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ENERGY DIVISION

Legal Department

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October 31, 2008

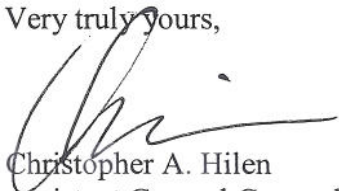
Kenneth Lewis  
Acting Director  
Energy Division  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102

Re: Sierra Pacific Power Company  
Annual Report on Compliance with General Order 166

Dear Mr. Lewis:

Enclosed please find Sierra Pacific Power Company's Annual Report on its Compliance With General Order 166 for the Compliance Period July 1, 2007 – June 30, 2008. We are providing this report in compliance with G.O. 166, Standard 11, Annual Report. Please call me if you have any questions about the report.

Very truly yours,



Christopher A. Hilten  
Assistant General Counsel

cc: Brian D. Schumacher, Energy Division (with report)  
Werner M. Blumer, Energy Division (with report)

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking for Electric  
Distribution Facility Standard Setting

(U 903 E)

R.96-11-004

**Sierra Pacific Power Company's  
ANNUAL REPORT ON COMPLIANCE  
WITH GENERAL ORDER 166**

**Compliance Period: July 1, 2007- June 30, 2008**

CHRISTOPHER A. HILEN  
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Counsel for  
Sierra Pacific Power Company

Dated: October 31, 2008

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking for Electric  
Distribution Facility Standard Setting

(U 903 E)

R.96-11-004

**Sierra Pacific Power Company's  
ANNUAL REPORT ON COMPLIANCE  
WITH GENERAL ORDER 166**

**Compliance Period: July 1, 2007 - June 30, 2008**

Pursuant to General Order 166 ("G.O. 166"), Standard 11, Sierra Pacific Power Company ("Sierra Pacific") hereby submits this report on its compliance with G.O. 166 for the period July 1, 2007 through June 30, 2008 ("Compliance Period"). This report demonstrates Sierra Pacific's compliance with each of the thirteen standards of G.O. 166.

Sierra Pacific provides retail electric service to the public in northern Nevada and in the Lake Tahoe area of California. In California, Sierra Pacific serves 46,000 customers, who are located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. Its service territory generally encompasses the western portions of the Lake Tahoe Basin ranging from Portola in the north to Markleeville and Topaz Lake in the south; however, 80% of its customers are located in the Lake Tahoe Basin. The terrain in the service territory is mountainous, with elevations ranging from 9,050 feet in Squaw Valley to just under 5,000 feet at Portola. Most of its customers are located at elevations greater than 6,000 feet.

Correspondence or communications regarding this report should be addressed to:

CHRISTOPHER A. HILEN Assistant General Counsel Sierra Pacific Power Company 6100 Neil Road P.O. Box 10100 Reno, NV 89520 Tel: (775) 834-5696 Fax: (775) 834-4811 <a href="mailto:chilen@nvenergy.com">chilen@nvenergy.com</a>	TREVOR DILLARD Manager, Regulatory Services Sierra Pacific Power Company 6100 Neil Road P.O. Box 10100 Reno, NV 89520 Tel: (775) 834-5823 Fax: (775) 834-4484 <a href="mailto:tdillard@nvenergy.com">tdillard@nvenergy.com</a>
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In 2005, changes in Sierra Pacific's organizational structure created a change to the emergency planning and reporting for the California Service Areas. Part of the corporate reorganization created five separate operations regions; South Las Vegas Region, North Las Vegas Region, Elko/East Region, Carson Region and Reno Region. Previously, Sierra Pacific's California Service Area was managed under one "Tahoe District" operating group. With the reorganization, the California Customers in El Dorado, Alpine, and Mono counties are under the Carson Regional Operations, and the California customers in Placer, Nevada, Sierra and Plumas counties are under the Reno Regional Operations.

As a consequence of this reorganization, the "Tahoe District Emergency Response Plan", which was provided in past G.O. 166 reporting, is no longer valid in its entirety. In its place, beginning with the 2006-2007 compliance period, Sierra Pacific is providing its Corporate Emergency Response Plan as the primary emergency plan and including the pertinent emergency operating issues for the California Service Areas as an Annex to the Corporate Emergency Response Plan. This Annex will be provided until the individual operating regions develop and finalize their individual emergency operating plans, which will comply with the G.O. 166 requirements for the appropriate regions. When these plans become available they will be provided to the Energy Division.

In October 2008 Sierra Pacific Resources, Sierra Pacific's parent company, announced a name change for corporate operations to NV Energy. NV Energy is in the process of approval from shareholders and certain regulatory agencies to complete the name change of the parent company from Sierra Pacific Resources to NV Energy Incorporated. The operating divisions of the parent corporation, Nevada Power Company and Sierra Pacific, will do business as NV Energy but retain their names as owners and operators of their individual infrastructure. The majority of changes to the Corporate Emergency Response Plan reflect the corporate name change to NV Energy. Annex D of this plan, which is specific to California operations will retain the Sierra Pacific Power Company brand.

**Standard 1: Emergency Response Plan**

The 2008 NV Energy Corporate Emergency Response Plan covers each of the items specified in Standard 1. The following Table 1 sets forth the location in the Corporate Emergency Response Plan where the required elements are covered.



**Table 1. Location of Topics Covered in Plan**

<u>Requirement</u>	<u>Section</u>	<u>Pages</u>
A. Internal Coordination	Section 2.0 Annex D, Section 4.0 Annex A	All All All
B. ISO/TOC Coordination	Annex D, Section 6.0	All
C. Media Coordination	Section 5.0 Annex D, Section 5.0	All All
D. External and Governmental Coordination	Section 2.0 Section 5.0 Annex D, Section 7.0	Pages 3, 4 Page 2 All
E. Safety Coordination	Annex D, Section 8.0	All
F. Damage Assessment	Annex D, Section 9.0	All
G. Restoration Priority Guidelines	Annex D, Section 10.0	All
H. Mutual Assistance	Section 6.0 Annex C Annex D, Section 11.0	Page 1 All
I. Plan Updates	Section 8.0 Appendix A	All All

**Standard 2: Mutual Assistance Agreements**

Sierra Pacific has entered into several mutual assistance agreements with a number of other California electric utilities and electric and gas utilities throughout the western United States and Canada. The agreements include each of the items listed in Standard 2. Copies of the current agreements are provided in the Corporate Emergency Response Plan as Annex C.

**Standard 3: Emergency Training and Exercises**

Sierra Pacific did not conduct an internal formal annual exercise testing the Tahoe District Emergency Response Plan or the NV Energy Corporate Emergency Response Plan

during this reporting period. However, Sierra Pacific's emergency management representatives and representatives of the Carson Regional Operations and Reno Regional Operations have participated and are continuing to participate in the California Golden Guardian 08, South Lake Tahoe, exercise through the California Office of Homeland Security and the California Office of Emergency Services. Sierra Pacific personnel are members of the planning team which began in December 2007 with the major exercise in South Lake Tahoe scheduled for November 6, 2008. As part of the planning and development of this major exercise, the exercise planning team, lead by the California Office of Homeland Security, implemented a Table Top Exercise with representatives from the Tahoe Basin and surrounding counties from both California and Nevada. This exercise and training is not hosted by the utility but does comply with Standard 3: Emergency Training and Exercise. Information on this Table Top Exercise is provided as Tab 1 to this report.

**Standard 4: Communications Strategy**

- A. Sierra Pacific's strategy for communicating with the media and customers through Call Centers is contained in the NV Energy Corporate Emergency Response Plan in Sections 5.2, 5.2.1, and 5.2.2.
- B. Sierra Pacific's strategy for communicating with Government is contained in the NV Energy Corporate Emergency Response Plan in Sections 5.2.3, 5.2.4, and 5.2.5.
- C. The electric transmission and distribution system that serves Sierra Pacific's California Electric Customers is not connected to any CAISO controlled or Transmission Owner operated electric grid. CAISO and California Transmission Emergencies do not directly affect Sierra's California Customers because the primary electricity generation and transmission are served from Nevada and a separate northwest operating grid. However,

Sierra's Control Area Operations is continually in contact with the CAISO, and other Transmission Owners as part of the North America Electric Reliability Council grid coordination. This is also addressed in the Tahoe Regional Emergency Plan, Annex D, Section 6.0 of the Corporate Emergency Response Plan.

**Standard 5: Activation Standard**

This standard does not apply because Sierra Pacific did not have a Major Outage, consisting of 23,000 customers out sustained and simultaneous, or half the California Customers, during this Compliance Period.

**Standard 6: Initial Notification Standard**

This standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period.

**Standard 7: Mutual Assistance Evaluation Standard**

This standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period.

**Standard 8: Major Outage and Restoration Estimate Communication Standard**

This standard does not apply because Sierra Pacific did not have a Major Outage in this Compliance Period.

**Standard 9: Personnel Redeployment Planning Standard**

Sierra Pacific outlines the personnel and resource redeployment process in Annex D, Section 11.0 of the Corporate Emergency Response Plan. As the development of Regional Operations Emergency Plans continues, the training and deployment of non-trade emergency personnel will be addressed in the planning process.



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**Standard 10: Annual Pre-Event Coordination Standard**

As a member of the California Utilities Emergency Association (“CUEA”), Sierra Pacific meets at least quarterly with the California Office of Emergency Services (“OES”) to discuss emergency planning and response issues and opportunities to support the respective organizations in a large-scale emergency. Sierra Pacific’s Emergency Management representative is a member of the Board of Directors of CUEA, a member of the Training and Exercise Committee, and Past Chair of the Energy Committee. The Energy Committee meets regularly with the CUEA Executive Director, as liaison with the State OES, member gas, electric and pipeline utilities, and the CAISO on emergency planning and response issues.

Sierra Pacific representatives are active members of the Sierra Front Wildfire Cooperators which meets monthly and represents wildland fire agencies from the Nevada Division of Forestry, U.S. Forest Service, California Department of Forestry and Firefighting, California OES Fire Division, U.S. Bureau of Land Management and numerous local fire departments that work cooperatively in wildfire management across 7 California and 6 Nevada counties along the Sierra Nevada Range.

Sierra Pacific representatives are actively participating in the planning and delivery of the Golden Guardian 08 South Lake Tahoe Exercise with the California Office of Homeland Security and OES. (See Standard 3, and Tab 1 of this report.)

**Standard 11: Annual Report**

The number of repair and maintenance personnel in each personnel classification, from June 30, 2007, to June 30, 2008, including the previous year, is attached as Tab 2.

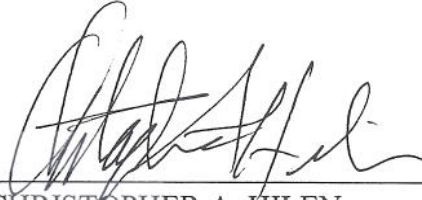
**Standard 12: Restoration Performance Benchmark for A Measured Event**

Sierra Pacific has fewer than 150,000 electric customers and, accordingly, is exempt from

application of this standard.

**Standard 13: Call Center Benchmark for A Measured Event**

Sierra Pacific has fewer than 150,000 electric customers and, accordingly, is exempt from application of this standard.



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Dated: October 31, 2008