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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Petition of the Regulatory Operations Staff to Open an
Investigatory Docket to Address Numerous Residential
Rate Misclassifications by Nevada Power Company d/b/a
NV Energy and Sierra Pacific Power Company d/b/a NV
Energy.

Docket No. 25-05 _____

**REGULATORY OPERATIONS STAFF’S PETITION TO OPEN AN INVESTIGATORY
DOCKET AND ADDRESS NUMEROUS RESIDENTIAL RATE MISCLASSIFICATIONS**

COMES NOW, the Regulatory Operations Staff (“Staff”) of the Public Utilities Commission of Nevada (“Commission”) and—pursuant to Nevada Administrative Code (“NAC”) 703.540—files this Petition to Open an Investigatory Docket to Address Numerous Residential Rate Misclassifications by Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra” and collectively, “NV Energy”). Commission investigation and action are necessary to provide transparency, ensure just outcomes for injured customers, and investigate whether NV Energy properly administered its tariffs in its attempts to remedy the situation to date.

Through an investigation, Staff discovered that NV Energy has been overcharging tens of thousands of misclassified residential customers since as early as 2001. Between April 1, 2017, and April 1, 2024, NV Energy’s residential rate misclassifications resulted in approximately 60,000 customers being overcharged in excess of \$17 million.¹ NV Energy also recently disclosed that it

¹ Exhibit 1, Docket 55-2453, Response to Staff Data Request (“DR”) 18.

1 overcharged approximately 20,000 previously unidentified “multi-family accounts” for an undisclosed
2 amount.²

3 Despite overcharging more than 80,000 customers for up to 23 years, NV Energy only provided
4 refunds to a portion of affected customers. For the customers who received them, NV Energy capped
5 refunds to six months, amounting to less than \$2 million in refunds.³ To do this, NV energy relied on
6 a rule that unarguably does not apply to its northern territory and that is otherwise inapplicable to this
7 situation. NV Energy’s limited refunds triggered public outcry and even garnered the attention of the
8 Legislature. The public needs the Commission to exercise its jurisdiction and plenary authority to
9 investigate, fully and fairly redress customer overcharges, and hold NV Energy accountable. In support
10 of and accompanying this Petition, Staff provides its recommendations on the matters it believes the
11 Commission should address.⁴

12 **BACKGROUND**

13 **I. NV Energy Misclassified Tens of Thousands of Residential Premises and Counting.**

14 NV Energy misclassified tens of thousands of residential premises occupied by customers.
15 Although NV Energy “has not identified a known cause of each misclassification,” NV Energy
16 employees made these errors at the “point of build and design” when entering the misclassification into
17 its “systems.”⁵ According to NV Energy, these misclassifications go back as early as 2001, when NV
18 Energy adopted the multi-family rate schedule.⁶

20 **II. NV Energy’s Misclassifications Caused Significant Overcharges to Its Customers.**

21 Between April 1, 2017, and April 1, 2024, NV Energy overcharged 59,939 customers across
22 22,101 premises \$17,009,429.70 because it misclassified multi-family residences as single-family
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26 ² Exhibit 2, Docket 55-2453, Response and Supplemental Response to Staff DR 5.

27 ³ See Exhibit 3, Docket 55-2453, Response to Staff DR 8.

28 ⁴ Staff’s recommendations are based on the information presently in its possession. These recommendations are subject to change, including as a result of new information obtained through discovery and otherwise.

⁵ See Exhibits 4, Docket 55-2453, Response to Staff DR 1; Exhibit 5, Docket 55-2453, Response to Staff DR 10; Exhibit 6, Docket 55-2453, Response to Staff DR 15.

⁶ Exhibit 7, Docket 55-2453, Response to Staff DR 6.

1 residences.⁷ In comparison during the same period, NV Energy only undercharged 5,438 customers
2 across 2,451 premises \$2,579,744.35 because it misclassified single-family residences as multi-family
3 residences.⁸

4
5 In addition to financial harm, NV Energy disconnected the service for a substantial number of
6 injured customers due to nonpayment. NV Energy indicates that between April 1, 2017, and April 1,
7 2024, it disconnected service to 3,177 of the 59,939 impacted customers for nonpayment.⁹ It is
8 unknown whether (1) these customers experienced multiple disconnections or for how long; or
9 (2) overbilling by NV Energy was a substantial cause of nonpayment and therefore disconnection of
10 service. Nevertheless, given the number of customers whose accounts were disconnected for
11 nonpayment, it is reasonable to infer that overbilling contributed to, if not caused, nonpayment and
12 related service disconnections in some instances.

13
14 On April 29, 2025, NV Energy supplemented its response to Staff DR 5 to indicate that it
15 discovered an additional 20,000 misclassified “multi-family accounts” in the southern service
16 territory.¹⁰ NV Energy’s supplement does not specify how many customers were overcharged or in
17 what amount from these additional 20,000 misclassified “multi-family accounts,” or how many
18 customers associated with these accounts had service disconnected due to nonpayment.¹¹

19
20 Separately, it is unclear how many additional customers NV Energy overcharged between
21 January 2001, and March 31, 2017, and how much all injured customers were overcharged during that
22 same period. It also is unclear how many injured customers had their service disconnected due to
23 nonpayment during that period. NV Energy claims that it lacks billing data between January 1, 2001,
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26 ⁷ Exhibit 1; Exhibit 8, Docket 55-2453, Response to Staff DR 21.

27 ⁸ Exhibit 9, Docket 55-2453, Response to Staff DR 19; Exhibit 10, Docket 55-2453, Response to Staff DR 22.

28 ⁹ Exhibit 11, Docket 55-2453, Response to Staff DR 11.

¹⁰ Exhibit 2.

¹¹ Staff has requested supplemental responses to existing DRs and propounded additional DRs to discover as much of this missing information as is possible.

1 and June 22, 2017,¹² and therefore cannot quantify the exact financial harm to customers for those 16
2 years.

3 **III. NV Energy Used an Inapplicable Rule to Cap Refunds to Six Months, Denying Tens**
4 **of Thousands of Known Injured Customers of Millions of Dollars of Measurable**
5 **Financial Losses Caused by NV Energy's Misclassifications.**

6 NV Energy did not voluntarily disclose its decades-long misclassifications with the
7 Commission. Instead, NV Energy unilaterally determined that southern-specific Rule 2(K)(3) applied
8 to all customers (regardless of premises location), and, pursuant to this rule, issued six months of
9 refunds to customers injured between April and October 2024.¹³ NV Energy issued refund letters to
10 customers in December 2024.¹⁴

11
12 Staff learned of the misclassifications through consumer complaints about insufficient refunds.
13 Subsequently, NV Energy released a public statement indicating that it “promptly refunded the
14 overcharged customers in accordance with the applicable rules and is not seeking repayment by those
15 customers who were undercharged.”¹⁵ NV Energy did not publicly disclose that the amount it
16 undercharged customers was a small fraction (12.4 percent) of the amount it overcharged customers
17 during the six-month period.¹⁶

18
19 **IV. NV Energy Audited Residential Classifications, Corrected Errors, and Adopted**
20 **Protocols to Prevent Future Misclassifications.**

21 The discovery of widespread misclassifications triggered NV Energy to conduct an internal
22 audit within its customer billing information system,¹⁷ which NV Energy stated it completed in January
23

24
25 ¹² NV Energy claims it lacks any billing data before June 23, 2017, because it “purges” its records after seven years.
26 Exhibit 12, Docket 55-2453, Response to Staff DR 27. *But see* Exhibit 1 (providing billing data going back to April 1,
2017).

¹³ Exhibit 3.

¹⁴ Exhibit 13, Docket 55-2453, Response to Staff DR 12.

¹⁵ Exhibit 10 (“NV Energy does not intend to seek reimbursement or payment for undercharges relating to” its
28 misclassifications.).

¹⁶ Compare Exhibit 3, with Exhibit 14, Docket 55-2453, Response to Staff DR 7.

¹⁷ Exhibit 15, Docket 55-2453, Response to Staff DR 2.

1 2025.¹⁸ According to NV Energy, its review process involved the use of “programmatic tools,”
2 including “robust querying tools, the Geographic Information System (GIS), Assessor’s Records,
3 Google Maps, Google Earth, Gizmo and iConnect coupled with manual employee review to analyze
4 each account in question.”¹⁹ On January 31, 2025, NV Energy stated: “NV Energy’s review of
5 residential accounts to determine whether an account is misclassified as single-family versus multi-
6 family is complete.”²⁰ However, on April 29, 2025, NV Energy informed Staff that it identified 20,000
7 new misclassified “multi-family accounts.”²¹ It remains unclear to Staff whether NV Energy will
8 identify additional misclassified residential premises.
9

10
11 Given these residential misclassifications and overcharges, Staff inquired about whether NV
12 Energy has audited its non-residential accounts for misclassifications. NV Energy states that it is
13 currently reviewing its non-residential classifications to ensure similar issues are not occurring
14 elsewhere within its billing system.²²

15 NV Energy indicates that it has added, and is adding, “additional controls” to prevent similar
16 misclassifications.²³
17

18 **ARGUMENT**

19 For over two decades, NV Energy’s uncorrected misclassifications of residential premises have
20 caused substantial harm to tens of thousands of customers. Upon discovering its mistakes, NV Energy
21 decided not to disclose its misconduct to the Commission. Instead, NV Energy unilaterally
22 implemented an improper remedy. NV Energy did this by applying Nevada Power Rule 2(K)(3) which
23 caps refunds at six months. But that 1980 Rule is limited to Nevada Power customers, only applies
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26 ¹⁸ Exhibits 2, 13.

27 ¹⁹ Exhibit 16, Docket 55-2453, Response to Staff DR 16.

28 ²⁰ Exhibit 2.

²¹ *Id.*

²² Exhibit 17, Docket 55-2453, Response to Staff DR 26.

²³ Exhibit 18, Docket 55-2453, Response to Staff DR 23.

1 when the customer affirmatively chooses the incorrect rate classification, and is inconsistent with
2 Nevada statute as applied here.

3 NV Energy's improper use of Rule 2(K)(3) has caused many public complaints—and rightly
4 so—offering customers overcharged for more than twenty years a meager six-month refund while also
5 depriving tens of thousands of injured customers of any remedy is unjust and unreasonable. This is
6 especially so considering that the plain language of Rule 5(H)(1)(a), applicable to both the Nevada
7 Power and Sierra service territories, governs this situation and calls for full customer refunds for all
8 affected customers.
9

10
11 Based on this, Staff respectfully requests that the Commission grant this petition to open an
12 investigatory docket. Further, Staff asks that the Commission's investigation culminate by addressing
13 each of the following issues:

- 14 1. Whether NV Energy's actions overcharging customers was unlawful.
15 2. Whether NV Energy's use of Rule 2(K)(3) was unlawful.
16 3. Whether NV Energy is legally obligated to fully refund overcharged customers.
17

18 To help the Commission address these issues through its investigation, Staff provides its legal
19 positions below based on the information currently available.

20 **I. NV Energy Overcharged Tens of Thousands of Customers for Decades and Misused**
21 **Rule 2(K)(3) to Cap Refunds to Six Months.**

22 Nevada Courts “defer to an agency's interpretation of its governing statutes or regulations if
23 the interpretation is within the language of the statute.”²⁴ Courts will interpret a statute or regulation
24 according to its plain meaning unless the statute or regulation is ambiguous or the plain meaning would
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²⁴ *Young v. Nevada Gaming Control Bd.*, 136 Nev. 584, 586, 473 P.3d 1034, 1036 (2020).

1 provide an absurd result.²⁵ Courts will only set aside Commission decisions that violate the standards
2 set forth in NRS 703.373(11) (e.g., unconstitutional, *ultra vires*, or otherwise clearly erroneous).

3 Nevada statute requires all “charges made for any service” by a utility to be “just and
4 reasonable.”²⁶ As a result, “[e]very unjust and unreasonable charge for service of a public utility is
5 unlawful.”²⁷ Once a rate has been fixed (i.e., deemed “just and reasonable” by the Commission), a
6 charge exceeding that rate is per se unjust and unreasonable, and therefore per se unlawful.²⁸
7 Accordingly, when a utility overcharges customers, it engages in unlawful conduct and is subject to
8 remedies and penalties within the Commission’s jurisdiction.²⁹

9 Similarly, utilities must properly implement their tariffs. As explained below, NV Energy
10 improperly applied Rule 2(K)(3). Staff’s analysis shows that Rule 5(H)(1)(a) applies to this situation.
11
12 See *infra* Part II.A.

13 Based on NV Energy’s conduct, the Commission has jurisdiction to issue administrative fines
14 against NV Energy, require the restoration of funding to accounts necessary to achieve compliance
15 with proper rate schedules, and to impose any other remedy available. Further, consistent with the plain
16 language of NRS 703.380(3), the Nevada Supreme Court has confirmed that the Commission may
17 “order refunds as a sanction where a public utility has failed to comply with rules and regulations that
18 affected customers’ bills.”³⁰

22
23 ²⁵ *Id.*

24 ²⁶ NRS 704.040(1).

25 ²⁷ NRS 704.040(2).

26 ²⁸ *Consumers League of Nevada v. Sw. Gas Corp.*, 94 Nev. 153, 157 n.4, 576 P.2d 737, 740 (1978) (stating that
27 “once that ‘reasonable’ rate has been fixed, permitting the utility to exceed it results in rates which are unjust and
28 unreasonable and requiring the utility to fall below it results in confiscation”).

29 ²⁹ See, e.g., NRS 703.380 (establishing that any utility violation of a rule or regulation of the Commission is liable
for administrative fines in accordance with limitations set forth in the provision); NRS 703.380(3), (7) (stating these
limitations “do not restrict the authority of the Commission to require a public utility to restore funding to a program or
account as necessary to achieve compliance with an applicable statute or regulation” and are in addition to any other non-
monetary-fine remedies).

³⁰ See *Sw. Gas Corp. v. Pub. Serv. Comm’n*, 96 Nev. 657, 660, 614 P.2d 1080, 1082 (1980) (confirming that
Commission-ordered refund for overpayments was within the Commission’s “statutory powers and constitutional

1 **II. The Commission Should Order NV Energy to Fully Refund Affected Customers.**

2 Given the magnitude of harm caused by NV Energy’s overcharges and misuse of Rule 2(K)(3),
3 Staff recommends that the Commission require NV Energy to fully refund affected customers. This
4 action falls within the Commission’s jurisdiction and is necessary to ensure a just outcome.
5

6 **A. The Commission Should Determine that NV Energy Must Fully Refund Affected** 7 **Customers Pursuant to Rule 5(H)(1)(a)(i).**

8 The Commission has “exclusive original jurisdiction” to interpret utility tariffs and uses judicial
9 canons of statutory construction to do so.³¹ Accordingly, the Commission interprets tariffs based on
10 their plain meaning, read as a whole, and without rendering words meaningless.³² “When a word has
11 more than one plain and ordinary meaning, the context and structure inform which meanings apply.”³³
12

13 The Commission will look beyond a statute’s plain text only “if it is ambiguous or silent on the
14 issue in question” (*i.e.*, “susceptible to more than one reasonable interpretation”).³⁴ “The plainness or
15 ambiguity of statutory language is determined [not only] by reference to the language itself, [but as
16 well by] the specific context in which that language is used, and the broader context of the statute as a
17 whole.”³⁵
18

19 Utilities commissions in other jurisdictions, including California, also apply canons of contract
20 interpretation to tariffs because they form a contract between the utility and the customer.³⁶ Under this
21

22 limitations”); *Sw. Gas Corp. v. Pub. Serv. Comm’n*, 86 Nev. 662, 668, 474 P.2d 379, 383 (1970); *see also* NRS 703.375
23 (affording reviewing court same authority); *Nevada Power Co. v. Eighth Jud. Dist. Ct. of Nevada ex rel. Cnty. of Clark*,
120 Nev. 948, 961 n.40, 102 P.3d 578, 587 (2004).

24 ³¹ *Application of Nevada Power Co. d/b/a Nv Energy, Filed Under Advice Letter No. 507, to Revise Tariff No. 1-B*
25 *to Modify Net Metering Rider-405 Schedule No. Nmr-405 to Allow Customers Residing in Condo. Buildings to Receive*
Elec. Serv. Under Schedule No. Nmr-405., No. 20-07008, 2021 WL 1092386, at *32–34 (Mar. 10, 2021) (citations omitted).

26 ³² *Id.*; *Diamond Nat. Res. Prot. & Conservation Ass’n v. Diamond Valley Ranch, LLC*, 138 Nev. 436, 440–41, 511
27 P.3d 1003, 1007 (2022) (explaining that where multiple statutes are involved “all provisions are considered together and,
to the extent practicable, reconciled and harmonized”).

28 ³³ Docket No. 20-07008, 2021 WL 1092386, at *32–34.

³⁴ *Diamond Valley Ranch, LLC*, 138 Nev. at 440–41.

³⁵ *Sharpe v. State*, 131 Nev. 269, 274, 350 P.3d 388, 391 (2015) (citation omitted; brackets in original).

³⁶ *See* 64 Am. Jur. 2d Public Utilities § 51; *see, e.g., Tesoro Ref. & Mktg. Co. LLC v. Pac. Gas & Elec. Co.*, 146 F.
Supp. 3d 1170, 1181 (N.D. Cal. 2015) (“Although tariff rules approved by the CPUC have the force of law, California

1 approach, commissions and courts interpret tariffs “to avoid unfair, unusual, absurd, or improbable
2 results” and “construe ambiguity against the tariff drafter” (*i.e.*, the utility) “and in favor of the non-
3 drafter” (*i.e.*, the customer).³⁷ Given that service agreements between NV Energy and customers are
4 contracts,³⁸ following this approach to tariff interpretation is appropriate.

5
6 Following the Nevada Supreme Court, the Commission also should apply the constitutional-
7 avoidance canon. This canon provides that “when statutory language is susceptible of multiple
8 interpretations, a court may shun an interpretation that raises serious constitutional doubts and instead
9 may adopt an alternative that avoids those problems.”³⁹

10
11 **1. Rule 5(H)(1) Applies and Requires NV Energy to Issue Full Refunds to**
12 **Overcharged Customers.**

13 Rule 5 is entitled “Bills for Service” and became effective in 2012. Section (H) of Rule 5,
14 entitled “Adjustment of Bills for Errors” and effective in 2016, applies to both Nevada Power and
15 Sierra customers. Rule 5(H) provides: “When it is found that an error or omission exists in billing and
16 such error or omission is due to causes, the date of which can be reliably established, billing adjustments
17 shall be made according to the following” for “Services under Residential Tariffs”:

18 i. Refunds for overpayment shall be computed back to but not beyond the established
19 date on which the error or omission commenced[.]

20 ii. Payments for undercharge shall be computed back to but not beyond the established
21 date, provided, however, that in no case where the error or omission is due to the fault
22 of the Utility, shall a bill for undercharge be rendered for a period exceeding three (3)
23 months.”

24 Rule 5(H)(1)(a).

25
26 courts also construe them as contracts and apply principles of contract interpretation to resolve ambiguity.”); *Waters v. Pac.*
Tel. Co., 12 Cal. 3d 1, 4, 523 P.2d 1161, 1162 (1974) (stating that “approved tariff schedules...form a contract with
telephone service customers”).

27 ³⁷ 64 Am. Jur. 2d Public Utilities § 51.

28 ³⁸ See, e.g., Rule 3(A)(1) (stating that service agreement between NV Energy and customer “constitutes [a]
contract”).

³⁹ *Degraw v. The Eighth Jud. Dist. Ct. of the State of Nevada in & for Cnty. of Clark*, 134 Nev. 330, 333, 419 P.3d
136, 139 (2018) (quotation marks and citation omitted).

1 Here, NV Energy's (not the customer's) residential misclassification caused billing
2 errors resulting in customer overcharges.⁴⁰ Additionally, NV Energy acknowledges it made
3 these misclassifications during the initial design and construction phases of impacted premises
4 when its employees made and entered those classifications into NV Energy's systems—dates
5 NV Energy has for each of the impacted premises. Under Rule 5(H)(1)(a)(i), NV Energy's
6 possession of this information triggers its legal obligation to fully refund harmed customers
7 back to the misclassification date.
8

9
10 NV Energy will argue that it only maintains seven years of billing records and therefore
11 cannot issue refunds for earlier dates.⁴¹ And while NV Energy unquestionably must refund
12 those precise overcharges under Rule 5(H), it also must and can do more. As indicated, Rule
13 5(H) does *not* require that NV Energy have precise billing records going back to the date of
14 overbilling started; only that it knows the date overbilling began, which NV Energy does.⁴²
15 Further, other provisions within Rule 5(H) contemplate that NV Energy must provide a full
16 refund, even where precise billing amounts are unavailable.⁴³ Based on this, Staff requests that
17 the Commission's investigation determine that NV Energy is legally obligated to fully refund
18 all overcharged customers consistent with Rule 5(H)(1).
19
20

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25 ⁴⁰ See Exhibits 4, 6.

26 ⁴¹ In investigating this issue to ensure no spoliation of records occurred, NV Energy stated that it completed its last
27 billing purge on June 23, 2024, meaning billing records in its possession only go back to June 23, 2017. *See* Exhibit 12.
28 However, NV Energy provided Staff with billing data for harmed customers going back to April 1, 2017. *See, e.g.,* Exhibit
9.

⁴² See Rule 5(H)(1) (requiring only a billing error and the date the billing error started).

⁴³ See Rule 5(H)(4) (allowing NV Energy to recover monies for unmetered or unauthorized service where it can be
traced back to a specific date based on four factors—customer's prior use, subsequent proper use, experience of other
customers in same class, and the general characteristics of the customer's operations).

1 **2. NV Energy Improperly Applied Rule 2(K)(3).**

2 Instead of applying the recently enacted Rule 5(H)(1) to address these billing errors, NV
3 Energy applied its Nevada Power Rule 2(K)(3) to *all* injured customers, including Sierra
4 customers. Rule 2 is entitled, “Description of Service.” Section (K)(3), made effective in 1980,
5 is found in a section entitled “Miscellaneous.” Section K(3) provides:
6

7 If, for any cause, *a Customer applies for* and receives *service under a rate schedule*
8 *not applicable to the class of service taken*, on discovery of such error all bills rendered
9 during the preceding six months will be recalculated in accordance with the lowest
10 properly applicable rate schedule, and any excess amount paid by the Customer shall be
11 refunded by the Utility, or any balance due shall be paid by the Customer, as the case
12 may be.

13 (emphasis added).

14 Rule 2(K)(3) does not apply here for several reasons. *First*, the plain language of Rule 2(K)(3)
15 requires that the *customer applied* for service under the erroneous rate schedule. In other words, to
16 trigger this provision, the customer must have affirmatively selected the erroneous rate schedule (*i.e.*,
17 the customer must have been at fault). But NV Energy does not afford residential customers a choice
18 in selecting what rate schedule applies to the customer’s premises. Instead, upon receiving a request
19 for service, NV Energy unilaterally assigns a rate schedule to the customer based on the classification
20 made at the time it enters the premises into its systems.⁴⁴ Because residential customers did not select
21 the erroneous rate schedules here, Rule 2(K)(3) is not triggered and does not apply.

22 *Second*, even assuming Rule 2(K)(3) were triggered (which it is not), Rule 5(H)(1) would still
23 apply and control. In this hypothetical situation, both Rule 2(K)(3) and Rule 5(H)(1) would apply. But
24 where Rule 2(K)(3) would cap refunds to six months for such billing errors, no such cap would exist
25 under Rule 5. In other words, the Rules would conflict about what refund NV Energy would owe to
26
27
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⁴⁴ See Exhibit 5.

1 overcharged customers. Under the last-in-time rule of statutory construction, Rule 5(H)(1) (effective
2 in 2016) would control over Rule 2(K)(3) (effective in 1980) because it is the most recent expression
3 of Commission intent.⁴⁵

4
5 *Third*, such conflict would create ambiguity about what tariff provision applies. Under canons
6 of contract interpretation, all ambiguities in a contract are construed against the drafter (*i.e.*, NV
7 Energy).⁴⁶ Accordingly, the ambiguous tariff provisions would be construed in favor of the
8 overcharged customers who had no say in making the rule or selecting the rate schedule NV Energy
9 assigned them to. Additionally, canons of contract interpretation also call for fair outcomes. Given NV
10 Energy's error and drafting of these rules, the fairest outcome would be the application of Rule 5(H)(1)
11 to require NV Energy to fully refund overcharged customers.

12
13 *Fourth*, if the Commission applied Rule 2(K)(3) here, it would trigger potential Takings Clause
14 liability against the Commission. It also would raise serious Due Process Clause problems if the
15 Commission allowed NV Energy to apply Rule 2(K)(3) to customers in the northern service territory,
16 as that provision was not adopted for and does not apply to that service territory.⁴⁷ Under the
17 constitutional-avoidance doctrine, these significant constitutional risks also support the application of
18 Rule 5(H)(1).
19

20 *Fifth*, even if Rule 2(K)(3) applied, the canon of construction to avoid absurd results would
21 prevent its application. Applying Rule 2(K)(3) would be absurd because it would retroactively
22 authorize NV Energy to shift costs in a manner contrary to what the Commission authorized to the
23 detriment of tens of thousands of innocent customers. Accordingly, based on plain language and well-
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27 ⁴⁵ See *Boudette v. Barnette*, 923 F.2d 754, 757 (9th Cir. 1991) ("When two statutes conflict the general rule is that the statute last in time prevails as the most recent expression of the legislature's will.").

28 ⁴⁶ *Mendenhall v. Tassinari*, 133 Nev. 614, 625, 403 P.3d 364, 373 (2017).

⁴⁷ See *Pub. Serv. Comm'n of Nevada v. Sw. Gas Corp.*, 99 Nev. 268, 271, 273, 662 P.2d 624, 626-27 (1983); *Sw. Gas Corp. v. Pub. Serv. Comm'n of Nevada*, 92 Nev. 48, 59, 546 P.2d 219, 226 (1976); *Nevada Power Co. v. Pub. Serv. Comm'n*, 91 Nev. 816, 819-21, 544 P.2d 428, 431-32 (1975).

1 established canons of interpretation, Rule 5(H)(1) applies and provides the appropriate remedy—full
2 refunds to all affected customers.

3
4 **3. Applying Rule 2(K)(3) In These Circumstances Is Per Se Unreasonable, Unjust,
and Unlawful Because It Would Be Inconsistent with Nevada Statute.**

5 “It is well settled that a tariff cannot repeal a statute.”⁴⁸ Stated differently, a statute controls
6 where it conflicts with a tariff. Nevada statute requires all “charges made for any service” by a utility
7 to be “just and reasonable.”⁴⁹ As a result, “[e]very unjust and unreasonable charge for service of a
8 public utility is unlawful.”⁵⁰

9
10 Here, NV Energy overcharged tens of thousands of customers for decades. These overcharges
11 violated Nevada statutes. The remedial corollary of the statutory prohibition of overcharging customers
12 is the prohibition of the utility refunding the affected customers any amount less than what they were
13 overcharged due to the utility’s fault. NRS 703.375(1) and case law support this remedial corollary,
14 explaining that the proper remedy for when a utility collects excessive rates is to refund the
15 overcollections.⁵¹

16
17 Applying Rule 2(K)(3) here would significantly undermine both these principles and be
18 inconsistent with the foundational principle of “just and reasonable.” As such, the application of Rule
19 2(K)(3) here would be per se unreasonable, unjust, and unlawful because statutory requirements
20 supersede conflicting tariff provisions.
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25 ⁴⁸ *City of Auburn v. Qwest Corp.*, 247 F.3d 966, 974 (9th Cir.), *opinion amended and superseded on other grounds*,
26 260 F.3d 1160 (9th Cir. 2001); *Del Carmen Canas v. Centerpoint Energy Res. Corp.*, 418 S.W.3d 312, 332–33 (Tex. App.
27 2013) (explaining the tariff must yield if it “conflicts with federal or state statutes or regulations”); *U.S. W. Commc’ns, Inc.*
28 *v. City of Longmont*, 948 P.2d 509, 517 (Colo. 1997) (stating tariffs do not “rise[] to the level of a statute”); *see also*
California ex rel. Lockyer v. Dynegy, Inc., 375 F.3d 831, 839 (9th Cir.), *opinion amended on denial of reh’g*, 387 F.3d 966
(9th Cir. 2004) (explaining that agency-approved tariffs have the legal force equivalent to regulations).

⁴⁹ NRS 704.040(1).

⁵⁰ NRS 704.040(2).

⁵¹ *Supra* notes 28, 30.

1 **4. Even If Rule 2(K)(3) Was Controlling, the Commission Has Authority to, and**
2 **Should, Order a Full Refund to Injured Customers.**

3 As explained above, NV Energy incorrectly applied Rule 2(K)(3) in this situation. Even more,
4 NV Energy cannot provide a reasonable legal basis for doing so, especially for Sierra customers. With
5 that said, even if Rule 2(K)(3) applied—which it does not—the Commission has, and should exercise,
6 its authority to disregard that rule in this situation because its application would conflict with and
7 undermine the Commission’s statutory purpose and duties, as well as work a massive injustice to tens
8 of thousands of innocent ratepayers.
9

10 The Commission’s overarching purpose is to “supervise and regulate the operation and
11 maintenance of public utilities.”⁵² In fulfilling this purpose, the Commission must “provide for fair and
12 impartial regulation of public utilities,” and, in setting rates, “balance the interests of customers and
13 shareholders of public utilities” to ensure rates are just and reasonable.⁵³
14

15 The primary duty of a utilities commission is to establish and enforce just and reasonable rates.⁵⁴
16 Recognizing that it may not be appropriate for the Commission to apply rates and tariffs in certain
17 instances, the Legislature granted the Commission broad discretion to take whatever action would be
18 necessary to ensure just and reasonable outcomes. Specifically, Nevada statute provides that if after an
19 investigation and hearing the Commission determines any rates, tolls, charges, schedules, regulation,
20 measurement, practice, or service are unjust, unreasonable, unjustly discriminatory, or otherwise in
21 violation of any statutory provision, the Commission has the broad power to rectify the problem (*e.g.*,
22 by substituting new schedule or regulation terms).⁵⁵
23
24

25
26 ⁵² NRS 703.150; NRS 704.001(1).

27 ⁵³ NRS 704.001(2), (4).

28 ⁵⁴ See, *e.g.*, *Fed. Power Comm’n v. Panhandle E. Pipe Line Co.*, 337 U.S. 498, 506 (1949); *State ex rel. Utilities Comm’n v. Edmisten*, 291 N.C. 361, 366, 230 S.E.2d 671, 674 (1976); *New York Tel. Co. v. Pub. Serv. Comm’n*, 309 N.Y. 569, 579, 132 N.E.2d 847, 850 (1956).

⁵⁵ NRS 704.120(1)-(2), (5) (“The Commission may at any time...investigate any of the rates, tolls, charges, rules, regulations, practices and service, and, after a full hearing..., make such changes as may be just and reasonable.”).

1 If the Commission determines that Rule 2(K)(3) applies here (which it does not), Staff
2 respectfully requests that the Commission invoke its authority under NRS 704.120 to not apply Rule
3 2(K)(3) and to order NV Energy to fully refund all affected customers. The reasons justifying this
4 course of action are self-evident. Allowing NV Energy to cause tens of millions of dollars of economic
5 harm to tens of thousands of customers but only requiring NV Energy to restore the *tiniest fraction* of
6 money to *some* of the injured customers would be manifestly unjust and unreasonable. Accordingly,
7 as necessary after any investigation, the Commission should use its authority to remedy this issue by
8 requiring NV Energy to provide a full refund to all overcharged customers.⁵⁶
9
10

11 CONCLUSION

12 THEREFORE, Staff requests that the Commission issue an order:

- 13 1. Opening an investigatory docket to address NV Energy's residential rate
14 misclassifications, including identifying whether NV Energy misapplied its tariffs and what the
15 appropriate remedies are for overcharged customers; and
16
- 17 2. Any other remedies that the Commission deems appropriate to be addressed by the
18 parties to this proceeding.

19 RESPECTFULLY SUBMITTED this 13th day of May 2025
20

21 PUBLIC UTILITIES COMMISSION OF NEVADA
22 REGULATORY OPERATIONS STAFF
23

24 By: /s/ Jared R. Wigginton
25 Jared R. Wigginton, Assistant Staff Counsel
26
27

28 ⁵⁶ Depending on the information developed and findings of any Commission investigation resulting from this
Petition, Staff may initiate separate proceedings with the Commission requesting the imposition of administrative fines
against NV Energy.

Exhibit 1

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO: 55-2453 REQUEST DATE: 02-07-2025

REQUEST NO: Staff 18 KEYWORD: misclassification; oldest billing records, customers premises overcharged npc sp

REQUESTER: Staff RESPONDER: Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Based on the oldest billing records available (i.e., seven years preceding the identification of the misclassification issue), please identify the number of premises and customers (broken down by Sierra's and Nevada Power's respective service territories) that were being overcharged due to misclassifications. In other words, on April 1, 2017, how many premises and customers from each Company's territory were being overcharged?

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Distinct customers that were active between 4/1/2017 to 4/1/2024

Company	Number of Customers	Number of Premises
Sierra Pacific	12,960	4,826
Nevada Power	46,979	17,275

Please note that the numbers provided represent the number of misclassified customers/premises over the full seven-year period requested, and not at a static date at 4/1/2017.

Exhibit 2

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 05	KEYWORD:	misclassification; process identifying all rate change residential single-family
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Describe in detail what process NV Energy used to ensure that it has identified all residential misclassifications. Please indicate whether NV Energy has knowledge of any other misclassifications (residential or otherwise) that it has not yet disclosed to Staff, regardless of the cause(s). If so, please identify the number of customers and premises impacted by these other misclassifications.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

NV Energy used a number of programmatic tools to review premise classifications including robust querying tools, the Geographic Information System (GIS), Assessor's Records, Google Maps, Google Earth, Gizmo and iConnect coupled with manual employee review to analyze each account in question.

NV Energy's review of residential accounts to determine whether an account is misclassified as single-family versus multi-family is complete. NV Energy is currently reviewing certain premises to determine whether additional premises may be misclassified as between commercial and residential rate schedules. An example of this would be a house meter for common areas in a multi-family complex that is billed on a residential rate schedule. As this review is ongoing, there are no current estimates to provide.

SUPPLEMENT NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	04-28-2025
REQUEST NO:	Staff 05 Supplement	KEYWORD:	misclassification; process identifying all rate change residential single-family
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Describe in detail what process NV Energy used to ensure that it has identified all residential misclassifications. Please indicate whether NV Energy has knowledge of any other misclassifications (residential or otherwise) that it has not yet disclosed to Staff, regardless of the cause(s). If so, please identify the number of customers and premises impacted by these other misclassifications.

ORIGINAL RESPONSE:

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

NV Energy used a number of programmatic tools to review premise classifications including robust querying tools, the Geographic Information System (GIS), Assessor's Records, Google Maps, Google Earth, Gizmo and iConnect coupled with manual employee review to analyze each account in question.

NV Energy's review of residential accounts to determine whether an account is misclassified as single-family versus multi-family is complete. NV Energy is currently reviewing certain premises to determine whether additional premises may be misclassified as between commercial and residential rate schedules. An example of this would be a house meter for common areas in a

multi-family complex that is billed on a residential rate schedule. As this review is ongoing, there are no current estimates to provide.

SUPPLEMENTAL RESPONSE:
SUPPLEMENT : 1

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Supplemental Response:

In March 2025, NV Energy identified that neighbors in a residential housing complex were still classified differently. NV Energy conducted a subsequent review and identified that some multi-family units that did not contain unit numbers in their address were missed in the 2024 review process and remained misclassified due to a data transmission error. Approximately 20,000 additional multi-family accounts in the Southern service territory were identified as being misclassified and billed on the single family rate. NV Energy is working to provide credits to these customers. Due to the delay in issuing these credits (as compared to the set of customers that received credits in December 2024), the Company intends to provide a credit for the same six-month period as the December 2024 set of customers, plus a credit to address the additional months in 2025 that the customer inadvertently remained on the wrong rate. Additional information will be provided to Staff, including credit totals, once those numbers are available.

Additionally, in March 2025, NV Energy identified that a customer received a \$0 for one month of their six-month credit when those credits were provided in December 2024. NV Energy conducted a subsequent review and identified that additional customers also received an incorrect amount. This error impacted approximately 6,900 customers. NV Energy is working to provide updated credits to these customers as soon as practicable.

Exhibit 3

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 08	KEYWORD:	misclassification; total amount 23,979 customers overcharged
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Provide the total dollar amount the impacted 23,979 customers were overcharged due to the misclassifications referenced in the background section above.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Total dollar amount for overcharged accounts is \$1,753,008.88 over the six-month period of April to October 2024.

Exhibit 4

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 01	KEYWORD:	misclassification; rate change residential single-family to residential multi-fa
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Describe in detail the cause(s) of NV Energy's misclassifications referenced in the background section above. This response should identify each cause, provide a detailed timeline, and explain why so many customers and premises were impacted.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

NV Energy's review indicates that the vast majority of residential premises are classified and billed correctly. Approximately 1 percent of residential customers were impacted by the misclassifications at issue.

From NV Energy's review, it appears that misclassifications primarily occurred during the initial design and construction phase when a residence or multi-family complex first entered NV Energy's systems. Because many of the impacted premises are multi-family complexes, a single misclassified complex can result in numerous individual premises being misclassified, leading to a higher number of impacted individual customers.

In Southern Nevada: There are 927,550 active residential premises of which more than 300,000 are multi family premises. There are 17,114 impacted premises.

In Northern Nevada: There are 334,575 active residential premises of which more than 90,000 are multi family premises. There are 4,731 impacted premises.

Exhibit 5

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 10	KEYWORD:	misclassification; responsible department determine single-family multi-family
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Identify what department within NV Energy is responsible for determining whether a residential customer's rate classification is single-family or multifamily.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Rate Classification is determined at the point of build and design within NV Energy's New Business organization and the premises and associated rates are set up in the Banner billing system.

As a part of NV Energy's review, additional controls have been implemented to better avoid misclassified premises during this process in the future.

Exhibit 6

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	02-07-2025
REQUEST NO:	Staff 15	KEYWORD:	misclassification causes disputes; Staff 01; impacted premises, distinguish sing
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In response to DR 1, NV Energy identified the time-period during which the misclassifications occurred. However, this response did not identify the cause(s) of the misclassifications.

A. Please identify all known causes of the misclassifications. For example, were misclassifications due to mistaken data inputs by employees, an inaccurate set of internal guidelines for classification, a software glitch, etc.?

B. Please describe the impacted premises. Were they townhomes, apartments, multiplexes, other construction types?

C. Please explain how NV Energy distinguishes between a single-family vs. multifamily residence.

D. If there are disputes about whether premises should be single-family or multifamily residences, please explain how NV Energy resolves those disputes. Please also explain how resolution of such disputes is relayed to the billing department.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

(A) The misclassifications at issue occurred over multiple decades and the Company has not identified a known cause of each misclassification.

(B) There is no single set of impacted premise type. Impacted premises include a variety of residential premises, including, townhomes, duplexes, apartments, single-family residences, multiplexes, and condominiums.

(C) Historically, NV Energy has designated units to be part of “a multi-unit complex” when units in a development share at least one common/attached wall. After February 2024, certain newly created units with a shared wall are designated single-family units, pursuant to Docket Nos. 23-12001 and 23-12002, under the following definition: “Single Family Attached Dwelling” is a single-family dwelling constructed in a group of two or more attached units joined by common walls on not more than two opposite sides where each dwelling unit receives electric service from an independent service line to an individually metered service point located on the premise.

(D) When the dwelling type/rate of an account is questioned, an inquiry is sent to the Billing Department. There employees review the account, GoogleMaps, the Assessor’s Records and collaborate with New Business to verify the dwelling type.

Exhibit 7

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 06	KEYWORD:	misclassification; date overcharge 21,905 premises rate change residential singl
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Provide the earliest date on which a misclassification referenced in the background section above caused a customer to be overcharged. Please also provide the average duration of premises misclassifications for the 21,905 premises that were overcharged.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Information as to the earliest date or average duration is unavailable as billing records are retained for seven years.

It appears from NV Energy's review that the date of misclassification for most premises began on the date the premise was created, however, in no instance would the misclassification date go back beyond 2001, when the multi-family rate schedules were introduced.

Exhibit 8

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	02-07-2025
REQUEST NO:	Staff 21	KEYWORD:	misclassification, staff 08; 7 year period (april 1 2017- april 1 2024) total dol
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In response to DR 8, NV Energy provided the total dollar amount for overcharged accounts for only a six-month period. Please provide the total dollar amount for overcharged accounts due to misclassification for the seven-year period (April 1, 2017-April 1, 2024) for which NV Energy has records.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

For the time period requested (4/1/2017 - 4/1/2024):

Company	Taxes	Charges
Sierra Pacific	\$187,671.95	\$3,995,844.55
Nevada Power	\$613,656.94	\$12,212,256.21

Exhibit 9

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO: 55-2453 REQUEST DATE: 02-07-2025

REQUEST NO: Staff 19 KEYWORD: misclassification; oldest billing records, customers premises undercharged npc s

REQUESTER: Staff RESPONDER: Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Based on the oldest billing records available (i.e., seven years preceding the identification of the misclassification issue), please identify the number of premises and customers (broken down by Sierra's and Nevada Power's respective service territories) that were being undercharged due to misclassifications. In other words, on April 1, 2017, how many premises and customers from each Company's territory were being undercharged?

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Distinct customers that were active from 4/1/2017 to 4/1/2024:

Company	Number of Customers	Number of Premises
Sierra Pacific	2,379	1,005
Nevada Power	3,059	1,446

Please note that the numbers provided represent the number of misclassified customers/premises over the full seven-year period requested, and not at a static date at 4/1/2017.

Exhibit 10

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	02-07-2025
REQUEST NO:	Staff 22	KEYWORD:	misclassification, staff 07 09; april 1 2017-april 1 2024 total dollar amount un
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In response to DR 9, NV Energy provided the total dollar amount for undercharged accounts for only a six-month period.

A. Please provide the total dollar amount for undercharged accounts due to misclassification for the seven-year period (April 1, 2017-April 1, 2024) for which NV Energy has records.

B. NV Energy's response to DR 7 states the Company has not sought payment for underpayment. Please state whether NV Energy intends to seek reimbursement or payment for undercharges. If so, please explain how and when the Company would seek such reimbursement or payment for undercharges.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

A. For the time period requested (4/1/2017 - 4/1/2024):

Company	Taxes	Charges
Sierra Pacific	\$37,427.18	\$964,818.75
Nevada Power	\$75,130.80	\$1,502,367.62

B. NV Energy does not intend to seek reimbursement or payment for undercharges relating to this misclassification.

Exhibit 11

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 11	KEYWORD:	misclassification; terminate discontinue withhold service non-payment overcharge
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Did NV Energy ever terminate, discontinue, or otherwise withhold service because of non- or underpayment of any overcharged customers identified in the background section above? If so, please state the number of such customers, including a separate statement of the number of such customers whose service was terminated.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

This set of customers was not exempt from NV Energy's normal credit and collection policies and procedures. Therefore, if any one of these customers fell into delinquency, NV Energy managed these accounts via its normal policies and procedures.

As noted in the response to Staff DR 6, the Companies' billing records are retained for seven years. During that period, 653 impacted Sierra customer accounts and 2,524 impacted Nevada Power customer accounts had a disconnect for nonpayment.

Exhibit 12

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	04-10-2025
REQUEST NO:	Staff 27	KEYWORD:	residential misclassification billing records preceding april 1 2017
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Please state whether NV Energy or its employees, agents, or contractors currently possess or have access to any billing records preceding April 1, 2017, for any customers impacted by NV Energy's residential misclassifications. If so, please identify the earliest date of billing records available to or accessible by NV Energy or its employees, agents, or contractors. NV Energy should preserve all such records.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

Generally, NV Energy's record retention processes purge billing records after seven years. The purge process typically occurs on a weekly basis. In select circumstances, records may be preserved longer due to a purge exemption; however, this is not a common occurrence. NV Energy does not have knowledge as to the oldest available billing record for any impacted customer as that review would require a manual review of each account.

NV Energy has suspended its normal record retention purge processes. The last purge occurred on June 23, 2024 – this means that the oldest records are generally from June 2017. Notably, this creates a large amount of additional data on NV Energy's system and is slowing work processes.

Exhibit 13

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 12	KEYWORD:	misclassification; first date notice-of-credit letter to customer
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Identify the first date that NV Energy sent a notice-of-credit letter to a customer impacted by the misclassifications referenced in the background section above. Please also identify the date on which NV Energy anticipates having completed sending out all notice-of-credit letters to customers impacted by the misclassifications referenced in the background section above.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

The first set of customers received their adjustments along with a letter and a worksheet providing a breakdown of what they should have been billed compared to what they were billed, on December 2, 2024. This process ran daily and was completed in its entirety on December 23, 2024.

This process is complete. If additional accounts are identified in the future, they will be promptly corrected.

Exhibit 14

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 07	KEYWORD:	misclassification; date undercharge rate change residential single-family to res
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Provide the earliest date on which a misclassification referenced in the background section above caused a customer to be undercharged. Please also provide the number of customers and premises that were undercharged due to the misclassifications referenced in the background section above. Finally, please provide the average duration of premises misclassifications for the premises that were undercharged.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

See the response to Staff DR 6.

Additionally, there were 2,546 premises across both territories resulting in an underbilled total of \$217,780.64 over the six-month period of April to October 2024.

NV Energy has not sought payment of the underbilled amounts.

Exhibit 15

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	01-16-2025
REQUEST NO:	Staff 02	KEYWORD:	misclassification; discover rate change residential single- family to residential
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: Describe in detail how NV Energy discovered the misclassifications referenced in the background section above and each step NV Energy took in response to the discovery of these misclassifications. This response should provide a detailed timeline of events.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

In January 2024, a customer notified NV Energy that their multi-family premise was incorrectly billed under the single-family rate schedule. NV Energy reviewed and confirmed this finding and promptly corrected the customer's account. NV Energy also reviewed the rates of all the units within that customer's multi-family complex and also corrected and adjusted those units.

Between March and June of 2024, it was also determined that two other multi-family complexes were being billed under the single-family rate schedule. This finding led NV Energy to conduct a further review its customer billing information system. Upon discovering other premises with similar discrepancies, NV Energy proceeded to thoroughly vet accounts to identity whether there were additional accounts being billed under an incorrect residential rate schedule. Through this process, NV Energy identified misclassified residential accounts, converted these accounts to the correct rate, applied credits where applicable, and provided notice to impacted customers. This work began in early June 2024 and was completed in early January 2025.

Exhibit 16

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	02-07-2025
REQUEST NO:	Staff 16	KEYWORD:	misclassification; staff 05; review all residential accounts proper classificati
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In response to DR 5, NV Energy states that its review of accounts for proper classification included "manual employee review to analyze each account in question."

A. Please confirm that NV Energy has reviewed all residential accounts throughout its service territories to verify the accounts are properly classified.

B. Please confirm whether manual employee review occurred for each residential account. If not, please identify what percentage of residential accounts received "manual employee review."

C. Did the Company's reviews determine whether a Rule 9 allowance was awarded and under what rate classification? If so, were there any mismatches between the Rule 9 allowance and the new classification? If not, why were Rule 9 allowance reviews not conducted?

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

(A) There was an initial, large-scale review of all residential accounts throughout its service territories. Three criteria were used in identifying potentially misclassified accounts:

1. Any account with a unit number set at a single-family rate.
2. Dwelling Type identified as Condo/Townhome with no unit number set at the single-family rate.
3. Utilized the Geographical Interface Service (GIS) data, which contains county assessor's records, to identify misclassified dwelling types for other possible mismatches.

(B) Using the criteria above, the queries effectively eliminated the need to review accounts that were billing correctly. As such, the team was left with only the accounts that were potentially incorrect and required manual review.

(C) Yes, the Companies reviewed available records regarding Rule 9 allowance awards for impacted developments. The review identified 8 multi-family complex developments in the South and 3 multi-family complex developments in the North where the customers were assigned an incorrect allowance due to misclassification.

Exhibit 17

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	04-10-2025
REQUEST NO:	Staff 26	KEYWORD:	staff 17 estimated completion date misclassifications detailed update progress
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In DR 17, Staff requested an estimated date of completion of NV Energy's review of potential misclassifications outside of the residential context. NV Energy's response failed to provide an estimated date of completion. Please provide that estimated completion date. Please also provide a detailed update on what progress NV Energy has made in addressing these potential misclassifications to date. This update should include the number of non-residential misclassifications NV Energy has discovered to date.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

NV Energy does not have a current estimate on completion for its review of potential misclassifications outside the residential context but will supplement this response once an estimated date and estimated numbers are available. Thus far, NV Energy has examined around 305,000 commercial accounts in the southern region and 90,000 in the northern region and is in the process of validating its findings. This process involves extensive manual review to ensure accuracy, so estimates of impact are currently unavailable.

Exhibit 18

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	55-2453	REQUEST DATE:	02-07-2025
REQUEST NO:	Staff 23	KEYWORD:	misclassification, staff 10; controls currently implemented, additional controls
REQUESTER:	Staff	RESPONDER:	Rose, Jennifer (NV Energy)

REQUEST:

Reference: NV Energy's Misclassification

Question: In response to DR 10, NV Energy states: "As part of NV Energy's review, additional controls have been implemented to better avoid misclassified premises during this process in the future." Please identify and explain all "controls" NV Energy has currently implemented. If there are additional controls to be implemented, please identify and explain those controls and when NV Energy anticipates implementing them.

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

The following controls have been identified:

1. A weekly report to capture all new premises created in the Banner Customer Information System. This report is reviewed by leadership in the New Business Department to ensure the correct dwelling type and rate have been assigned. (Implemented)
2. A monthly report is created that captures all new premises created in the Banner Customer Information System. This report is reviewed by the Customer Billing Department to ensure that the rate assignment is correct. (Implemented)

3. A number of system enhancements are being made to the Banner Customer Information System to ensure employees select correct dwelling type/rate combinations. (Estimated completion time Q2, 2025)

4. Additional auditing functions are being added to the Banner Customer Information System to monitor any alteration to customers' dwelling types and/or rates. On a weekly basis, a report will be sent to Customer Billing to review and validate the purpose of the change and to ensure it is correct. (Estimated completion Q3, 2025)

PUBLIC UTILITIES COMMISSION OF NEVADA
DRAFT NOTICE (Applications, Tariff Filings,
Complaints, and Petitions)

Pursuant to Nevada Administrative Code (“NAC”) 703.162, the Commission requires that a draft notice be included with all applications, tariff filings, complaints and petitions. Please complete and include **ONE COPY** of this form with your filing. (Completion of this form may require the use of more than one page.)

A title that generally describes the relief requested (see NAC 703.160(5)(a)):

Petition of the Regulatory Operations Staff requesting the Commission open an investigatory docket to address numerous residential rate misclassifications by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (“NV Energy”)

The name of the applicant, complainant, petitioner or the name of the agent for the applicant, complainant or petitioner (see NAC 703.160(5)(b)):

Regulatory Operations Staff of the Public Utilities Commission of Nevada

A brief description of the purpose of the filing or proceeding, including, without limitation, a clear and concise introductory statement that summarizes the relief requested or the type of proceeding scheduled **AND** the effect of the relief or proceeding upon consumers (see NAC 703.160(5)(c)):

The Regulatory Operations Staff is proposing that the Commission open an investigatory docket to address numerous residential rate misclassifications caused by NV Energy between 2001 and 2025. Staff requests that the Commission determine that NV Energy’s chosen remedy to issue only six months of refunds to recently affected customers was impermissible under applicable laws. Staff further requests that the Commission determine that NV Energy must fully refund all affected customers consistent with applicable laws.

A statement indicating whether a consumer session is required to be held pursuant to Nevada Revised Statute (“NRS”) 704.069(1):

No.

If the draft notice pertains to a tariff filing, please include the tariff number **AND** the section number(s) or schedule number(s) being revised.

Not applicable.

1 NRS 704.069 states in pertinent part:

1. The Commission shall conduct a consumer session to solicit comments from the public in any matter pending before the Commission pursuant to NRS 704.061 to 704.110 inclusive, in which:

(a) A public utility has filed a general rate application, an application to recover the increased cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to clear its deferred accounts; and

(b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that will exceed \$50,000 or 10 percent of the applicant’s annual gross operating revenue, whichever is less.

PROOF OF SERVICE

I hereby certify that I have on this day served the foregoing document upon all parties of record in this proceeding by electronic mail to the recipient's current electronic mail address.

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DATED at Las Vegas, Nevada, on the 13th day of May, 2025.

/s/ Michelle Jackson
An employee of the Public Utilities
Commission of Nevada