

RATIFICATION AGREEMENT
BY THE UNITED STATES OF AMERICA

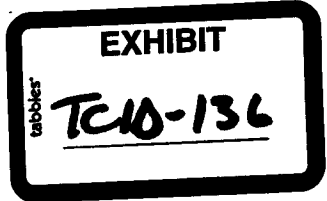
WHEREAS, on May 23, 1989, the Pyramid Lake Paiute Tribe of Indians (Tribe) and Sierra Pacific Power Company (Sierra) entered into a Preliminary Settlement Agreement, which contemplates the use of federally owned storage reservoirs in the Truckee River Basin in California for storage of the waters available under the described water rights for fishery and municipal and industrial purposes;

WHEREAS, a condition of the effectiveness of the Preliminary Settlement Agreement (see paragraph 29(g) of Article III of the Preliminary Settlement Agreement) is that the United States would become a party to the agreement and accept, approve and become bound by all of its terms and conditions to the same extent as the Tribe; and

WHEREAS, the United States has reviewed the terms and conditions of that Preliminary Settlement Agreement and found them to be generally acceptable; and

NOW THEREFORE, the United States by its authorized official, ratifies, confirms and agrees by this instrument to become a party to that Agreement, and, subject to the following clarifications and understandings, accepts, approves, and agrees to be bound by the substantive terms and conditions contained in the Preliminary Settlement Agreement to the same extent as the Tribe.

A. Attached hereto and incorporated herein as Exhibit "1" is a clarified and revised Preliminary Settlement Agreement which includes the clarifications to be made to that Agreement as a result of this ratification. The United States shall be bound only by the



terms of Exhibit 1 and not by any other version of the Preliminary Settlement Agreement contingent upon the passage of Title II of the "Truckee-Carson-Pyramid Lake Water Rights Settlement Act." The United States shall be bound only by the substantive terms and conditions contained in the Preliminary Settlement Agreement and not by the Recitals contained therein.

B. (1) The United States reserves the right to cancel in full and withdraw this Ratification Agreement if either the Tribe or Sierra attempts to rely upon condition (a) of Section 29 of Article III of the Preliminary Settlement Agreement in whole or in part.

(2) The Operating Agreement referred to in paragraph 29(f) of Article III of the Preliminary Settlement Agreement shall be construed to refer to the Operating Agreement, if any, required by Title II of the "Truckee-Carson-Pyramid Lake Water Rights Settlement Act."

(3) As to subsection (j) of Section 29 of Article III of the Preliminary Settlement Agreement, the United States shall not be bound by any of the provisions thereof in any respect unless and until it, through an authorized official, enters into a binding agreement relating to the subject matter thereof, but only to such extent and not otherwise. The discretion of the United States or its officers to enter into any such agreement shall not be impaired or affected in any degree by these provisions, and it shall remain discretionary with the United States as to whether to enter into any such Agreement and which terms such Agreement, if any, shall include, subject to the terms, conditions and limitations of all applicable laws.

C. Sierra Pacific and the Tribe must agree in carrying out the terms and provisions of this Agreement to abide by and comply with all applicable state and federal laws and to abide by all lawful regulations issued by the Secretary.

Signed on behalf of the United States
this ___ day of _____, 1990.

UNITED STATES OF AMERICA

By: _____
On behalf of the Secretary
of the Interior

This ratification is agreed to and
accepted this ___ day of _____,
1990 in full compliance with Section
29(g) of Article III of the Preliminary
Settlement Agreement.

PYRAMID LAKE PAIUTE TRIBE OF
INDIANS

By: _____
JOSEPH H. ELY
Tribal Chairman

SIERRA PACIFIC POWER COMPANY

By: _____
PHILIP G. SEGES
President, Westpac
Utilities, a division of
Sierra Pacific Power Company