Source:

PURPOSE/BACKGROUND:

Discussion and possible action regarding a new Auctioneer License

RECOMMENDATION:

Recommendation to be provided following discussion of this item at the City Council meeting.

BACKUP DOCUMENTATION:

None

MOTION:

REESE - APPROVED to follow staff's recommendation for a temporary license - UNANIMOUS with MONCRIEF excused

MINUTES:

JERRY C. KING was present, accompanied by his attorney, JENNIFER ROBERTS, Lionel, Sawyer, and Collins.

JIM DiFIORE, Manager, Business Services, indicated that STACY RODD, Detective, Las Vegas Metropolitan Police Department (Metro), would report on the area of concern developed during the investigation.

DETECTIVE RODD indicated that J.P. King Auction Company, based in Alabama, operates in 46 states throughout North America, the Cayman Islands, the Bahamas, and the U.S. Virgin Islands. The area of concern is not regarding the applicant, but rather the application because of the stipulation the California Department of Real Estate placed on the company and its California Division Officer. The stipulation came after an audit of the California Division revealed violations of the business, professional, and California regulation codes. A total of seven code/regulation violations were cited. These violations led to an administrative hearing on April 25, 2003. As a result of the findings at that hearing, J.P. King accepted a stipulation and agreement, without admitting any guilt, which was included in the confidential report. The company was allowed to continue operating in California and all other locations. Hence, the California regulatory authority has addressed all the issues contained in the confidential report.

Although MAYOR GOODMAN hoped that this business would be successful in Las Vegas, he wondered if any improprieties locally could be communicated to the California regulatory authorities,

CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

MINUTES - Continued:

under whose jurisdiction J.P. King is on probationary status. MR. DiFIORE indicated that the Las Vegas Municipal Code does allow the Council to take into consideration any disciplinary action taken by any other licensing board or jurisdiction outside of the City of Las Vegas. He recommended approval of a temporary license to allow staff to monitor the business for compliance. ATTORNEY ROBERTS rejoined that the California Business Department completed a positive audit of J.P. King.

MR. KING indicated that this was the first suspension during his tenure of 26 years as president with the company. Full-time staff was added to monitor the requirements of the 48 states within which the company operates. He was looking forward to doing business in the City of Las Vegas.

(10:43 - 10:48)

2-256

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

RECOMMENDING COMMITTEE: BILL ELIGIBLE FOR ADOPTION AT THIS MEETING:

Bill No. 2004-68 - Annexation No. ANX-4777 - Property location: At and near the southeast corner of Iron Mountain Road and Maverick Street; Petitioned by: Quarterhorse Falls Estates, LLC; Acreage: 15.79 acres; Zoned: R-E (County zoning), R-E (City equivalent). Sponsored by: Councilman Michael Mack

Fiscal Impact:

☒	No Impact	Amount:
☐	Budget Funds Available	Dept./Division:
☐	Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The proposed ordinance annexes certain real property generally located at and near the southeast corner of Iron Mountain Road and Maverick Street. The annexation is at the request of the property owner. The annexation process has now been completed in accordance with the NRS and the final date of annexation (November 12, 2004) is set by this ordinance.

RECOMMENDATION:

ADOPTION at 11/3/2004 City Council meeting pursuant to the 10/19/2004 Recommending Committee.

First Reading - 10/6/2004; First Publication - 10/22/2004

BACKUP DOCUMENTATION:

Bill No. 2004-68 and Location Map

MOTION:

WOLFSON - Second Reading and BILL ADOPTED as recommended as Ordinance No. 5731 - **UNANIMOUS** with MONCRIEF excused

Clerk to proceed with second publication

MINUTES:

There was no discussion.

(10:48 - 10:50)

2-434

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9 **BILL NO. 2004-68**

10 **ORDINANCE NO. _____**

11 AN ORDINANCE TO EXTEND THE BOUNDARIES OF THE CITY, TO
12 PARTICULARLY DESCRIBE THE LAND TO BE ANNEXED, TO MAKE ITS
13 INHABITANTS SUBJECT TO THE LAWS, OBLIGATIONS AND BENEFITS OF THE
14 CITY, AND TO PROVIDE FOR OTHER RELATED MATTERS. (ANX-4777)

15 Sponsored by: Councilman Michael Mack Summary: Annexes property described
16 generally as located at and near the southeast
17 corner of Iron Mountain Road and Maverick
18 Street.

19 THE CITY COUNCIL OF THE CITY OF LAS VEGAS DOES HEREBY
20 ORDAIN AS FOLLOWS:

21 SECTION 1: The corporate limits of the City of Las Vegas, Nevada, are
22 hereby extended to annex, include, and make a part of the City of Las Vegas, Nevada, the
23 following described real property:

24 Those portions of the Northeast Quarter (NE 1/4) of the Northeast Quarter
25 (NE 1/4) of Section 11, Township 19 South, Range 60 East, M.D.M., in the
26 County of Clark, State of Nevada, described as follows:

27 **PARCEL 1**

28 The West Half (W 1/2) of the Northwest Quarter (NW 1/4) of the Northeast
Quarter (NE 1/4) of the Northeast Quarter (NE 1/4) of said Section 11.

PARCEL 2

The East Half (E 1/2) of the West Half (W 1/2) of the Northeast Quarter
(NE 1/4) of the Northeast Quarter (NE 1/4) of said Section 11, including the
dedicated right of ways on IRON MOUNTAIN ROAD (50.00 feet wide as

1 measured from centerline thereof), MAGGIE AVENUE (60.00 feet wide as
2 measured from side to side and the Cul-De-Sac thereof), and on BRENT
3 LANE (30.00 feet wide as measured from centerline thereof), all of Clark
County, Nevada Records.

4 SECTION 2: The City Council hereby determines that the described territory
5 meets the requirements provided by law for annexation to the City for the following reasons:

- 6 A. The area to be annexed was contiguous to the City's boundaries at the
7 time the annexation proceedings were instituted;
- 8 B. More than one-eighth (1/8) of the aggregate external boundaries of
9 the area are contiguous to the City;
- 10 C. The territory proposed to be annexed is not included within the
11 boundaries of another incorporated city or within the boundaries of
12 any unincorporated town as those boundaries existed as of July 1,
13 1983;
- 14 D. The City is eligible to annex the described territory since the
15 landowners have signed a petition constituting one hundred percent
16 (100%) of the owners of record of individual lots or parcels of land
17 within the annexation area.

18 SECTION 3: The City will provide police protection through the Las Vegas
19 Metropolitan Police Department, fire protection, street maintenance, and library services
20 immediately upon annexation. Garbage collection by the company franchised by the City
21 will also be provided immediately. The City sanitary sewer system will serve the proposed
22 annexation area. Any connection to or extension of this sewer line to serve the annexation
23 area shall be at the expense of the landowners. Other services, such as participation in the
24 City's recreational programs, special education classes and programs, public works planning,
25 building inspections, and other City services will also be available immediately. Utilities
26 such as gas, electricity, telephone, and water are provided by private utility companies and
27 other services to the area will not be affected by annexation. Street paving, curbs and gutters,
28 sidewalks and street lights which are not in place at the time of annexation will be installed

1 in the presently developed areas upon the request of the property owners and at their expense
2 by means of special assessment districts. Such improvements will be extended into the
3 undeveloped areas as development takes place and the need therefor arises, and will be
4 located according to the needs of the area at that time. Such installations will also be made
5 at the expense of the property owners, either by means of special assessment districts or as
6 prerequisites to the approval of subdivision plats, building permits or other land use or
7 development applications.

8 SECTION 4: The annexation of the described territory shall become
9 effective on the 12th day of November, 2004, and on that date the City will have the funds
10 appropriated in sufficient amount to finance the extension into the described territory of
11 police protection, fire protection, street maintenance, street sweeping, and street lighting
12 maintenance.

13 SECTION 5: The described territory, together with the inhabitants and
14 property thereof, shall, from and after the 12th day of November, 2004, be subject to all
15 debts, laws, ordinances and regulations in force in the City and shall be entitled to the same
16 privileges and benefits as other parts of the City, and shall be subject to municipal taxes
17 levied by the City.

18 SECTION 6: The City Engineer is hereby instructed to cause to be prepared
19 an accurate map or plat of the described territory and to record the map or plat, together with
20 a certified copy of this ordinance, in the office of the County Recorder of Clark County,
21 Nevada, which recording shall be done prior to the 12th day of November, 2004.

22 SECTION 7: The described territory, which previously has been zoned R-E
23 (County of Clark classification), is hereby classified as R-E (City of Las Vegas
24 classification), which is deemed to be the City equivalent of the County classification.

25 SECTION 8: If any section, subsection, subdivision, paragraph, sentence,
26 clause or phrase in this ordinance or any part thereof, is for any reason held to be
27 unconstitutional, or invalid or ineffective by any court of competent jurisdiction, such
28 decision shall not affect the validity or effectiveness of the remaining portions of this

1 ordinance or any part thereof. The City Council of the City of Las Vegas hereby declares that
2 it would have passed each section, subsection, subdivision, paragraph, sentence, clause or
3 phrase thereof irrespective of the fact that any one or more sections, subsections,
4 subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, invalid
5 or ineffective.

6 SECTION 9: All ordinances or parts of ordinances, sections, subsections,
7 phrases, sentences, clauses or paragraphs contained in the Municipal Code of the City of Las
8 Vegas, Nevada, 1983 Edition, in conflict herewith are hereby repealed.

9 PASSED, ADOPTED and APPROVED this _____ day of _____,
10 2004.

11 APPROVED:

12
13 By OSCAR B. GOODMAN, Mayor

14 ATTEST:

15
16 BARBARA JO RONEMUS, City Clerk

17 APPROVED AS TO FORM:

18 Valsted 9-17-04
Date

1 The above and foregoing ordinance was first proposed and read by title to the Council on the
2 ____ day of ____, 2004, and referred to the following committee
3 composed of ____ and ____ for recommendation;
4 thereafter the said committee reported favorably on said ordinance on the ____ day of
5 ____, 2004, which was a ____ meeting of said Council; that
6 at said ____ meeting, the proposed ordinance was read by title to the City
7 Council as first introduced and adopted by the following vote:

8 VOTING "AYE": _____

9 VOTING "NAY": _____

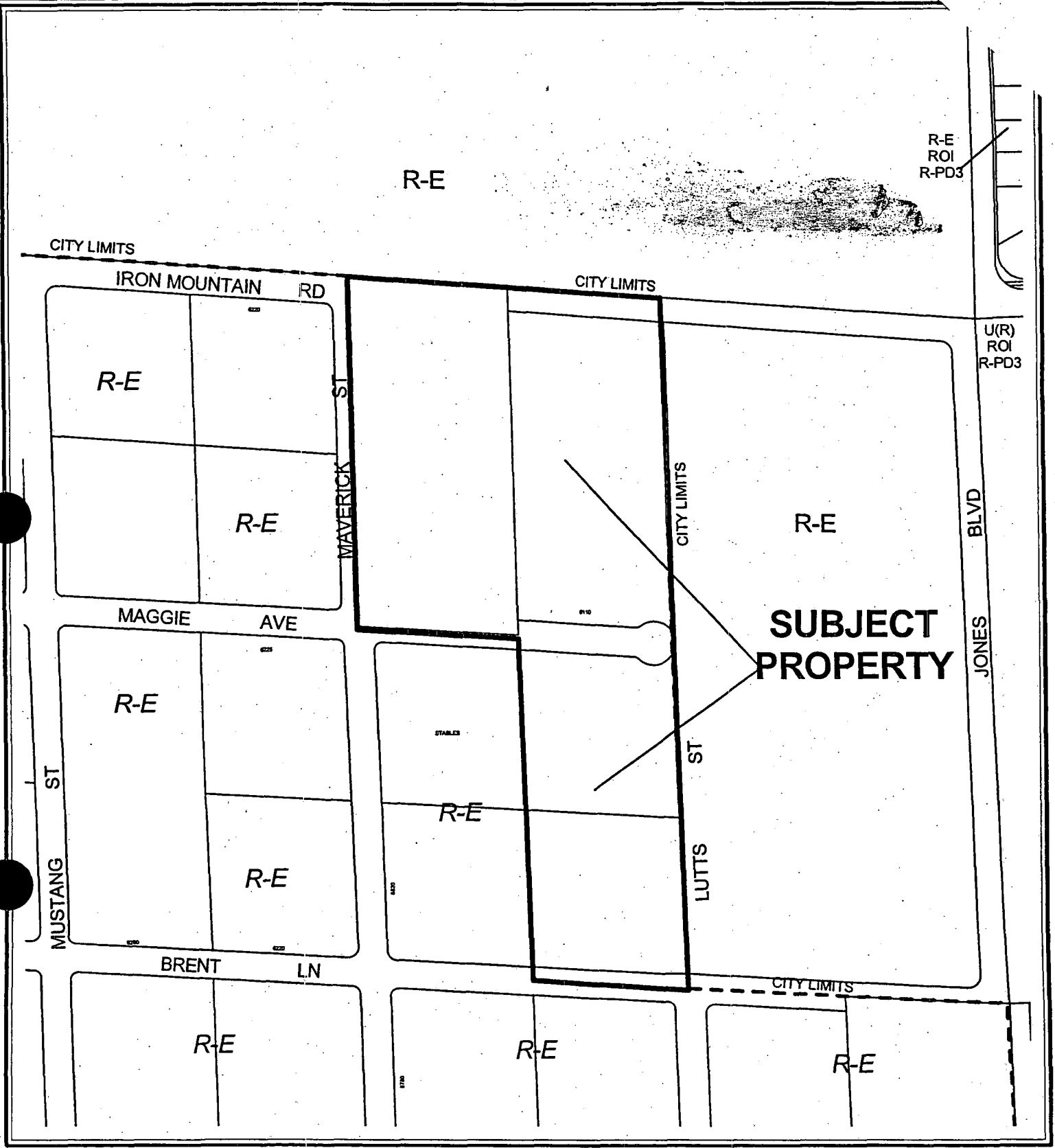
10 ABSENT: _____

11 APPROVED:

12
13 By _____
14 OSCAR B. GOODMAN, Mayor

15 ATTEST:

16 _____
17 BARBARA JO RONEMUS, City Clerk
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CASE: ANX-4777

0 200 400 Feet



AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

RECOMMENDING COMMITTEE: BILL ELIGIBLE FOR ADOPTION AT THIS MEETING:

Bill No. 2004-70 - Annexation No. ANX-4957 - Property location: On the north side of Ann Road, east and west of Mustang Road (aka Mustang Street); Petitioned by: Matrix Development Corporation, et al.; Acreage: 10.69 acres; Zoned: R-E (County zoning), U (R) and U (RE) (City equivalents). Sponsored by: Councilman Michael Mack

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The proposed ordinance annexes certain real property generally located on the north side of Ann Road, east and west of Mustang Road (aka Mustang Street). The annexation is at the request of the property owners. The annexation process has now been completed in accordance with the NRS and the final date of annexation (November 3, 2004) is set by this ordinance.

RECOMMENDATION:

This bill should be submitted to a Recommending Committee for review, hearing and recommendation to the City Council for final action.

BACKUP DOCUMENTATION:

Bill No. 2004-70 and Location Map

MOTION:

WOLFSON - Second Reading and BILL ADOPTED as recommended as Ordinance No. 5732 - UNANIMOUS with MONCRIEF excused

Clerk to proceed with second publication

MINUTES:

There was no discussion.

(10:50 - 10:51)

2-482

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9 **BILL NO. 2004-70**

10 **ORDINANCE NO. _____**

11 AN ORDINANCE TO EXTEND THE BOUNDARIES OF THE CITY, TO
12 PARTICULARLY DESCRIBE THE LAND TO BE ANNEXED, TO MAKE ITS
13 INHABITANTS SUBJECT TO THE LAWS, OBLIGATIONS AND BENEFITS OF THE
CITY, AND TO PROVIDE FOR OTHER RELATED MATTERS. (ANX-4957)

14 Sponsored by: Councilman Michael Mack Summary: Annexes property described
15 generally as located on the north side of Ann
16 Road, east and west of Mustang Road (aka
Mustang Street).

17 THE CITY COUNCIL OF THE CITY OF LAS VEGAS DOES HEREBY
18 ORDAIN AS FOLLOWS:

19 SECTION 1: The corporate limits of the City of Las Vegas, Nevada, are
20 hereby extended to annex, include, and make a part of the City of Las Vegas, Nevada, the
21 following described real property:

22 Those portions of the Southwest Quarter (SW 1/4) of the Southeast Quarter
23 (SE 1/4) of Section 26, Township 19 South, Range 60 East, M.D.M., in the
County of Clark, State of Nevada including all dedicated right of way, lying
inside the following described parcels:

24 **PARCEL A**

25 The East Half (E 1/2) of the West Half (W 1/2) of the Southwest Quarter
26 (SW 1/4) of the Southeast Quarter (SE 1/4) of said Section 26.

27 **PARCEL B**

28 Parcel 3 and adjoining half street right of way as shown on Parcel Map in File

1 18, Page 90 recorded April 17, 1978 of Clark County, Nevada Records,
2 bounded as follows: bounded on the north by the north line of said Parcel 3
3 and westerly projection; bounded on the east by the east line of said Parcel
4 3 and southerly projection; bounded on the south by the south line of the
5 Southwest Quarter (SW 1/4) of the Southeast Quarter (SE 1/4) of said
6 Section 26, also being the centerline of ANN ROAD (50.00 feet wide as
measured from centerline thereof); and bounded on the west by the east line
of the West Half (W 1/2) of the Southwest Quarter (SW 1/4) of the Southeast
Quarter (SE 1/4) of said Section 26, also being the centerline of MUSTANG
ROAD (30.00 feet wide as measured from centerline thereof).

7 SECTION 2: The City Council hereby determines that the described territory
8 meets the requirements provided by law for annexation to the City for the following reasons:

- 9 A. The area to be annexed was contiguous to the City's boundaries at the
10 time the annexation proceedings were instituted;
- 11 B. More than one-eighth (1/8) of the aggregate external boundaries of
12 the area are contiguous to the City;
- 13 C. The territory proposed to be annexed is not included within the
14 boundaries of another incorporated city or within the boundaries of
15 any unincorporated town as those boundaries existed as of July 1,
16 1983;
- 17 D. The City is eligible to annex the described territory since the
18 landowners have signed a petition constituting one hundred percent
19 (100%) of the owners of record of individual lots or parcels of land
20 within the annexation area.

21 SECTION 3: The City will provide police protection through the Las Vegas
22 Metropolitan Police Department, fire protection, street maintenance, and library services
23 immediately upon annexation. Garbage collection by the company franchised by the City
24 will also be provided immediately. The City sanitary sewer system will serve the proposed
25 annexation area. Any connection to or extension of this sewer line to serve the annexation
26 area shall be at the expense of the landowners. Other services, such as participation in the
27 City's recreational programs, special education classes and programs, public works planning,
28 building inspections, and other City services will also be available immediately. Utilities

1 such as gas, electricity, telephone, and water are provided by private utility companies and
2 other services to the area will not be affected by annexation. Street paving, curbs and gutters,
3 sidewalks and street lights which are not in place at the time of annexation will be installed
4 in the presently developed areas upon the request of the property owners and at their expense
5 by means of special assessment districts. Such improvements will be extended into the
6 undeveloped areas as development takes place and the need therefor arises, and will be
7 located according to the needs of the area at that time. Such installations will also be made
8 at the expense of the property owners, either by means of special assessment districts or as
9 prerequisites to the approval of subdivision plats, building permits or other land use or
10 development applications.

11 SECTION 4: The annexation of the described territory shall become
12 effective on the 12th day of November, 2004, and on that date the City will have the funds
13 appropriated in sufficient amount to finance the extension into the described territory of
14 police protection, fire protection, street maintenance, street sweeping, and street lighting
15 maintenance.

16 SECTION 5: The described territory, together with the inhabitants and
17 property thereof, shall, from and after the 12th day of November, 2004, be subject to all
18 debts, laws, ordinances and regulations in force in the City and shall be entitled to the same
19 privileges and benefits as other parts of the City, and shall be subject to municipal taxes
20 levied by the City.

21 SECTION 6: The City Engineer is hereby instructed to cause to be prepared
22 an accurate map or plat of the described territory and to record the map or plat, together with
23 a certified copy of this ordinance, in the office of the County Recorder of Clark County,
24 Nevada, which recording shall be done prior to the 12th day of November, 2004.

25 SECTION 7: The described territory, which previously has been zoned R-E
26 (County of Clark classification), is hereby classified with the following City of Las Vegas
27 classifications, which are deemed to be the City equivalents of the County classification:

28 ...

PROPERTY DESCRIPTION	CITY CLASSIFICATION
That portion of the property with an Interlocal Land Use Plan designation of RE	U (RE)
That portion of the property with an Interlocal Land Use Plan designation of R	U (R)

SECTION 8: If any section, subsection, subdivision, paragraph, sentence, clause of phrase in this ordinance or any part thereof, is for any reason held to be unconstitutional, or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this ordinance or any part thereof. The City Council of the City of Las Vegas hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional, invalid or ineffective.

SECTION 9: All ordinances or parts of ordinances, sections, subsections, phrases, sentences, clauses or paragraphs contained in the Municipal Code of the City of Las Vegas, Nevada, 1983 Edition, in conflict herewith are hereby repealed.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2004.

APPROVED:

By OSCAR B. GOODMAN, Mayor

ATTEST:

BARBARA JO RONEMUS, City Clerk

APPROVED AS TO FORM:

Valley 10-6-04
Date

1 The above and foregoing ordinance was first proposed and read by title to the Council on the
2 _____ day of _____, 2004, and referred to the following committee
3 composed of _____ and _____ for recommendation;
4 thereafter the said committee reported favorably on said ordinance on the _____ day of
5 _____, 2004, which was a _____ meeting of said Council; that
6 at said _____ meeting, the proposed ordinance was read by title to the City
7 Council as first introduced and adopted by the following vote:

8 VOTING "AYE": _____

9 VOTING "NAY": _____

10 ABSENT: _____

11 APPROVED:

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13 By _____
14 OSCAR B. GOODMAN, Mayor

15 ATTEST:

16 _____
17 BARBARA JO RONEMUS, City Clerk
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AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: NOVEMBER 3, 2004

DEPARTMENT: CITY ATTORNEY

DIRECTOR: BRADFORD R. JERBIC

☐ **CONSENT** ☒ **DISCUSSION**

SUBJECT:

RECOMMENDING COMMITTEE: BILL ELIGIBLE FOR ADOPTION AT A LATER MEETING:

Bill No. 2004-69 - Establishes new solid waste and recycling regulations. Proposed by: Mark R. Vincent, Director of Finance and Business Services

Fiscal Impact:

☒ No Impact	Amount:
☐ Budget Funds Available	Dept./Division:
☐ Augmentation Required	Funding Source:

PURPOSE/BACKGROUND:

The City's current solid waste code provisions were enacted more than fifty years ago and do not take into account many contemporary industry standards and practices as well as current state and federal regulatory provisions. Solid waste issues transcend the boundaries of the City and other local jurisdictions within the County metropolitan areas, each contracting with Republic Services, Inc. to perform solid waste collection and disposal services. Accordingly, this bill is modeled after recent changes made in the County code in order to achieve regulatory uniformity. This bill specifically designates the items included within the solid waste stream, hazardous waste stream, medical waste stream, and recyclable materials stream for regulatory purposes; restricts hours of solid waste collection in residential areas; and conditionally waives collection fees for absentee residents.

RECOMMENDATION:

ADOPTION at 11/17/2004 City Council meeting as First Amendment pursuant to the 11/2/2004 Recommending Committee

First Reading - 10/6/2004; First Publication - 11/5/2004

BACKUP DOCUMENTATION:

None

MOTION:

None required.

MINUTES:

Recommendation noted.

11/17/2004 Council Agenda