

JOINT AGREEMENT OF MERGER

JOINT AGREEMENT OF MERGER dated this 16th day of February, 1965, by and between SIERRA PACIFIC POWER COMPANY, a Maine corporation (hereinafter sometimes called Sierra-Maine) and SIERRA NEVADA POWER COMPANY, a Nevada corporation (hereinafter sometimes called Sierra-Nevada);

WHEREAS, Sierra-Maine is engaged in the electric utility business within the States of Nevada and California and also renders water and gas service in the State of Nevada and, in connection with such businesses, owns and operates property within the States of Nevada and California; and

WHEREAS, Sierra-Nevada is a corporation organized and empowered to engage in the same types of business and activities as are presently being conducted by Sierra-Maine within the States of Nevada and California; and

WHEREAS, it is deemed advisable that Sierra-Maine be merged with and into Sierra-Nevada under the terms and conditions set forth herein, such merger to be effected pursuant to Chapter 78 of Title 7 of the Nevada Revised Statutes, 1957, as amended, and Title 13 of the Maine Revised Statutes, 1964, as amended, and

WHEREAS, on and after the effective date of such merger, Sierra-Nevada shall, by change of name pursuant to the provisions hereof as permitted by the laws of the State of Nevada, become and be known as Sierra Pacific Power Company (hereinafter sometimes called the surviving Corporation);

NOW, THEREFORE, in consideration of the foregoing and of the mutual agreements hereinafter set forth, the parties hereto agree as follows:

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ARTICLE I.

NAMES OF CORPORATIONS TO BE INCLUDED IN THE MERGER

The names of the corporations to be included in the merger are SIERRA PACIFIC POWER COMPANY, which was incorporated under the laws of the State of Maine, on March 13, 1912, and SIERRA NEVADA POWER COMPANY, which was incorporated under the laws of the State of Nevada on January 15, 1965.

ARTICLE II.

CAPITAL STOCK OF CONSTITUENT CORPORATIONS.

The amount of capital stock which Sierra-Maine is authorized to issue is \$18,400,000, consisting of 180,500 shares of the par value of \$50 per share of a class of Preferred Stock issuable in series (hereinafter sometimes called its Preferred Stock), 80,500 shares of which are designated as Preferred Stock, Series A, \$2.44 Dividend and 100,000 shares of which are designated as Preferred Stock, Series B, \$2.36 Dividend, and 2,500,000 shares of Common Stock of the par value of \$3.75 per share (hereinafter called its Common Stock). All of the said shares of its Preferred Stock and 1,895,743 shares of its Common Stock are presently issued and outstanding, and are fully paid, having been issued for cash, property and services. The terms relating to its Preferred Stock and Common Stock are set forth in the Certificate of Organization and By-laws of Sierra-Maine, as amended to date, and such terms are by this reference incorporated herein.

The amount of capital stock which Sierra-Nevada is authorized to issue, and the terms and provisions thereof, is identical with that of the surviving Corporation as set forth in Article IV hereof. Thirty shares of its Common Stock are presently

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issued and outstanding, and are fully paid, having been issued for cash. No shares of its Preferred Stock and no additional shares of its Common Stock will be issued by Sierra-Nevada until the issuance of such stock to shareholders of Sierra-Maine on the effective date of merger pursuant to Article VIII hereof.

ARTICLE III,
MERGER OF SIERRA-MAINE WITH AND INTO SIERRA-NEVADA.

On the effective date of merger, Sierra-Maine shall be merged with and into Sierra-Nevada, which latter corporation shall survive the merger and continue under the name of Sierra Pacific Power Company, and in connection with such change of name to Sierra Pacific Power Company, the Articles of Incorporation of Sierra-Nevada shall be deemed to be amended accordingly, and otherwise pursuant to the terms and provisions of Article IV hereof, upon the filing of this Agreement in the Office of the Secretary of State of Nevada as prescribed by law. The separate existence of Sierra-Maine shall, on such effective date of merger, thereupon cease.

ARTICLE IV

SECTION 1

AUTHORIZED AMOUNT AND CLASSES OF STOCK
OF THE SURVIVING CORPORATION

Section 1.01. The amount of the total authorized capital stock of the Corporation is \$46,525,000, consisting of 180,500 shares of the par value of \$50 per share of a class of Preferred Stock issuable in series (such class being hereinafter called "Preferred Stock"), 80,500 shares of which are designated as Preferred Stock, Series A, and 100,000 shares of which are designated as Preferred Stock, Series B, with terms and provisions as hereinafter provided, and 10,000,000 shares of Common Stock of the par value of \$3.75 per share.

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The designations, preferences and relative, participating, option or other special rights, or qualifications, limitations or restrictions thereof, of the classes of stock of the Corporation, are as hereinafter provided.

Section 1.02. Shares of Preferred Stock within the total number and par value thereof from time to time authorized in this Section 1 may be divided into and issued in one or more series from time to time as hereinafter provided. The shares of Preferred Stock of all series shall be of equal rank and all shares of any particular series shall be identical. The authorized number of shares of any such series, the designations of such series and the terms and characteristics thereof (in those respects in which the shares of one series may vary from the shares of other series as hereinafter provided) shall be fixed at any time prior to the issuance thereof by appropriate amendment of the Articles of Incorporation by vote of a majority of the voting power of the capital stock of the Corporation at the time outstanding and entitled to vote or by appropriate resolution or resolutions providing for the issue of such stock adopted by the Board of Directors. Within the total authorized number of shares of Preferred Stock of all series, the authorized number of shares of any such series may at any time or from time to time be increased or decreased (but not below the number of shares thereof then outstanding) by appropriate amendment of the related provisions of the Articles of Incorporation or resolution or resolutions of the Board of Directors.

The terms and characteristics of shares of one series may, subject to any applicable provisions of law, vary from the shares of other series in the following respects:

- (a) The designation of such series, which may be by distinguishing number, letter or title;

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(b) The rate at which dividends are to accrue on the shares of such series, and the date or dates from which dividends shall be cumulative;

(c) Any requirement as to any sinking fund or purchase fund for, or the redemption, purchase or other retirement by the Corporation of, the shares of such series;

(d) The amount payable in respect of the shares of such series in case of the redemption thereof at the option of the Corporation, and the amount payable in respect of the shares of such series in case of the redemption or purchase thereof for any sinking fund or purchase fund for such series or under such other circumstances as may be specified with respect to any series;

(e) The amount payable in respect of the shares of such series in case of any liquidation, dissolution or winding up of the Corporation, and the amount of premium, if any, payable in addition to such fixed liquidation price for such series in case such liquidation, dissolution or winding up be voluntary;

(f) The right, if any, to exchange or convert the shares of such series into shares of any other series of the Preferred Stock or into shares of any other class of stock of the Corporation and the rate or basis, time, manner and conditions of exchange or conversion or the method by which the same shall be determined; and

(g) The par value and voting rights of each share of such series, provided that if there shall be several series of Preferred Stock with different par values, shares of the series

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having the lowest par value per share shall be entitled to one vote per share and shares of each other series shall be entitled to a number of votes per share so that the relative votes per share shall be in the same proportion as the relative par values.

SECTION 2

DEFINITIONS

Section 2.01. The term "Preferred Stock" shall mean the class of Preferred Stock consisting of the various series at the time authorized and created pursuant to Section 1 of this Article IV, including Series A and Series B described in Section 3 hereof and other series thereof hereafter created as provided in said Section 1 and described in Section 3 hereof or in an appropriate resolution or resolutions of the Board of Directors.

Section 2.02. The term "Junior Stock" shall mean the Common Stock and stock of any other class ranking junior to the Preferred Stock in respect of dividends and amounts payable upon any liquidation, dissolution or winding up of the Corporation.

Section 2.03. The term "accrued dividends" shall mean, in respect to each share of any series of Preferred Stock, that amount which shall be equal to simple interest upon the par value at the annual dividend rate fixed for such series and no more, from and including the date upon which dividends on such share became cumulative and (i) up to but not including the date fixed for payment in liquidation or for redemption, or, as the case may be, (ii) up to and including the last day of any period for which such accrued dividends are to be determined, less the aggregate amount of all dividends theretofore paid or declared and set apart for payment

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thereon. Computation of accrued dividends in respect of any portion of a quarterly dividend period shall be by the 360-day year, 30-day month, method of computing interest.

Section 2.04. The term "gross income of the Corporation available for payment of interest charges" shall mean the total operating revenues and other income net of the Corporation, less all proper deductions for operating expenses, taxes (including income, excess profits and other taxes based on or measured by income or undistributed earnings or income) and other appropriate items, including provisions for maintenance, and provision for retirements, depreciation and obsolescence but excluding any interest charges and any charges on account of amortization of debt premium, discount and expense, all to be determined in accordance with sound accounting practice. In determining such "gross income of the Corporation available for payment of interest charges", no deduction or adjustment shall be made for in respect of (1) profits or losses from sales of property carried in plant or investment accounts of the Corporation, or from the reacquisition of any securities of the Corporation, or taxes on or in respect of such profits, (2) charges for the elimination, retirement or amortization of utility plant adjustment or acquisition accounts or other intangibles either through charges to income or otherwise, or (3) any adjustments (including tax adjustments) applicable to any prior period.

Section 2.05. The term "net income of the Corporation available for dividends" shall mean the gross income of the Corporation available for payment of interest charges as defined in Section 2.04 less interest charges and other appropriate charges or credits for amortization of debt discount and expense provided that no deduction or adjustment shall be made for or in respect of the items described in clauses (1), (2) and (3) of Section 2.04 above, or any charge-off against surplus

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of or in respect of expenses in connection with the issuance of capital stock or with the redemption or retirement of any securities issued by the Corporation, including any amount paid in excess of the principal amount or par or stated value of securities redeemed or retired, or, in the event that such redemption or retirement is effected with the proceeds of the sale of other securities of the Corporation, interest or dividends on the securities redeemed or retired from the date on which the funds required for such redemption or retirement are deposited in trust for such purpose to the date of redemption or retirement.

Section 2.06. The term "net income of the Corporation available for dividends on Junior Stock" shall mean "net income of the Corporation available for dividends", as defined above, less all dividends accrued from and after December 31, 1955 and prior to the date as of which such computation is being made, whether or not paid, (i) on all outstanding Preferred Stock, and (ii) on all outstanding stock of any class ranking as to dividends prior to such Preferred Stock.

Section 2.07. The term "Common Stock Equity" shall mean the aggregate of the par value of, or stated capital represented by, the outstanding Common Stock, plus the capital surplus and earned surplus of the Corporation and plus premiums on all capital stock of the Corporation, less any accumulated or unpaid dividends on any outstanding Preferred Stock and any outstanding stock of any other class ranking as to dividends prior to the Preferred Stock.

Section 2.08. As used in Sections 2.05, 2.06 and 2.07 above, the word "Corporation" shall mean both Sierra Pacific Power Company, a Maine corporation, predecessor of this Corporation, and this Corporation, and all terms, provisions and definitions which in any way relate to or are dependent upon books of account, shall be interpreted as if the books of account of said two entities were one and continuous books of account of this Corporation.

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Section 2.09. The term "sound accounting practice" shall mean recognized principles of accounting practice followed by companies engaged in a business similar to that of the Corporation, except as otherwise required by any applicable rules, regulations or orders of the public regulatory authorities having jurisdiction over the accounts of the Corporation, provided that the Corporation may, at the time, contest in good faith the validity or applicability to the Corporation of any such rule, regulation or order, and pending such contest, such rule, regulation or order shall not be controlling.

SECTION 3

SERIES OF PREFERRED STOCK

Section 3.01. Of the authorized shares of Preferred Stock of the Corporation there shall be a series, to consist of 80,500 shares of the par value of \$50 per share, designated as "Preferred Stock, Series A, \$2.44 Dividend" (hereinafter called "Preferred Stock, Series A") which shall have the terms and provisions hereinafter in this Section 3.01 set forth or provided for.

(a) Dividends. Out of any assets of the Corporation available for dividends, the holders of the Preferred Stock, Series A shall be entitled to receive, but only when and as declared by the Board of Directors, dividends at the rate of \$2.44 per share per annum and no more, payable quarterly on March 1, June 1, September 1 and December 1 in each year beginning June 1, 1965, to the stockholders of record on a date not more than 30 days prior to such payment date, as may be determined by the Board of Directors of the Corporation. Dividends on the Preferred Stock, Series A shall be cumulative from and after March 1, 1965.

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(b) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation the holders of the Preferred Stock, Series A shall be entitled to receive the amounts prescribed in Section 4.02.

(c) Redemption Provisions. The Corporation may at its option expressed by resolution of its Board of Directors redeem the Preferred Stock, Series A in the manner provided in Section 4.03(A) at any time or from time to time at \$50 per share, together with all accrued dividends (whether or not declared), plus a redemption premium of \$2.00 per share as to any shares redeemed prior to June 1, 1966, \$1.50 per share as to any shares redeemed on June 1, 1966 and thereafter prior to June 1, 1971, and \$1.00 per share as to any shares redeemed on June 1, 1971 and thereafter.

(d) Voting Powers and other Rights. The holders of Preferred Stock, Series A shall have such voting powers and other rights and be subject to such restrictions and qualifications, as are set forth in Sections 4 and 5 hereof.

Section 3.02. Of the authorized shares of Preferred Stock of the Corporation there shall be a series, to consist of 100,000 shares of the par value of \$50 per share, designated as "Preferred Stock, Series B, \$2.36 Dividend" (hereinafter called "Preferred Stock, Series B") which shall have the terms and provisions hereinafter in this Section 3.02 set forth as provided for.

(a) Dividends. Out of any assets of the Corporation available for dividends, the holders of the Preferred Stock, Series B shall be entitled to receive, but only when and as declared by the Board of Directors, dividends at the rate of \$2.36 per share per annum

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and no more, payable quarterly on March 1, June 1, September 1 and December 1 in each year beginning June 1, 1965, to the stockholders of record on a date not more than 30 days prior to such payment date, as may be determined by the Board of Directors of the Corporation. Dividends on the Preferred Stock, Series B shall be cumulative from and after March 1, 1965.

(b) Liquidation. In the event of any liquidation, dissolution or winding up of the Corporation the holders of the Preferred Stock, Series B shall be entitled to receive the amounts prescribed in Section 4.02.

(c) Redemption Provisions. The Corporation may at its option expressed by resolution of its Board of Directors redeem the Preferred Stock, Series B in the manner provided in Section 4.03 (A) at any time or from time to time at \$50 per share, together with all accrued dividends (whether or not declared), plus a redemption premium of \$2.79 per share as to any shares redeemed prior to June 1, 1969, \$2.03 per share as to any shares redeemed on June 1, 1969 and thereafter prior to June 1, 1974, \$1.23 per share as to any shares redeemed on June 1, 1974 and thereafter prior to June 1, 1979, and \$0.43 per share as to any shares redeemed on June 1, 1979 and thereafter.

(d) Voting powers and other Rights. The holders of Preferred Stock, Series B shall have such voting powers and other rights and be subject to such restrictions and qualifications, as are set forth in Sections 4 and 5 hereof.

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SECTION 4PREFERENCES ON LIQUIDATION, REDEMPTION PROVISIONS,
RESTRICTIONS ON CERTAIN CORPORATE ACTION, VOTING
POWERS AND OTHER RIGHTS APPLICABLE TO ALL SERIES
OF PREFERRED STOCK

Section 4.01. Dividend Rights. Dividends in full shall not be paid or set apart for payment on any series of the Preferred Stock for any dividend period unless dividends in full have been or are contemporaneously paid or set apart for payment on all outstanding shares of all series of Preferred Stock for such dividend period and for all prior dividend periods. When the specified dividends are not paid in full on all series of Preferred Stock, the shares of each series of Preferred Stock shall share ratably in the payment of dividends, including accumulations, if any, in accordance with the sums which would be payable on said shares if all dividends were paid in full.

So long as any shares of Preferred Stock are outstanding, no dividends shall be declared or paid upon or set apart for the shares of any class of Junior Stock, nor any sums applied to the purchase, redemption or other retirement of any class of Junior Stock, unless full dividends on all shares of Preferred Stock of all series outstanding, and on all outstanding stock of any class ranking as to dividends prior to the Preferred Stock, for all past quarterly dividend periods shall have been paid or declared and a sum sufficient for the payment thereof set apart and the full dividend for the then current quarterly dividend period shall have been or concurrently shall be declared. The amount of any deficiency for past dividend periods may be paid or declared and set apart at any time without reference to any quarterly dividend payment date. Unpaid accrued dividends on the Preferred Stock shall not bear interest.

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Section 4.02. Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of each series of Preferred Stock shall be entitled to receive, for each share thereof, the par value thereof, plus, in case such liquidation, dissolution or winding up shall have been voluntary, an amount per share equal to the redemption premium that would then be payable to the holders thereof if such series of Preferred Stock were to be redeemed at the option of the Corporation, together in each case with accrued dividends (whether or not declared), before any distribution of the assets shall be made to the holders of shares of any class of Junior Stock; but the holders of Preferred Stock shall be entitled to no further participation in such distribution. A consolidation or merger of the Corporation or the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Corporation, or any purchase or redemption of stock of the Corporation of any series of Preferred Stock (or of any class of stock ranking as to dividends prior to the Preferred Stock) shall not be deemed a dissolution, liquidation, or winding up of the Corporation within the meaning of this Section 4.02.

Section 4.03. Redemption Provisions. (A) Preferred Stock shall be subject to redemption at the applicable redemption prices (including any accrued dividends) provided for each series thereof in whole or in part, at such place and by such method, which, if in part, shall be by lot, as shall from time to time be determined by resolution of the Board of Directors, unless otherwise provided for by an agreement by holders of all shares of any series of Preferred Stock being redeemed. Notice of any proposed redemption of any series of Preferred Stock shall be given by

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the Corporation by mailing a copy of such notice, at least thirty (30) days but not more than ninety (90) days prior to the date fixed for such redemption, to the holders of record of any shares of Preferred Stock to be redeemed at their respective addresses then appearing on the books of the Corporation. On and after the date specified in such notice, each holder of shares of Preferred Stock called for redemption as aforesaid, shall be entitled to receive therefor the redemption price thereof, upon presentation and surrender at the place designated in such notice of certificates for such shares of Preferred Stock held by him, bearing any necessary stock transfer tax stamps thereto affixed and cancelled, and (if required by the Corporation) properly endorsed in blank for transfer or accompanied by proper instruments of assignment or transfer in blank. On and after the date fixed for redemption, if notice is given as aforesaid, and unless default is made by the Corporation in providing moneys for payment of the redemption price, all dividends on the shares called for redemption shall cease to accrue; and on and after such redemption date, unless default be made as aforesaid, or on and after the date of earlier deposit by the Corporation with a bank or trust company doing business in the City of New York, New York, City of Boston, Massachusetts or City of San Francisco, California, having a capital and surplus of at least \$5,000,000, in trust for the benefit of the holders of the shares of the Preferred Stock so called for redemption, of all funds necessary for redemption as aforesaid (provided in the latter case that there shall have been mailed as aforesaid to holders of record of shares to be redeemed, a notice of the redemption thereof or that the Corporation shall have executed and delivered to any Transfer Agent for the Preferred Stock or to the bank or trust company with which such deposit is made an instrument irrevocably authorizing it to mail such notice at the Corporation's expense) all rights of the holders of the shares called for redemption

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as stockholders of the Corporation, except only the right to receive the redemption price, shall cease and determine. Any funds so deposited which shall remain unclaimed by the holders of such Preferred Stock at the end of six (6) years after the redemption date, together with any interest thereon which shall have been allowed by the bank or trust company with which such deposit shall have been made, shall be paid by it to the Corporation, and thereafter such holders shall look only to the Corporation therefor, but without any liability on the part of the Corporation to pay interest thereon even though interest may have been allowed by said bank or trust company.

(B) The Corporation may, subject to the provisions of paragraph (C) below, also from time to time purchase shares of Preferred Stock for any sinking or purchase fund provided for the benefit of any series of Preferred Stock and otherwise at not exceeding the applicable redemption or purchase fund prices (including any accrued dividends) thereof at the time in effect plus customary brokerage commissions. Shares of Preferred Stock so purchased and not used to satisfy sinking or purchase fund obligations may in the discretion of the Board of Directors be reissued or otherwise disposed of from time to time to the extent permitted by law.

(C) If and so long as there are dividends in arrears on any shares of Preferred Stock, the Corporation shall not redeem or purchase shares of any series of Preferred Stock, unless, in the case of redemption, all of the outstanding Preferred Stock is redeemed or, in the case of purchases, an offer to purchase is made to the holders of all the outstanding Preferred Stock. If and so long as a default exists in any sinking or purchase fund obligation provided for the benefit of any series of Preferred Stock, the Corporation shall not redeem or purchase any shares of Preferred Stock, unless, in the case of redemptions, all of the outstanding

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Preferred Stock of such series is redeemed or, in the case of purchases, such purchases are solely of such series of Preferred Stock and are made pursuant to an offer to purchase to the holders of all of the outstanding Preferred Stock of such series.

Section 4.04. Restrictions on Corporate Action. (A) So long as any Preferred Stock is outstanding, the Corporation shall not, without the consent (given in writing without a meeting or by vote in person or by proxy at a meeting called for the purpose) of the holders of at least two-thirds of the aggregate number of shares of all series of Preferred Stock then outstanding -

(i) Create or authorize, or increase the authorized amount of, any shares of any class of stock, other than Preferred Stock, ranking as to dividends or assets equal or prior to the Preferred Stock, or any obligation or security convertible into stock ranking as to dividends or assets equal or prior to the Preferred Stock; or

(ii) Amend, change or repeal any of the express terms of the Preferred Stock outstanding in any manner adverse to the holders thereof, except that, if such amendment, change or repeal is adverse to the holders of less than all series of Preferred Stock, the consent of only the holders of two-thirds of the aggregate number of shares of the series thereof entitled to vote thereon and so affected shall be required; or

(iii) Issue any shares of Preferred Stock in addition to 80,500 shares of Preferred Stock, Series A, and 100,000 shares of Preferred Stock, Series B, originally issued unless after giving effect to such additional shares -

(a) the net income of the Corporation and its predecessor,

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Sierra Pacific Power Company, a Maine corporation, available for dividends for any period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares of stock are to be issued, shall have been at least two and one-half (2-1/2) times the aggregate annual dividend requirements upon the entire amount to be outstanding of Preferred Stock and of any stocks of the Corporation of any class ranking as to dividends equal or prior to the Preferred Stock,

(b) the gross income of the Corporation and its predecessor, Sierra Pacific Power Company, a Maine corporation, available for payment of interest charges for any period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares of stock are to be issued, shall have been at least one and one-half (1-1/2) times the sum of (1) the aggregate annual interest charges on all indebtedness of the Corporation to be outstanding, and (2) the aggregate annual dividend requirements upon the entire amount to be outstanding of Preferred Stock and of any stocks of the Corporation of any class ranking as to dividends equal or prior to the Preferred Stock, and

(c) the Common Stock Equity plus the aggregate of the capital allocable to all classes of Junior Stock other than the Common Stock shall not be less than the aggregate amount

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payable upon involuntary liquidation, dissolution or winding up of the Corporation to the holders of all shares of all series of Preferred Stock to be outstanding.

In the foregoing computations, there shall be excluded (a) all indebtedness and all shares of Preferred Stock to be retired in connection with the issue of such additional shares, and (b) all interest charges on all indebtedness, and all dividend requirements on all shares of stock, to be retired in connection with the issue of such additional shares. The net earnings of any property which has been acquired by the Corporation during or after the period for which income is computed, or of any property which is to be acquired in connection with the issuance of any such additional shares, if capable of being separately determined or estimated, may be included on a pro forma basis in the foregoing computations; and if within or after the period for which income is computed, any substantial portion of the properties of the Corporation shall have been disposed of, the net earnings of such property, if capable of being separately determined or estimated, shall be excluded in the foregoing computations.

(B) So long as any Preferred Stock is outstanding, the Corporation shall not, without the consent (given in writing without a meeting or by vote in person or by proxy at a meeting called for the purpose) of the holders of a majority of the aggregate number of shares of all series of Preferred Stock then outstanding -

(1) Issue, create or assume any unsecured notes, debentures or other evidences of indebtedness, maturing more than one year from the date of issuance, creation or assumption thereof,

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(hereinafter in this clause (1) called "unsecured debt securities") for any purpose, except for the purpose of refunding outstanding unsecured debt securities or effecting the retirement, by redemption or otherwise, of outstanding shares of the Preferred Stock or of a class of stock ranking prior thereto, if immediately after such issue, creation or assumption the total principal amount of all such unsecured debt securities issued, created or assumed and then outstanding (including the unsecured debt securities then to be issued) would exceed twenty percent (20%) of the aggregate of (a) the total principal amount of all bonds and other securities representing secured indebtedness issued, created or assumed by the Corporation and then to be outstanding, and (b) the total of the capital and surplus (including premiums on capital stock) of the Corporation as then to be stated on its books; provided, that any unsecured debt securities issued under any consent of holders of Preferred Stock (and any securities issued to refund the same) shall be excluded from the computation of the amount of unsecured debt securities which may be issued, created or assumed within the aforesaid twenty percent (20%) limitation; or

(ii) Merge or consolidate with or into any other corporation or corporations, unless such merger or consolidation, or the issuance and assumption of all securities in connection therewith, shall have been ordered, approved, or permitted by any regulatory authority of the United States of America or of any state thereof having jurisdiction in the premises; provided that the provisions of this clause (ii) shall not apply to any acquisition by the

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Corporation of the franchises or assets of another corporation in any manner not involving a merger or consolidation; or

(iii) Sell, lease or otherwise dispose of all or substantially all of its property to any person.

No consent of the holders of any series of Preferred Stock hereinabove set forth as specified in paragraphs (A) or (B) shall be required, if provision is made for the redemption of all shares of such series of Preferred Stock at the time outstanding, or provision is made that the proposed action shall not be effective unless provision is made for the purchase, redemption or other retirement of all shares of such series of Preferred Stock at the time outstanding.

Section 4.05. Voting Rights. The holders of the Preferred Stock shall not be entitled to vote except:

(a) as provided above under Section 4.04, and, in the case of any series of Preferred Stock other than the Preferred Stock, Series A, and the Preferred Stock, Series B, as may be specified in any amendment or amendments to the Articles of Incorporation or in any resolution or resolutions of the Board of Directors establishing the terms thereof;

(b) as may from time to time be required by the laws of Nevada; and

(c) voting separately, as a single class, to elect the smallest number of directors necessary to constitute a majority of the Board of Directors whenever and as often as dividends payable on any Preferred Stock outstanding shall be in arrears in an amount equivalent to or exceeding four (4) quarterly dividends, which rights may be exercised at any annual meeting and at any

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special meeting of stockholders called for the purpose of electing directors, until such time as arrears in dividends on the Preferred Stock and the current dividend thereon shall have been paid or declared and set apart for payment, whereupon all voting rights given by this clause (c) shall terminate (subject, however, to being at any time or from time to time similarly revived and terminated).

So long as holders of the Preferred Stock shall have the right to elect directors under the terms of the foregoing clause (c), the holders of the Common Stock voting separately as a class shall, subject to the voting rights of any other class of Junior Stock, be entitled to elect the remaining directors.

Whenever, under the provisions of the foregoing clause (c) the right of holders of the Preferred Stock, if any, to elect directors shall accrue or shall terminate, the Board of Directors shall, within ten (10) days after delivery to the Corporation at its principal office of a request or requests to such effect signed by the holders of at least five percent (5%) of the outstanding shares of any class of stock entitled to vote, call a special meeting in accordance with the By-laws of the Corporation of the holders of the class or classes of stock of the Corporation entitled to vote, to be held within forty (40) days from the delivery of such request, for the purpose of electing a full Board of Directors to serve until the next annual meeting and until their respective successors shall be elected and shall qualify; provided, however, that if the annual meeting of stockholders for the election of directors is to be held within sixty (60) days after the delivery of such request, the Board of Directors need not act thereon. If, at any special meeting called as aforesaid

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or at any annual meeting of stockholders after accrual or termination of the right of holders of the Preferred Stock to elect directors as in the foregoing clause (c) provided, any directors shall not be re-elected, his term of office shall end upon the election and qualification of his successor, notwithstanding that the term for which such director was originally elected shall not at the time have expired.

If, during any interval between annual meetings of stockholders for the election of directors while holders of the Preferred Stock shall be entitled to elect any director pursuant to the foregoing clause (c), the number of directors in office who have been elected by the holders of the Preferred Stock (voting as a class) or by the holders of the Common Stock (voting as a class), as the case may be, shall become less than the total number of directors subject to election by holders of shares of such class, whether by reason of the resignation, death or removal of any director or directors, or an increase in the total number of directors, the vacancy or vacancies shall be filled (1) by the remaining directors or director, if any, then in office who either were or was elected by the votes of shares of such class or succeeded to a vacancy originally filled by the votes of shares of such class, or (2) if there is no such director remaining in office, at a special meeting of holders of shares of such class called by the President of the Corporation to be held within forty (40) days after there shall have been delivered to the Corporation at its principal office a request or requests signed by the holders of at least five percent (5%) of the outstanding shares of such class, provided, however, that such request need not be so acted upon if delivered less than sixty (60) days before the date fixed for the annual meeting of stockholders for the election of directors.

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The lack of a quorum of either the Preferred Stock or the Common Stock at a meeting at which, under the terms of the foregoing clause (c), the Preferred Stock has the right to elect directors shall not prevent the holding of such meeting by the class having a quorum present, but at any meeting so held attended by a quorum of only one class, the specific directors to be superseded or succeeded shall be designated in the resolution or vote electing the new directors, provided that except upon the first exercise by the Preferred Stock of its right to elect directors, upon each accrual of such right under said clause (c), one class may not so designate any director (or his successor elected by directors) elected by the other class.

Section 4.06. Preemptive Rights. Holders of Preferred Stock shall have no preemptive rights to purchase or subscribe for any additional shares of capital stock or any other securities of the Corporation hereafter issued by the Corporation.

Section 4.07. Dividend Restrictions on Junior Stock. So long as any shares of any series of Preferred Stock shall be outstanding, the Corporation shall not declare or pay any dividends on any shares of Junior Stock (other than dividends payable in shares of Junior Stock) or make any other distribution on any shares of Junior Stock or make any expenditures for the purchase, redemption or other retirement for a consideration of shares of Junior Stock (other than in exchange for or from the proceeds of the sale of other shares of Junior Stock) except from net income of this Corporation and its predecessor, Sierra Pacific Power Company, a Maine corporation, available for dividends on Junior Stock accumulated subsequent to December 31, 1955 plus the sum of \$500,000.

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SECTION 5MISCELLANEOUS

Section 5.01. Voting Rights. Subject to the voting rights expressly conferred upon the Preferred Stock by Section 4 or as the same may be changed as provided in subparagraph (g) of Section 1.02 and the voting rights of any class of Junior Stock (other than Common Stock) outstanding, the holders of Common Stock shall exclusively possess full voting rights for the election of directors and for all other purposes. Each holder of record of shares of any class of stock entitled to vote at any meeting of stockholders, or of holders of any class of stock, shall, as to all matters in respect of which such stock has voting power, be entitled, except as otherwise provided herein or in the By-laws of the Corporation, to one vote for each share of such stock held and owned by him, as shown by the stock books of the Corporation, and may cast such vote in person or by proxy.

Except as herein expressly provided, or mandatorily provided by the laws of Nevada, a quorum of any class or classes of stock entitled to vote as a class at any meeting shall consist of a majority of such class or classes, as the case may be, and a majority vote of such quorum shall govern.

No holders of any class of stock shall be entitled to receive notice of any meeting of holders of any other class of stock at which they are not entitled to vote.

Section 5.02. Preemptive Rights of Common Stock. Holders of Common Stock shall have preemptive rights to purchase or subscribe for any additional shares of Common Stock or any securities of the Corporation convertible into or exchangeable for shares of Common Stock hereafter proposed to be issued for cash by the Corporation, (unless such rights are relinquished by consent or vote of the

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holders of two-thirds of the outstanding Common Stock of the Corporation) but shall have no other preemptive rights to purchase or subscribe for any securities of the Corporation.

The foregoing provision shall not apply, however, to shares of such stock reserved under and issued pursuant to any plan or plans duly adopted by the holders of a majority of the Common Stock of the Corporation and under which employees of the Corporation are given rights or options to purchase such stock or to stock issued for, property, services, stock dividends, etc..

Section 5.03. Scrip Certificates. No certificates for fractional shares of any class of stock shall be issued. In lieu thereof scrip certificates or other evidences of ownership of fractional interests in shares of stock of the Corporation may be issued by the Corporation representing rights to such fractional shares and exchangeable, when accompanied by other certificates in such amount as to represent in the aggregate one or more full shares of stock, for certificates for full shares of stock. The holders of scrip certificates or other evidences of ownership of fractional interests in shares of stock of the Corporation will not be entitled to any rights as stockholders of the Corporation until the scrip certificates are so exchanged. Such scrip certificates may, at the election of the Board of Directors of the Corporation, be in bearer form, shall be non-dividend bearing, non-voting and shall have such expiration date as the Board of Directors of the Corporation shall determine at the time of the authorization or issuance of such scrip certificates.

Section 5.04. Amendments of Articles of Incorporation. The provisions of the Articles of Incorporation, except as expressly otherwise herein provided or otherwise required by law, may be amended or altered by a vote of the holders of a majority of the Common Stock of the Corporation then issued, outstanding and entitled to vote.

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ARTICLE VCORPORATE STRUCTURE, POWERS, RIGHTS AND PROPERTY
OF THE SURVIVING CORPORATION ON THE EFFECTIVE DATE OF MERGER

On the effective date of merger:

1. The Articles of Incorporation of Sierra-Nevada, as deemed amended aforesaid, shall be the Articles of Incorporation of the surviving Corporation;

2. The By-laws of Sierra-Nevada in effect on the date of execution of this Agreement shall be the By-laws of the surviving Corporation;

3. The principal office of the surviving Corporation in the State of Nevada shall be located at 220 South Virginia Street, Reno, Washoe County, Nevada 89505;

4. The purposes and the nature of the business to be transacted by the surviving Corporation shall be to engage in any lawful activity including, without limiting the generality of the foregoing, the carrying on of a public utility business or businesses, within and without the State of Nevada, together with all incidental powers connected therewith and all general and specific powers that all Nevada corporations are entitled to possess;

5. The total amount of capital stock which the surviving Corporation shall be authorized to issue, the number of shares into which the capital stock is to be divided, the par value of the shares, and the terms, rights and voting powers of the several classes of stock, shall be as set forth in Article IV hereof, and such capital stock shall not be subject to assessment;

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6. The Board of Directors and officers of the surviving Corporation shall consist of those persons who are Directors and officers of Sierra-Maine on the date of execution of this Agreement (excluding the person occupying the office of Clerk which office is not required under Nevada law) and such persons shall hold office thereafter until their respective successors are elected and shall qualify;

7. The corporate existence of the surviving Corporation shall be perpetual; and

8. The surviving Corporation shall possess all the rights, privileges, powers and franchises as well of a public as of a private nature, and be subject to all the restrictions, disabilities and duties of Sierra-Maine and Sierra-Nevada, and all and singular, the rights, privileges, powers and franchises of each of Sierra-Maine and Sierra-Nevada, and all property, real, personal and mixed, and all debts due to either of Sierra-Maine or Sierra-Nevada on whatever account, as well for stock subscriptions as all other things in action or belonging to Sierra-Maine and Sierra-Nevada shall be vested in the surviving Corporation.

ARTICLE VI

REDEMPTION OF OUTSTANDING SIERRA-NEVADA COMMON STOCK AND CONVERSION OF SHARES OF SIERRA-MAINE INTO SHARES OF THE SURVIVING CORPORATION

1. The thirty presently outstanding shares of Common Stock of Sierra-Nevada shall be redeemed and cancelled by the surviving Corporation on the effective date of merger and each stockholder shall be paid cash therefor in the amount of \$20 per share.

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2. Shares of stock of Sierra-Maine shall be converted into shares of stock of the surviving Corporation on the effective date of merger in the following manner:

(a) Each share of Preferred Stock, Series A, \$2.44 Dividend, of Sierra-Maine, issued and outstanding on such date shall be converted into one share of Preferred Stock, Series A, \$2.44 Dividend of the surviving Corporation.

(b) Each share of Preferred Stock, Series B, \$2.36 Dividend of Sierra-Maine issued and outstanding on such date shall be converted into one share of Preferred Stock, Series B, \$2.36 Dividend of the surviving Corporation.

(c) Each share of Common Stock of Sierra-Maine issued and outstanding on such date shall be converted into two shares of Common Stock of the surviving Corporation.

(d) On the effective date of merger, each outstanding certificate which prior to the effective date of merger represented shares of Common Stock or Preferred Stock of Sierra-Maine shall be deemed for all corporate purposes to evidence the ownership of a like number of shares of Common Stock or Preferred Stock of the surviving Corporation. In addition thereto holders of outstanding certificates which prior to the effective date of merger represented shares of Common Stock of Sierra-Maine will receive one additional share of Common Stock of the surviving Corporation for each share of Common Stock of Sierra-Maine held by them on such date.

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After the effective date of merger, each holder of an outstanding certificate for shares of Common Stock or Preferred Stock of Sierra-Maine may, but shall not be required to, surrender such certificate to the surviving Corporation. Such holder shall be entitled upon surrender to receive in exchange therefor a certificate or certificates representing a like number of shares of Common Stock or Preferred Stock of the surviving Corporation.

(e) Certificates for shares of Preferred Stock or Common Stock of the surviving Corporation shall not be issued in a name other than that in which the certificate or certificates representing shares of Common or Preferred Stock of Sierra-Maine surrendered for exchange shall be registered, unless the certificate or certificates so surrendered shall be properly endorsed for transfer and the person requesting such exchange pays to the surviving Corporation any transfer or other taxes required by reason thereof or establishes to the satisfaction of the surviving Corporation that such taxes have been paid or are not payable.

3. Notwithstanding anything contained in Section 2 of this Article VI, any holder of Common Stock or Preferred Stock of Sierra-Maine who dissents from the merger set forth herein in strict compliance with the procedure set forth in Title 13 of the Maine Revised Statutes, 1964, as amended, shall be entitled to receive cash for the value of his shares as determined in accordance with said Title. If a holder of Common or Preferred Stock of Sierra-Maine shall so dissent, the

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surviving Corporation to the same extent as if the debts, liabilities and duties had been incurred or contracted by the surviving Corporation; and

3. Anything herein or elsewhere to the contrary notwithstanding, the terms of this Agreement shall in no respect impair the lien of the Indenture of Mortgage, dated December 1, 1940, from Sierra-Maine to New England Merchants National Bank of Boston (successor to The New England Trust Company) and Fletcher C. Chamberlin, as Trustees (said Indenture of Mortgage, as supplemented and modified by all the indentures supplemental thereto, being hereinafter called the "Mortgage"), or any of the rights or powers of the Trustees or holders of Debentures under the Indenture, dated as of October 1, 1950, between Sierra-Maine and The National Shawmut Bank of Boston, as Trustee, or any of the rights or powers of the Trustee or holders of Debentures under the Indenture dated as of July 1, 1963, between Sierra-Maine and The National Shawmut Bank of Boston, as Trustee; and the surviving Corporation shall, prior to or on the effective date of merger, (1) execute and promptly cause to be recorded a supplemental indenture to and with the Trustees under the Mortgage, in form satisfactory to the Trustees, conforming to the provisions of Articles 11 and 16 of the Mortgage, (2) execute and promptly deliver to the Trustee under said Debenture Indenture, dated as of October 1, 1950, an Indenture supplemental thereto in accordance with Section 10.01 of said Debenture Indenture (except to the extent that the requirements of said section may be waived by the holder of all of the Debentures outstanding thereunder), and (3) execute

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and promptly deliver to the Trustee under said Debenture Indenture, dated as of July 1, 1963, an Indenture supplemental thereto in accordance with Section 10,01 of said Debenture Indenture.

ARTICLE VIII

EFFECTIVE DATE OF MERGER

This Agreement shall be submitted to the stockholders of Sierra-Maine and Sierra-Nevada in the manner provided by law, and the merger contemplated hereunder shall take effect upon the approval and adoption thereof by the holders of not less than a majority of the outstanding Common Stock of both Sierra-Maine and Sierra-Nevada, in accordance with the requirements of the Laws of the State of Maine and of the State of Nevada and upon the execution, adoption, certification, acknowledgment and filing of such document and the performance of such other acts as shall be required for the accomplishment of such merger under such laws. The effective date of merger shall be the date upon which the filing of this Agreement with the Secretary of State of the State of Nevada and the Secretary of State of the State of Maine shall have been completed, and such filing shall be accomplished as soon as practicable after the obtaining of stockholders' approval.

ARTICLE IX

COVENANT OF FURTHER ASSURANCE BY SIERRA-MAINE

Sierra-Maine agrees from time to time, when requested by the surviving Corporation, to execute and deliver any and all such deeds, assignments, confirmations and assurances and to do all things necessary or proper, so as to best prove, confirm and ratify title to any property of Sierra-Maine acquired or to be

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acquired by the surviving Corporation as a result of this merger, and to otherwise carry out the intent and purpose of this Agreement, and the officers and Directors of the surviving Corporation are authorized to take any and all such action on and after the effective date of merger in the name of Sierra-Maine.

ARTICLE X

REGULATORY APPROVALS

The merger contemplated by this Agreement shall be subject to obtaining all necessary regulatory approvals, authorizations and consents.

ARTICLE XI

TERMINATION OF AGREEMENT

This Agreement may be terminated at any time before the effective date of merger by vote of a majority of the Board of Directors of either Sierra-Maine or Sierra-Nevada. In the event of such termination, this Agreement shall be without further effect and there shall be no liability on the part of either party hereto or its respective Board of Directors or stockholders.

ARTICLE XII

COUNTERPARTS

For the convenience of the parties and to facilitate the filing or recording of this Agreement, any number of counterparts hereof may be executed, and each such executed counterpart shall be deemed to be an original instrument.

IN WITNESS WHEREOF, all or a majority of the Directors of Sierra-Maine have authorized and caused this Agreement to be signed by the duly authorized officers and under the corporate seal of said Corporation, and all or a majority of the

Directors of Sierra-Nevada have hereunto signed their names under the corporate seal of said Corporation, as prescribed by the respective laws of the State of Maine and the State of Nevada, and as of the day and year first above written.



ATTEST:

Joe L. Gremban
JOE L. GREMBAN, Secretary

SIERRA PACIFIC POWER COMPANY,
a Maine Corporation

Fred L. Fletcher
FRED L. FLETCHER, President

AUTHORIZED

Arthur C. Babson
ARTHUR C. BABSON

Gordon B. Harris
GORDON B. HARRIS

David L. Babson
DAVID L. BABSON

John A. Moir
JOHN A. MOIR

C. RODGERS BURGIN

FREDERICK T. PRATT

MYRON T. DOYLE

Frank A. Tracy
FRANK A. TRACY

Fred L. Fletcher
FRED L. FLETCHER

George Wingfield Jr.
GEORGE WINGFIELD JR.

Being all or a majority of the Directors of SIERRA PACIFIC POWER COMPANY, a Maine Corporation



SIERRA NEVADA POWER COMPANY,
a Nevada Corporation

Fred L. Fletcher
FRED L. FLETCHER

Richard G. Campbell
RICHARD G. CAMPBELL

ATTEST:

Joe L. Gremban
JOE L. GREMBAN, Secretary

Joe L. Gremban
JOE L. GREMBAN

Being all or a majority of the Directors of -
SIERRA NEVADA POWER COMPANY,
a Nevada Corporation

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STATE OF NEVADA)
) ss.:
 COUNTY OF WASHOE)

On this 16th day of February, A.D. 1965, personally appeared before me, MARY L. MYERS, a Notary Public in and for Washoe County, FRED L. FLETCHER, known to me to be the President of Sierra Pacific Power Company, a Maine corporation, and upon oath did declare that he is the officer of said corporation as above designated that executed the foregoing instrument on behalf of said corporation; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signature; and that the said corporation executed the said instrument freely and voluntarily to be the act, deed and agreement of said corporation and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Washoe the day and year in this certificate first above written.



Mary L. Myers
 Notary Public in and for the
 County of Washoe
 State of Nevada
 My Commission Expires May 4, 1965

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I, J. H. DRUMMOND, Clerk of Sierra Pacific Power Company, a Maine corporation, do hereby certify that the foregoing Joint Agreement of Merger (hereinafter called the "Agreement") was submitted to the holders of Common Stock of said Company at a meeting thereof duly called for the purpose of considering the adoption or rejection of said Agreement and duly held at the principal office of said Company in Portland, Maine, on March 22, 1965, and that at said meeting the holders of a majority of the voting power of said Company voted for the adoption of said Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Sierra Pacific Power Company this 22nd day of March, 1965.



J. H. Drummond
 Clerk of
 SIERRA PACIFIC POWER COMPANY
 a Maine Corporation

I, JOE L. GREMBAN, Secretary of Sierra Nevada Power Company, a Nevada corporation, do hereby certify that the foregoing Joint Agreement of Merger (hereinafter called the "Agreement") was submitted to the stockholders of said Company at a meeting thereof duly called for the purpose of considering the adoption or rejection of said Agreement and duly held in Reno, Nevada, on March 22, 1965, and that at said meeting the holders of a majority of the issued and outstanding shares of Common Stock of the Company (being the only class of issued and outstanding stock of the Company) voted for the adoption of said Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Sierra Nevada Power Company, this 22nd day of March, 1965.



Joe L. Gremban
 Secretary of
 SIERRA NEVADA POWER COMPANY
 a Nevada Corporation


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The foregoing Joint Agreement of Merger having been duly adopted by the stockholders of Sierra Nevada Power Company, a Nevada corporation, as evidenced by the foregoing certificate of the Secretary of said Corporation, we, the duly authorized officers of said Corporation, do hereby sign said Joint Agreement of Merger as such officers and in the name and on behalf of said Corporation.

DATED this 22nd day of March, 1965

SIERRA NEVADA POWER COMPANY
a Nevada Corporation

By


NEIL W. PLATH,
VICE PRESIDENT

ATTEST:


JOE L. GREMBAN, Secretary

SEAL
Affixed

STATE OF NEVADA)
) ss.:
 COUNTY OF WASHOE)

On this 22nd day of March, A.D. 1965, personally appeared before me, MARY L. MYERS, a Notary Public, in and for Washoe County, NEIL W. PLATH, known to me to be a Vice President of Sierra Nevada Power Company, a Nevada corporation, and upon oath did declare that he is the officer of said corporation as above designated that executed the foregoing instrument on behalf of said corporation; that he is acquainted with the seal of said corporation and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by officers of said corporation as indicated after said signature; and that the said corporation executed the said instrument freely and voluntarily to be the act, deed and agreement of said corporation and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the County of Washoe the day and year in this certificate first above written.

Mary L. Myers
 Notary Public in and for the
 County of Washoe
 State of Nevada

My Commission Expires May 4, 1965

10764

File No. _____

RECORDED AT THE REQUEST OF
 Sierra Pacific Power Co.

April 12 A. D. 19 65

At 55 minutes past 4 P. M.

in Book 7 of OFFICIAL RECORDS

Page 145- Records of

EUREKA COUNTY, NEVADA

Willis A. R. Taylor Recorder

Fee \$ 30.35

