Agenda 20-25; Item No. 2B Draft Order for discussion at agenda

THIS ORDER IS NOT A FINAL ORDER AND MAY BE SUBSTANTIALLY REVISED PRIOR TO ENTRY OF A FINAL ORDER BY THE PUBLIC UTILITIES COMMISSION OF NEVADA

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy)
for authority to adjust its annual revenue requirement for	
general rates charged to all classes of electric customers) Docket No. 25-02016
and for relief properly related thereto.	
Application of Sierra Pacific Power Company d/b/a NV	
Energy, filed under Advice Letter No. 680-E, to	
implement Net Metering Rider-2025 Schedule No. NMR-) Docket No. 25-03006
2025 and to close Net Metering Rider-405 Schedule No.)
NMR-405 to new customers.	
) (

At a general session of the Public Utilities Commission of Nevada, held at its offices on November 18, 2025

PRESENT: Chair Hayley Williamson

Commissioner Tammy Cordova Commissioner Randy J. Brown

Assistant Commission Secretary Trisha Osborne

[PROPOSED] ORDER ON RECONSIDERATION

The Public Utilities Commission of Nevada ("Commission") makes the following findings and conclusions:

I. INTRODUCTION

On February 18, 2025, Nevada Power Company d/b/a NV Energy ("Nevada Power") filed with the Commission an application, designated as Docket No. 25-02016, for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto ("Application in 25-02016").

On March 4, 2025, Sierra Pacific Power Company d/b/a NV Energy ("Sierra," and, together with Nevada Power, "NV Energy") filed with the Commission an application, designated as Docket No. 25-03006, filed under Advice Letter No. 680-E, to implement Net Metering Rider-2025 Schedule No. NMR-2025 and to close Net Metering Rider-405 Schedule No. NMR-405 to new customers ("Application in 25-03006").

On September 16, 2025, the Commission issued an order that accepted a stipulation in the Application in 25-02016 and granted and denied in part both applications.

On September 30, 2025, Nevadans for Clean Affordable Reliable Energy ("NCARE") and Vote Solar filed petitions for reconsideration, and Solar Energy Industries Association ("SEIA") filed a petition for clarification and reconsideration.

On October 7, 2025, Nevada Power filed a petition for reconsideration, the Nevada Bureau of Consumer Protection ("BCP") filed a petition for reconsideration and clarification, and the Regulatory Operations Staff of the Commission ("Staff") filed a petition for clarification and reconsideration.¹

On October 28, 2025, Nevada Solar Association ("NSA") filed a petition for clarification.

II. SUMMARY

The Commission grants the petitions, except for NSA's petition, issues a modified final order, appended as Attachment 1, to clarify three issues, and otherwise reaffirms its decision of September 16, 2025. The Commission denies NSA's petition.

III. PROCEDURAL HISTORY

• Nevada Power filed the Application in 25-02016 pursuant to the Nevada Revised Statues ("NRS") and the Nevada Administrative Code ("NAC") Chapters 703 and 704, including, but not limited to, NRS 704.100, NRS 704.110, NAC 703.535, NAC 703.2201 through 703.2481, NAC 703.2715, NAC 704.6502 through NAC 704.6546, NAC 704.655 through NAC 704.665, and NAC 704.673 through 704.680. Pursuant to NRS 703.196 and NAC 703.527 *et seq.*,

¹ In this order, the Commission will refer to all of these petitions as petitions for reconsideration or simply petitions.

Nevada Power requests that certain material in the Application in 25-02016 receive confidential treatment.

- Sierra filed the Application in 25-03006 pursuant to NRS and NAC Chapters 703 and 704, including, but not limited to, NRS 704.100 and NAC 703.400.
- Staff participates in Docket Nos. 25-02016 and 25-03006 as a matter of right pursuant to NRS 703.301.
- On February 25, 2025, in Docket No. 25-02016, the Commission issued a Notice of Application for Authority to Adjust Annual Revenue Requirement for General Rates Charged to All Classes of Electric Customers and Notice of Prehearing Conference.
- On February 27, 2025, in Docket No. 25-02016, the Commission issued Procedural Order No. 1, which adjusted the deadline for filing a response to a petition for leave to intervene ("PLTI").
- On February 27, 2025, the BCP filed a Notice of Intent to Intervene in Docket No. 25-02016 pursuant to NRS Chapter 228.
- On March 5, 2025, Nevada Cogeneration Associates #1 and #2, Limited Partnerships ("NCA") and Google LLC ("Google") filed PLTIs in Docket No. 25-02016.
- On March 6, 2025, NSA filed a PLTI in Docket No. 25-02016.
- On March 7, 2025, the Commission issued a Notice of Application to Revise Tariff in Docket No. 25-03006.
- On March 10, 2025, Walmart Inc. ("Walmart") filed a PLTI in Docket No. 25-02016.
- On March 11, 2025, Wynn Las Vegas, LLC ("Wynn") and Smart Energy Alliance ("SEA," and, together with Wynn, "Wynn-SEA") filed PLTIs in Docket No. 25-02016.
- On March 12, 2025, Boyd Gaming Corporation, Station Casinos LLC, and Venetian Gaming Las Vegas, LLC (collectively, "SNGG") filed a joint PLTI, and SEIA filed a PLTI, both in Docket No. 25-02016.
- On March 13, 2025, Nevada Power filed a Response in Partial Opposition to Petition for Leave to Intervene as to NSA's PLTI in Docket No. 25-02016. That same day, Vote Solar filed PLTIs in Docket Nos. 25-02016 and 25-03006.
- On March 14, 2025, BCP filed a Notice of Intent to Intervene in Docket No. 25-03006 pursuant to NRS Chapter 228.
- On March 18, 2025, in Docket No. 25-02016, MGM Resorts International ("MGM"), Southern Nevada Water Authority ("SNWA"), Caesars Enterprise Services ("Caesars," and,

together with MGM and SNWA, "CMSNWA"), and NCARE filed PLTIs, and the Commission issued an order granting the PLTIs of NCA and Google.

- On March 19, 2025, in Docket No. 25-02016, Nevada Workers for Clean and Affordable Energy ("NWCAE") and The Kroger Company ("Kroger") filed PLTIs, and Nevada Power filed responses to the PLTIs of SEIA and Vote Solar. That same day, the Commission issued a Notice of Prehearing Conference in Docket No. 25-03006.
- On March 20, 2025, in Docket No. 25-02016, Federal Executive Agencies ("FEA") late-filed a PLTI, NSA filed a reply to Nevada Power's response to NSA's PLTI, and the Commission issued an order granting the PLTIs of Walmart and Wynn-SEA.
- On March 21, 2025, in Docket No. 25-02016, Vote Solar filed a reply to Nevada Power's response to Vote Solar's PLTI, the Commission issued an order granting SNGG's PLTI, Kroger filed a notice of association of counsel and a motion for admission *pro hac vice* of Kurt J. Boehm and Jody Kyler Cohn, Nevada Power filed a Motion for Reasonable Limitations on the Number of Data Requests ("DR") Served by Each Party ("Nevada Power's Motion"), and the presiding officer held a prehearing conference. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, NWCAE, FEA, Kroger, BCP, and Staff made appearances at the prehearing conference. The PLTIs, procedural schedule, consumer session, discovery, briefing of a legal issue, and potential consolidation with Docket No. 25-03006 were discussed at the prehearing conference.
- On March 24, 2025, SEIA filed a PLTI in Docket No. 25-03006.
- On March 25, 2025, in Docket No. 25-02016, the Commission issued an order granting, with conditions, the PLTIs of Vote Solar, NSA, and SEIA.
- On March 27, 2025, in Docket No. 25-02016, the Commission issued Procedural Order No. 2, which set a briefing schedule for a legal issue, set a procedural schedule, set discovery procedures, and deviated from NAC 703.2209(3)(f)(2). That same day, SEIA filed a Response to Nevada Power's Motion.
- On March 28, 2025, in Docket No. 25-02016, BCP and Staff each filed a Response to Nevada Power's Motion.
- On March 31, 2025, in Docket No. 25-02016, the Commission issued an order granting the PLTIs of CMSNWA, NCARE, Kroger, and FEA.
- On April 1, 2025, NWCAE filed a supplement to its PLTI in Docket No. 25-02016.
- On April 2, 2025, NSA filed a PLTI in Docket No. 25-03006.
- On April 3, 2025, in Docket No. 25-02016, Nevada Power filed a Reply to Responses to Nevada Power's Motion.

- On April 4, 2025, in Docket No. 25-02016, Nevada Power filed its Cost-of-Capital Certification, and the Commission issued a Notice of Consumer Sessions.
- On April 9, 2025, in Docket No. 25-03006, the presiding officer held a prehearing conference. Sierra, Vote Solar, SEIA, NSA, BCP, and Staff made appearances. The PLTIs, consolidation with Docket No. 25-02016, the legal sufficiency of the application, and a procedural schedule were discussed. That same day, the presiding officer held a continued prehearing conference in Docket No. 25-02016. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, FEA, BCP, and Staff made appearances. Nevada Power's Motion and a potential issue regarding Nevada Power's proposal for a daily peak demand charge and NRS 704.085 were discussed. At the prehearing conference for Docket No. 25-02016, the presiding officer noted that Docket Nos. 25-02016 and 25-03006 have been consolidated for hearing purposes.
- Also on April 9, 2025, in Docket No. 25-02016, the Commission issued an order granting, with conditions, NWCAE's PLTI. That same day, Nevada Power, NSA, SEIA, Vote Solar, BCP, and Staff filed opening legal briefs, and Google and Walmart filed letters indicating that they would not be filing opening or reply legal briefs.
- On April 10, 2025, in Docket No. 25-03006, Vote Solar filed a supplement to its PLTI that included its bylaws.
- On April 16, 2025, in Docket No. 25-03006, the Commission issued an order granting the PLTIs of Vote Solar, SEIA, and NSA.
- On April 17, 2025, in Docket No. 25-02016, the Commission issued an order denying Nevada Power's Motion, and Tony Simmons belatedly filed a PLTI.
- On April 23, 2025, Nevada Power, NSA, Vote Solar, SEIA, BCP, and Staff filed reply legal briefs in Docket No. 25-02016.
- On April 24, 2025, Nevada Power and Staff filed responses to Mr. Simmons' late-filed PLTI in Docket No. 25-02016.
- On April 28, 2025, Nevada Power filed its Revenue-Requirement Certification in Docket No. 25-02016.
- On May 2, 2025, in Docket No. 25-02016, Mr. Simmons filed a reply to Nevada Power's and Staff's responses to his PLTI, and the Commission issued a Notice of Hearings.
- On May 5, 2025, Nevada Power filed its Rate-Design Certification in Docket No. 25-02016.
- On May 7, 2025, the presiding officer held a continued prehearing conference where a procedural schedule was discussed. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, FEA, BCP, and Staff made appearances.

- On May 8, 2025, the Commission issued Procedural Order No. 3, which consolidated Docket Nos. 25-02016 and 25-03006 for hearing purposes.
- On May 9, 2025, the Commission issued an order denying the late-filed PLTI or Mr. Simmons.
- On May 15, 2025, the Commission issued an Amended Notice of Hearings.
- On May 23, 2025, the Commission issued Procedural Order No. 4. That same day, Nevada Power filed a Stipulation, appended as Attachment A, with Walmart, Wynn, SNGG, CMSNWA, FEA, BCP, and Staff as co-signatories ("Signatories"). The Stipulation resolved all the issues with the Cost-of-Capital Phase of this docket ("Phase I").
- On May 30, 2025, the Commission issued Procedural Order No. 5, which suspended the procedural schedule with respect to Phase I.
- On June 2, 2025, Nevada Power filed a response to Procedural Order No. 4. That same day, Kroger filed a motion to appear remotely.
- On June 3, 2025, the presiding officer held a continued prehearing conference. NV Energy, Vote Solar, SEIA, NSA, Google, NCA, Wynn-SEA, NCARE, CMSNWA, FEA, Kroger, BCP, and Staff appeared. The Stipulation was discussed, and no non-signatory opposed the Stipulation. The presiding officer accepted the Stipulation and granted Kroger's motion to appear remotely.
- On June 4, 2025, the Commission held consumer sessions.
- On June 5, 2025, Nevada Power filed a correction to its certification, which redacted confidential information.
- On June 12, 2025, the Commission issued Procedural Order No. 6, which required parties to file executable versions of workpapers that they generated in support of their positions.
- On June 16, 2025, the presiding officer held a continued prehearing conference. NV Energy, NSA, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, NCARE, CMSNWA, NWCAE, Kroger, FEA, BCP, and Staff appeared. Tom Dudas commented as a member of the public. The parties had no issues to present. The presiding officer asked NV Energy to work with the parties regarding confidential material in the revenue-requirement testimony.
- On June 26, 2025, Walmart filed a motion requesting approval for a witness to appear remotely.
- On June 27, 2025, Wynn-SEA, FEA, and BCP filed motions requesting approval for witnesses to appear remotely.

- On June 30, 2025, Nevada Power and NCARE filed motions requesting approval for witnesses to appear remotely. That same day, the presiding officer issued Procedural Order No. 7, setting the procedures for the Phase II hearing.
- On July 1, 2025, the presiding officer issued Procedural Order No. 8, granting Wynn-SEA's, FEA's, and BCP's motions requesting approval for witnesses to appear remotely.
- On July 2, 2025, the presiding officer issued Procedural Order No. 9, granting Nevada Power's and NCARE's motions requesting approval for witnesses to appear remotely. That same day, the presiding officer issued Procedural Order No. 10, setting the procedures for the Phase III hearing.
- On July 7, 2025, Wynn-SEA and BCP filed motions requesting approval for witnesses to appear remotely. That same day, Nevada Power filed a motion to strike.
- On July 8-10, 2025, the presiding officer held Phase II of the hearing. NV Energy, Walmart, Wynn-SEA, SNGG, CMSNWA, FEA, BCP, and Staff appeared. The presiding officer heard testimony and admitted exhibits into evidence regarding the revenue requirement.
- On July 9, 2025, FEA filed a motion requesting approval for a witness to appear remotely.
- On July 11, 2025, SNGG, SEIA, and CMSNWA filed a motion requesting approval for a witness to appear remotely.
- On July 16, 2025, the presiding officer issued Procedural Order No. 11, granting Wynn-SEA's, FEA's, SNGG's, SEIA's, CMSNWA's, and BCP's motions requesting approval for witnesses to appear remotely.
- On July 17, 2025, Nevada Power filed a motion for a protective order.
- On July 21-22, 2025, the presiding officer held Phase III of the hearing. NV Energy, Vote Solar, SEIA, NSA, Google, Walmart, NCA, Wynn-SEA, NCARE, CMSNWA, FEA, Kroger, NWCAE, BCP, and Staff appeared. The presiding officer heard testimony and admitted exhibits into evidence regarding rate design.
- On July 24, 2025, BCP and Staff filed responses to Nevada Power's motion for a protective order.
- On July 31, 2025, Nevada Power filed a reply to the responses to its motion for a protective order.
- On September 16, 2025, the Commission issued its final order.
- On September 30, 2025, the presiding officer issued Procedural Order No. 12, which deviated from NAC 703.801(3) to set the due date for petitions for reconsideration or rehearing

to 15 business days after issuance of the final order. That same day, NCARE, Vote Solar, and SEIA filed petitions for reconsideration.

- On October 7, 2025, Nevada Power, BCP, and Staff filed petitions for reconsideration.
- On October 8, 2025, Tony Simmons filed a notice of intervention.
- On October 9, 2025, the presiding officer issued Procedural Order No. 13, which deviated from NAC 703.801(4) to set the due date for answers to the petitions filed on September 30, 2025, to the same due date for answers to the petitions filed on October 7, 2025, and which deviated from NAC 703.801(5) by one day to present the proposed decision at the regularly scheduled agenda on November 18, 2025.
- On October 14, 2025, Staff filed a letter regarding Mr. Simmons' notice of intervention.
- On October 21, 2025, NV Energy, Wynn-SEA, BCP, and Staff filed answers to the petitions for reconsideration.
- On October 28, 2025, NSA filed a petition for clarification.
- On October 30, 2025, NV Energy filed an objection to NSA's petition for clarification.
- On November 5, 2025, Staff filed an answer to NSA's petition for clarification.
- On November 11, 2025, BCP filed an answer to NSA's petition for clarification.

IV. PETITIONS FOR CLARIFICATION, RECONSIDERATION, AND REHEARING

A. Procedural Sufficiency

Applicable Law

- 1. A party may file a petition for reconsideration pursuant to NAC 703.801, which states in relevant part:
 - 1. A petition for reconsideration must specifically:
 - (a) Identify each portion of the challenged order which the petitioner deems to be unlawful, unreasonable or based on erroneous conclusions of law or mistaken facts; and
 - (b) Cite those portions of the record, the law or the rules of the Commission which support the allegations in the petition. The petition may not contain additional evidentiary matter or require the submission or taking of evidence.

² Wynn-SEA's answer initially contained an error, and Wynn-SEA filed a corrected answer on October 23, 2025.

. . .

7. If the Commission grants a petition for reconsideration, it will reexamine the record and order with regard to the issues on which reconsideration was granted and issue a modified final order or reaffirm its original order.

Commission Discussion and Findings

2. The Commission finds that the petitions meet the procedural requirements of NAC 703.801(1) in that they identify the portion of the order that they deem to be unlawful, unreasonable, or based on erroneous conclusions of law or mistaken facts; and that the petitions cite portions of the record, the law, and the rules of the Commission supporting the allegations in the petitions. Therefore, the Commission grants the requests for reconsideration as outlined below.

B. Legality of Demand Charges

NCARE's Position

3. NCARE asserts that the residential daily demand charge that the Commission approved for Nevada Power violates NRS 704.085(1), which prohibits the adoption of a mandatory residential rate that is based on the time of day, day of the week, or time of year during which electricity is used or which otherwise varies based upon the time during which the electricity is used. NCARE argues that the daily demand charge is a rate based on when customers use electricity and states that the Commission should reconsider paragraphs 588 through 601 of the final order. (NCARE Pet. at 2-7.)

Vote Solar's Position

4. Vote Solar, like NCARE, argues that the residential daily demand charge violates NRS 704.085. (Vote Solar Pet. at 28-31.) Vote Solar also argues that demand charges are incompatible with net metering under NRS 704.775. (*Id.* at 31.)

SEIA's Position

5. SEIA argues that the Commission should reconsider the summary section and paragraphs 286, 510-516, and 588-601 of its order regarding approval of the residential daily demand charge and the small-commercial monthly demand charge because, according to SEIA, the Commission's findings are not supported by substantial evidence. (SEIA Pet. at 9-10.) Like NCARE and Vote Solar, SEIA also argues that the residential daily demand charge violates NRS 704.085. (*Id.* at 10-12.)

BCP's Position

6. BCP alleges that that the residential daily demand charge violates the plain language of NRS 704.085 and the legislative intent of the statute, and BCP argues that the Commission should reconsider paragraphs 588-601 of the order addressing the residential daily demand charge. (BCP Pet. at 3-7.) BCP argues further that the decision regarding the demand charge lacks substantial supporting evidence. (*Id.* at 7-9.)

Nevada Power's Position

- 7. Nevada Power notes that the residential daily demand charge has a flat rate of \$0.14 per kilowatt ("kW"). (Nevada Power Answer at 21.) Nevada Power notes further that the rate at issue does not vary at all by the time of day, day of the week, or time of the year during which electricity is used. (*Id.*)
- 8. Nevada Power states that the parties who argue that the daily demand charge violates NRS 704.085(1) conflate the term "rate" with the term "charge." Nevada Power explains that the "rate" associated with the daily residential demand charge does not change based on when a consumer uses electricity; whereas, the "charge" is affected by customers'

usage behavior because it results from applying the fixed rate of \$0.14 per kW to a customer's maximum 15-minute peak usage each day. (*Id.* at 21-22.)

- 9. Nevada Power argues that the residential daily demand charge does not violate NRS 704.775(2)(b), because that statute addresses billing of net energy metering ("NEM") customers and not the scope of how rates may be designed. (*Id.* at 23.)
- 10. Nevada Power argues that substantial evidence exists in the record to support the residential daily demand charge. (*Id.* at 24-27.)

Commission Discussion and Findings

a. Background

- 11. The Commission approved a "daily demand charge" to better align Nevada

 Power's rate design with cost-causation principles and to provide an additional method for pricesensitive customers to reduce their bills through changes in behavior. The Commission found
 that a daily demand charge will ensure that certain distribution costs are recovered from the
 appropriate customers and not inequitably shifted onto other customers. The Commission
 determined that because Nevada Power's distribution facilities are built to provide the maximum
 amount of energy that a customer requires at any point in time, it is just and reasonable to
 approve a rate structure that ties cost-recovery to a customer's maximum demand on the system.
- 12. The Commission found that, under the prior rate structure, most of Nevada Power's residential customers were paying more than their fair share to maintain the electric system. The Commission determined that a daily demand charge will result in lower bills for customers who were paying more than it costs to serve them. Finally, the Commission found that establishing a daily demand charge was preferable to increasing the fixed Basic Service Charge because a residential daily demand charge allows customers to potentially lower their

bills even without using less energy, whereas customers have no control over the amount of the Basic Service Charge. The residential daily demand charge gives customers another tool to make their bills more affordable; they can still lower their bills by using less electricity, but now they can also lower their bills by spreading out their use of electricity.

- 13. The calculation of the daily demand charge reflects a customer's highest demand for electricity (peak demand) during each day, regardless of when that moment of maximum demand occurs. The daily peak demand is measured in kilowatts ("kW") each day over the monthly billing period, and at the end of the billing period, the daily peak demand amounts are added together and then multiplied by a "demand rate" which is a fixed rate of \$0.14 per kW for residential customers.
- 14. The residential daily demand charge on monthly bills will vary depending on a household's peak electricity usage. The average daily residential peak ranges from 2.6 kW to 6.8 kW over the course of a year, with typical daily peaks between 3 kW and 4kW, which would result in monthly demand charges between \$16 and \$22. The daily demand charge is not designed to recover an additional amount from customers. The revenue from the daily demand charge is offset by reductions to the per-kWh rate and the basic service charge on customers' bills. The Commission's order simply adds a third billing component, the daily demand charge, to recover the same amount of money from customers that was previously recovered through two components, the per-kWh rate and the basic service charge. For the typical residential customer, the residential daily demand charge is expected to result in a total bill approximately 1.5 percent lower than it would have been under the prior rate design that did not include a demand charge.
 - a. The rate underlying the approved daily demand charge is not a time-of-use rate, and neither NRS 704.085 nor NRS 704.775 prohibits a residential demand charge.

- daily demand charge violates NRS 704.085. The plain language of NRS 704.085 prohibits the Commission from imposing any *rate* that varies based upon the time during which electricity is used. The daily demand charge that customers will see on a monthly bill reflects a constant, fixed "demand rate" that does not fluctuate during any time interval. The demand rate associated with the residential daily demand charge will remain at \$0.14 per kW during any period or interval of time until a future rate case when the rate may be changed by the Commission. The petitioners do not claim that the demand rate will be anything other than \$0.14 per kW during any period of time; instead, they reach beyond the plain language of NRS 704.085 and apply an interpretation that conflates the resulting "demand charge" with the "demand rate" used for calculating the charge. Such an interpretation is not supported by the actual text of the statute.
- 16. Time-of-use rates, which are what NRS 704.085(1) addresses, are well-understood within the utility regulatory world and are a common ratemaking tool; in fact, they exist in Nevada in several forms, including as a voluntary option for residential customers.

 Time-of-use rates, as the name suggests, are rates that vary depending on the time of day, day of the week, time of year, or some other designation of time; they are analogous to "surge prices," under which the price of something can change based entirely on when it is purchased.
- demand rate that remains the same during every hour of the day and every day of the year.

 Demand charges, like time-of-use rates, are commonly employed by utilities, including in Nevada where demand charges have been paid by large commercial customers for decades.

 While time-of-use rates generally reflect the costs of serving customers at certain times, demand charges (and their underlying demand rates) are driven by the costs of investments in

infrastructure necessary to serve customers' maximum demand. Time-of-use rates and demand charges are distinct tools for recovering costs from utility customers based on customers' behavior; they send different price signals and result in different outcomes. When the Legislature decided to prohibit mandatory time-of-use rates, it did so with the intent to prohibit time-of-use rates, not demand charges or any other type of billing component that is not a time-of-use rate.

- 18. NCARE suggests that NRS 704.085 contains phrasing that expands the prohibition on time-of-use rates beyond the specific examples of time-of-use rates identified in the statute "to include all other similar or even different things." (NCARE Pet. at 6.) NCARE bases its argument on the italicized language below:
 - 1. Except as otherwise provided..., an electric utility shall not make changes in any schedule or impose any rate, and the Commission shall not approve any changes in any schedule or authorize the imposition of any rate by an electric utility, which requires a residential customer to purchase electric service at a rate which is based on the time of day, day of the week or time of year during which the electricity is used or which otherwise varies based upon the time during which the electricity is used, except that the Commission may approve such a change in a schedule or authorize the imposition of such a rate if the approval or authorization is conditioned upon an election by a residential customer to purchase electric service at such a rate.

NCARE ignores that the language still applies to a variable "rate," which makes the provision inapplicable to the fixed demand rate approved by the Commission for calculating the demand charge. The inclusion of the "or which otherwise" language merely serves to avoid limiting the prohibition on time-of-use rates to rates that vary based on certain hours, days, or seasons, to include additional time periods such as during emergencies or during other irregular or unpredictable events when the market price of electricity could be higher than normal.

19. The petitioners disregard the plain language of the law and attempt to expand NRS 704.085's prohibition on time-of-use rates to also prohibit demand charges based on the

incorrect premise that the Legislature intended to eliminate all ratemaking tools that are "predicated on sending price signals to alter customer behavior" or that involve charges based on when energy is used. (*Id.* at 2-7; Vote Solar Pet. at 28-30; SEIA Pet. at 11; BCP Pet. at 4-7.) The petitioners' proposed interpretations do not result in reasonable outcomes when attempting to apply them consistently to longstanding billing components that the petitioners are not challenging as unlawful. For example, the unchallenged per-kilowatt-hour ("kWh") volumetric rate applied to each customer's electricity usage sends a price signal that encourages customers to change their behavior by conserving electricity; thus, that rate (and nearly any other conceivable rate) would not survive NCARE's proposed test for whether a rate is lawful.

20. Also, just like the fixed per-kW demand rate underlying the challenged demand charges, the unchallenged per-kWh volumetric rate is applied to usage that occurs within a defined period of time; the fixed demand rate is applied to usage that occurs within 15-minute periods, while the unchallenged per-kWh rate is applied to usage that occurs within monthly periods. All usage-based utility charges involve application of a rate to usage that occurs within a particular period of time, so interpreting the law as the petitioners propose would essentially outlaw usage-based billing for utilities. The statutory restriction at NRS 704.085 applies to *rates*, and not to *charges*, because prohibiting time-based *charges* would be nonsensical. Interpretations of NRS 704.085 that would prohibit a fixed rate of \$0.14 per kW would lead to the absurd result of forcing the Commission to abandon longstanding and successful rate structures that no one has challenged as unlawful. *See AZG Ltd. P ship v. Dickinson Wright PLLC*, 141 Nev. Adv. Op. 37, 574 P.3d 929, 933 (2025) ("[The Supreme Court of Nevada] interprets statutory schemes to avoid absurd results.").

- 21. Similar to how absurd results would occur from interpreting NRS 704.085 as prohibiting a demand charge, absurd results would also arise from adopting Vote Solar's interpretation of NRS 704.775 because it calls into question the legality of the fixed Basic Service Charge that has been applied to NEM customers since the inception of NEM. Vote Solar incorrectly views NRS 704.775, the statute outlining the measurement of net electricity for NEM customers, as somehow prohibiting demand charges for NEM customers because the statute does not explicitly authorize demand charges. (Vote Solar Pet. at 31.) Vote Solar further suggests that the requirement of NRS 704.775 that NEM customers be billed for net electricity supplied by a utility should be interpreted as prohibiting any other charges for a NEM customer's use of electricity. (Id.) The implication of Vote Solar's arguments is that the Commission is prohibited from requiring NEM customers to pay even the Basic Service Charge applicable to all other customers despite NRS 704.773(2)(c) contemplating payment by NEM customers of all fees and charges applicable to other customers in the same rate class. NEM is a billing mechanism established to compensate customer-generators for their production of energy; however, energy is only part of the costs of serving customers, and utilities are entitled by law to recover all of their prudently incurred costs of providing service. The Commission declines to adopt Vote Solar's reasoning because it contradicts provisions within the NEM billing statutes, ignores the Commission's plenary ratemaking authority, and, if applied consistently, would necessitate an unjust and unreasonable rate design under which all of a utility's fixed costs of serving NEM customers would be shifted onto other ratepayers.
- 22. Here, the plain language of the statute is unambiguous and clearly applies to variable time-based "rates" and not to "charges," so there is no need to rely on legislative history. However, a review of the legislative history surrounding NRS 704.085 reveals that the primary

motivation for the prohibition on time-of-use rates was a concern that retired senior citizens and other homebound customers would be unable to avoid using electricity when air-conditioning is necessary during the hottest parts of the day in Southern Nevada. NCARE highlights in its petition that the Legislature worried about penalizing customers for using electricity during late-afternoon hours. (NCARE Pet. at 7.) Fortunately, the types of homebound customers whom NRS 704.085 was intended to protect are the customers most likely to benefit from the daily demand charge, which instead of penalizing customers for using electricity at a particular time, rewards customers who are able to reduce their maximum demand on the electric system by spreading out their electricity usage during the day.

- 23. Finally, it is worth noting that the daily demand charge's reliance on a customer's use of electricity over a 15-minute period is simply a reflection of existing metering practices and technology, which limits the measurement of usage to once every 15 minutes. The rate associated with the demand charge is a per-kW rate, not a per-kWh rate, so the kWh usage within the applicable 15-minute period is converted to a kW amount, which measures the magnitude of the demand for power in an instant rather than the demand for power over time. Thus, demand charges are designed to recover costs based on *how* energy is used by customers, while time-of-use rates focus instead on *when* energy is consumed.
 - c. Substantial evidence exists to support approval of a daily demand charge.
- 24. The Commission's decision to adopt a daily demand charge for residential and small commercial customers is based on evidence suggesting that it will result in better alignment with cost-causation principles when recovering costs from customers, while also providing an additional method for price-sensitive customers to reduce their bills through changes in behavior.

- 25. The record contains substantial evidence regarding the fixed costs of distribution infrastructure necessary to provide electric service to customers regardless of the amount of electricity that the customers use, and the record further contains evidence in the form of testimony from NV Energy regarding the demand charge's benefit of equitably collecting from customers the distribution-related costs of service that are not being recovered through the Basic Service Charge. The evidence supports the notion that the demand charge will result in all customers paying for fixed distribution costs incurred to serve them.
- 26. Additionally, there is substantial evidence in this case supporting the conclusion that a cost-shift exists from NEM to non-NEM customers. The evidentiary record includes data to demonstrate and quantify that the cost to serve NEM customers is not being fully recovered from those customers and instead is increasing general rates for non-NEM residential customers. Accordingly, the Commission's approval of the residential daily demand charge is intended to reduce this cost-shift and assist in lowering bills for most residential customers.
- 27. Substantial evidence also exists to support the adoption of a daily demand charge based on the added control that it affords customers when attempting to lower their bills. The details of the effects of the daily demand charge on customers under different usage scenarios was addressed in pre-filed testimony and at hearing; essentially, the evidence on the record indicates that typical customers will not be penalized for maintaining their existing usage patterns, and they will be able to reduce their bills by avoiding instances where they use numerous electric appliances all at once. The evidence on the record regarding cost-causation reflects that Nevada Power's distribution facilities are built to provide the maximum amount of energy that a customer requires at any point in time, and that evidence supports adopting a rate structure that ties cost-recovery to a customer's maximum demand on the system. As the

Commission noted in its order, "[t]o the extent that some customers do change their behavior to spread out usage and reduce their peak demand on the electric system, there may be cost savings to other customers long-term from the resulting reduction in the peak demand that drives the need for Nevada Power to spend more money on infrastructure and power purchases." (Order at para. 589, citing Ex. 248 at 30-31 and Tr. at 986, 999, 1001-03, 1011.)

- 28. BCP's and SEIA's desire that the Commission should instead rely on different evidence does not make the record devoid of substantial evidence supporting approval of the daily demand charge. As such, the Commission rejects the arguments from SEIA and BCP that the Commission's approval of the residential demand charge lacks substantial evidentiary support.
- 29. Further, BCP demonstrates a misunderstanding of the Commission's evidentiary burden with arguments that point to the number of intervening parties opposing a demand charge as constituting controlling evidence. As the old adage goes, quantity does not equal quality. To help illustrate with a simple example, if a dozen intervening parties put forth arguments that 2+2=5 and one party argues 2+2=4, the Commission is not bound to follow the dozen parties. If the one party supports its contention that 2+2=4 with substantial evidence, that is sufficient for the Commission to adopt that position—even in light of a greater quantity of countervailing evidence from the dozen other parties.
- 30. While BCP inappropriately attempts to inject new evidence into the record with after-the-fact anecdotal statements noting that its "concern about customer confusion . . . appears to be playing out as predicted" and that it "has observed that the public response to the Commission's Order relating to the demand charge has been vehemently negative," the Commission is particularly concerned that, as the sole intervening party with the statutory duty

to represent Nevada's residential consumers, BCP makes no effort to alleviate, highlight, or even clarify the cost burden that NEM imposes upon non-NEM customers. BCP's own offered testimony discussing the inequities of this situation provides detailed analysis characterizing how non-NEM customers are paying for the revenue shortfall resulting from the cost to serve NEM customers. (Ex. 415 at 21.) Yet, to the detriment of non-NEM customers, who comprise the vast majority of Nevada residential electric customers, BCP's petition would have this Commission do nothing to address these inequities.

- 31. The Commission must grapple with the current predicament for Nevada's ratepayers, which is that the costs to serve NV Energy's residential customers who have solar panels are not being recovered from those customers, and they are instead being paid for by NV Energy's residential customers who do not have solar panels. The Commission found that maintaining the existing rate structure and allowing unsustainable growth of the subsidy is incompatible with the Commission's statutory duty to ensure just and reasonable rates. The daily demand charge seeks to reduce the clearly-established inequity, while preserving a meaningful level of financial support for rooftop solar whereby non-NEM customers continue to subsidize NEM customers, just to a lesser extent than before.
- 32. While the Commission appreciates that many parties, including BCP, argue that a demand charge is not the best tool to solve the under-collection of costs from NEM customers and resulting cost-shift, simply ignoring the issue, and forcing Nevada's non-solar customers to continue to pay higher rates, is not an acceptable path forward. The Commission is constrained by certain provisions of Nevada law that prohibit it from applying the types of rate-design solutions adopted in other states, such as NEM-specific fees or separate customer classes to ensure that the costs of serving NEM customers are recovered exclusively from NEM customers.

Thus, the Commission recognizes that a demand charge applied to all residential and small commercial customers may be an imperfect solution. Nonetheless, the Commission must decide from among imperfect options, and continuing to do nothing regarding this growing and inequitable cost-shift is not the answer. Instead of invoking or alluding to the court of public opinion, which the Commission notes cannot lawfully be considered as evidence, BCP would do well to educate residential customers, whose interests BCP exists to represent, about the reality under which the vast majority of residential ratepayers are seeing higher power bills than they would if the costs of serving NEM customers were not being shifted to them. BCP should also endeavor to explain to residential customers the effects of BCP's recommendations and the Commission's decisions, not just with regard to this issue but for all major issues addressed in Commission proceedings where BCP participates on behalf of residential customers.³

C. Legality of 15-Minute Netting

Vote Solar's Position

- 33. Vote Solar argues that under rules of statutory construction, the Commission's interpretation of NRS 704.775(2) is incorrect. (Vote Solar Pet. at 14-16.)
- 34. Vote Solar argues that Sierra's use of the phrase "during the billing period" in its rules and tariffs conflicts with the Commission's new interpretation of that phrase in NRS 704.775. (*Id.* at 16-18.)
- 35. Vote Solar argues that the Commission's adoption of the 15-minute netting rule raises constitutional separation-of-powers concerns. (*Id.* at 18-19.)

³ For example, the "negative response" to the Commission's order that BCP describes may reflect that most residential customers are unaware that the Commission's proposed rate design is intended to result in lower bills for most residential customers, that the Commission reduced Nevada Power's requested revenue requirement by approximately \$106 million, or that the Commission adopted a class cost of service study that significantly reduces the share of costs being allocated to residential customers.

- 36. Vote Solar argues that the Commission's adoption of the 15-minute netting rule is contrary to legislative intent. (*Id.* at 20-21.)
- 37. Vote Solar argues that the Commission's reinterpretation of the governing statute, Assembly Bill 405 (2017) ("AB 405") is barred by *res judicata*, and thus Sierra should not have been allowed to seek a change in netting procedures. (*Id.* at 21-23.)
- 38. Vote Solar argues that the Commission's reinterpretation of NRS 704.775(2) is precluded by judicial estoppel. (*Id.* at 24-25.)
- 39. Vote Solar argues that AB 405, which requires NEM customer-generators to be placed into the rate class they would be in if they were not NEM customer-generators, prohibits the Commission from calculating the cost to serve NEM customer-generators and calculating the benefit that NEM customer-generators receive from other classes by NEM customer-generators not paying the full cost to serve them. (*Id.* at 25-27.)

SEIA's Position

- 40. SEIA argues that the Commission should reconsider the summary section and paragraphs 464-469, 510-515, and 517 regarding its finding that 15-minute netting is permissible under Nevada law because, according to SEIA, those findings are arbitrary and capricious. (SEIA Pet. at 2-5.)
- 41. SEIA also argues that the Commission should reconsider those same parts of the order regarding its finding that 15-minute netting is permissible under Nevada law because, according to SEIA, statutory language is to the contrary. (*Id.* at 5-7.)
- 42. SEIA argues that if the Commission rejects the arguments above, then the Commission should clarify that interconnection applications submitted before October 1, 2025, are eligible for monthly netting. (*Id.* at 8-9.)

BCP's Position

43. BCP argues that the Commission should reconsider paragraph 464, concerning the determination that 15-minute netting is permissible under Nevada law. (BCP Pet. at 16.)

Sierra's Position

- 44. Sierra argues that the Commission is allowed to interpret a statute now differently than it did eight years ago. (NV Energy Answer at 3.)
- 45. Sierra also argues that the Commission did explain why it reinterpreted AB 405 to permit Sierra's 15-minute netting proposal. (*Id.* at 3-4,)
- 46. Sierra argues further that substantial evidence in the record supports the Commission's decision to allow 15-minute netting for Sierra. (*Id.* at 4-5.)
- 47. Sierra argues that Vote Solar and SEIA ignore the Nevada Legislature's intent to value excess electricity at less than the retail rate. (*Id.* at 5-6.) Sierra argues further that monthly netting cannot achieve that intent. (*Id.* at 6.)
- 48. Sierra argues that the evidence that NV Energy presented shows that under monthly netting, the vast majority of NEM customers' excess and returned electricity is effectively valued at 100 percent of the retail rate instead of the statutorily mandated tiered rates of less than 100 percent of the retail rate. (*Id.* at 6-7.)
- 49. Sierra argues further that Vote Solar and SEIA ignore the history of how the Legislature arrived at the four tiers of compensation. (*Id.* at 7.) Sierra argues further that the Legislature did not vote to have those tiered percentage rates apply only to a very small fraction of the excess energy generated. (*Id.*)
- 50. Sierra argues that the plain language of NRS 704.769 and NRS 704.775 does not mandate monthly netting. (*Id.* at 7-10.)

- 51. Sierra argues further that Vote Solar and SEIA's plain-language arguments fail to harmonize with NRS 704.7732's provisions for compensating customers at the tiered percentage rates. (*Id.* at 10.)
- 52. Sierra argues that substantial evidence exists in the record to support the Commission's findings regarding 15-minute netting. (*Id.* at 11-14.)
- 53. Sierra argues that its cost-of-service study does not violate NRS 704.773(5)'s requirement that NEM customers be in the otherwise applicable rate class, because the study is for illustrative purposes in designing rates, and the study does not place NEM customers into a separate rate class. (*Id.* at 14.)
- 54. Sierra argues that neither *res judicata* nor judicial estoppel bind the Commission to its 2017 decision regarding AB 405. (*Id.* at 14-16.)

Commission Discussion and Findings

- a. Clarification of "grandfathering" cut-off date
- 55. The Commission clarifies that the change to 15-minute netting will take effect for all new NEM applications that Sierra receives on or after October 1, 2025.
 - b. Arguments previously briefed and addressed by the Commission
- 56. To the extent that Vote Solar, SEIA, and BCP restate the identical failed legal arguments interpreting NRS 704.769 and NRS 704.775 as only permitting monthly netting, the Commission once again rejects those arguments for the same reasons stated in the Commission's September 16, 2025, Order. Instead, the Commission will use this opportunity to address arguments presented by Vote Solar and SEIA that have not been previously addressed. Notably, the BCP does not offer any new argument.
 - c. Res judicata does not bar the Commission's decision.

- 57. Vote Solar and SEIA seek application of *res judicata* upon the Commission to prevent the Commission's legal interpretation of the applicable statutes. Vote Solar and SEIA fundamentally misapply the concept of *res judicata*. Indeed, the very cases Vote Solar and SEIA cite for support do not provide for the extreme outcome Vote Solar and SEIA seek here: barring the Commission from revisiting its own statutory interpretations.
- 58. First, the Commission notes the permissive language contained in Vote Solar's and SEIA's cited authorities that *res judicata* "may" or "can" apply to administrative proceedings in certain scenarios. Neither Vote Solar nor SEIA provide any authority that mandates the outcome they seek, nor do they even attempt to apply the multi-part test that *res judicata* requires under Nevada law. *See Britton v. City of N. Las Vegas*, 106 Nev. 690, 693, 799 P.2d 568, 570 (1990) (citing *Horvath v. Gladstone*, 97 Nev. 594, 596, 637 P.2d 531, 533 (1981)).
- 59. The Commission notes that the Supreme Court of Nevada has declined to mandate the application of *res judicata* in administrative contexts. *See Campbell v. State*, *Dep't of Tax'n*, 108 Nev. 215, 217, 827 P.2d 833, 835 (1992). Similarly, a recent holding in United States District Court for the District of Nevada, which was then later affirmed by the United States Court of Appeals for the Ninth Circuit, has also declined to mandate *res judicata* in an administrative context. *See Ulloa v. Nevada Gold Mines*, No. 3:21-CV-00495-RCJ-CSD, 2024 WL 728696, at *9 n.12 (D. Nev. Feb. 22, 2024), *aff'd sub nom. Ulloa v. Nevada Gold Mines*, *LLC*, No. 24-1759, 2025 WL 2028307 (9th Cir. July 21, 2025).
- 60. Claim and issue preclusion can apply in the administrative context "[w]hen an administrative agency is acting in a judicial capacity and resolves disputed issues of fact properly before it which the parties have had an adequate opportunity to litigate." *United States v. Utah Constr. Co.*, 384 U.S. 394, 421–22, 86 S. Ct. 1545, 16 L.Ed.2d 642 (1966). However, the

Commission did not act in a judicial capacity when it approved monthly netting in 2017 or when it approved 15-minute netting now. When setting utility rates, the Commission performs a legislative function requiring regular reassessment and adjustment. Here, based on new evidence not available in 2017 that establishes the extent to which monthly netting practices are not achieving the legislative intent to ramp down NEM compensation, as well as evidence regarding the growing cost-shift from NEM customers to non-NEM customers, the Commission performed its ongoing independent statutory duty to ensure just and reasonable rates and exercised its legislatively delegated ratemaking authority.

- 61. The Supreme Court of Nevada has held that there is a public policy exemption to the application of *res judicata* as there "exist situations in which the doctrine [of *res judicata*] will yield to considerations of public policy." *Willerton v. Bassham, by Welfare Div., State, Dep't of Hum. Res.*, 111 Nev. 10, 18, 889 P.2d 823, 828 (1995) (citing *Mercoid Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 662, 64 S. Ct. 268, 269, 88 L. Ed. 376 (1944)).
- 62. Notably, the Court of Appeals of Nevada, recognizing the subject-matter expertise of administrative bodies, has strongly cautioned about the dangers of applying *res judicata* in such administrative contexts:

Courts give deference to executive boards, but not because they act like courts; in many ways boards could not operate less like courts, and we need to be careful when applying judicial doctrines like collateral estoppel, res judicata, and "law of the case" to board actions in the same way that we apply them to judicial decisions. Rather, courts give deference to executive boards because they have subject-matter expertise that judges do not. Boards are essentially panels of experts licensed in the field and appointed to regulate the standards of their own profession. Unlike courts run by generalist judges whose principal (or only) training is in the law, Nevada boards are purposefully structured to include nonlawyer members who lack legal training but who have personal familiarity with the area over which the board exercises jurisdiction, whether the subject matter relates to contractor licensing, osteopathic practices, the qualifications of massage therapists, or any of the other myriad subject areas and professions licensed and supervised by state executive boards in Nevada. By virtue of their experience, board members know things about the subject matter that judges likely will not know and that

could never be admitted into evidence in a court governed by rules of evidence. Even board members who have law degrees will likely know more than most judges do about board licensing and discipline, because a court like ours confronts a licensing question perhaps once in a blue moon, if that; but the very purpose of a board is to grapple with the same questions over and over, frequently in disputes that would never reach a court.

Tom v. Innovative Home Sys., LLC, 132 Nev. 161, 179, 368 P.3d 1219, 1231 (Nev. App. 2016) (Tao, J., concurring).

- 63. In any event, none of these cases cited are completely analogous to the circumstances here. None of the authorities that Vote Solar and SEIA rely on provide support for the proposition that an administrative body cannot reinterpret a statute due to a prior interpretation under the doctrine of *res judicata*. Importantly, the *Britton* Court provides the three-pronged test that must be satisfied for *res judicata* to apply. Most notably, the third prong of the *res judicata* inquiry examines "whether the party against whom the judgment is asserted was a party, or in privity with a party to the prior adjudication." *Britton* 106 Nev. at 693. Here, as stated previously, Vote Solar and SEIA seek to apply *res judicata* to prevent the Commission itself from reinterpreting a statute. The Commission is not a party in any of its proceedings nor is it in privity with any party that participates in its proceedings. The Commission is the decision-maker. This was true when the Commission interpreted the statutes 2017, and it is true now. Fatally, Vote Solar and SEIA cannot satisfy the requirements of *res judicata* in the very authority they cite for support.
 - d. The Commission did not rely on an unlawful cost-of-service study.
- 64. Next, Vote Solar claims that the Commission violates NRS 704.773(5) by relying on a cost-of-service study that provides disaggregated data on NEM and non-NEM customers. The Commission disagrees. As the name implies, a cost-of-service study is simply a study that provides data that inform the Commission's evaluation of a particular rate design. The cost-of-service study does not dictate to which rate class customers are assigned. Further, the use of

disaggregated data here in the cost-of-service study does not assign a NEM customer to any different rate class. It is undisputed, including by Vote Solar, that NEM customers remain assigned to the rate class to which they would belong if they did not have a NEM system.

- e. The Commission's decision is not barred by the judicial estoppel doctrine.
- 65. Similar to its failed *res judicata* argument, Vote Solar argues that the Commission is barred from reinterpreting a statue under the doctrine of judicial estoppel. As NV Energy points out, "Vote Solar's own cited authorities do not support its argument. The case law Vote Solar cites in footnote 72 of its Petition notes that judicial estoppel seeks to prevent intentional wrongdoing or an attempt to obtain some unfair advantage. That court found that judicial estoppel does not preclude a change in position that is not intended to sabotage the judicial process." (NV Energy Pet. at 16 (internal quotation marks omitted).) The Commission agrees and rejects Vote Solar's argument that the Commission is barred under judicial estoppel.
- 66. Ultimately, the outcomes that Vote Solar and SEIA seek lead to absurd results, which would effectively have Nevada's administrative agencies ossified and unable to adapt to confront developments in their often highly technical and rapidly evolving domains. Any court of competent jurisdiction should recognize the dangers of Vote Solar's and SEIA's arguments and their far-reaching implications beyond just this Commission.

f. The Commission's decision is based on substantial record evidence.

67. The record in this case contains substantial evidence, primarily in the form of testimony of NV Energy Witnesses Bohrman, Williams, Tilmon, and Pollard, detailing how costs of serving NEM customers are not being recovered from NEM customers through Sierra's rate structure, how those costs are being shifted to other customers, and how 15-minute netting for new NEM customers can be implemented by NV Energy to mitigate the problem. Moreover, NV

Energy Witness Bohrman provided testimony demonstrating that the existing rate structure and monthly netting has failed to achieve the legislative intent of reducing compensation for electricity produced by customer-generators from the full retail rate to 75 percent of the retail rate. The evidence on the record reflects that only 17 percent of electricity delivered by Tier 4 NEM customers was compensated at below the retail rate. Additionally, the record contains references to studies performed in other jurisdictions, each concluding that there is an inequitable cost-shift from NEM to non-NEM customers. NV Energy's response to Procedural Order No. 4 further supports the Commission's decision to adopt 15-minute netting as it provides information showing how 15-minute netting would have changed historic revenues and billing compared to monthly netting, resulting in a reduction to the cost-shift, which was identified and substantiated by the Commission in Sierra's recent general rate case and discussed in testimony here.

D. NCARE's High-Load-Factor Recommendations

NCARE's Position

68. NCARE argues that the Commission should reconsider its decision in paragraphs 709 and 713 of the final order that NCARE bring its concerns regarding line-extension agreements, flexible connection pathways for load and export, and new very large, high load factor customers to NV Energy's Rule 9 workshops, because those workshops have concluded, and thus NCARE has no way to discuss the issue with NV Energy. (NCARE Pet. at 8-10.)

BCP's Position

69. BCP states that it supports NCARE's request. (BCP Answer at 8.)

Nevada Power's Position

70. Nevada Power states that NCARE can present its concerns in multiple dockets that currently are open or potentially will be opened. (NV Energy Answer at 34.)

Commission Discussion and Findings

- 71. The Commission agrees with NCARE that the Rule 9 workshops pursuant to Docket No. 24-05041 have concluded and that NCARE is unaware of other regulatory channels to continue its dialogue with Nevada Power regarding large-load, high-load-factor customers. The Commission shares NCARE's concern about having the proper rules in place if substantial growth of large-load, high-load-factor customers occurs within NV Energy's service territories, as is occurring in many other jurisdictions across the nation.
- 72. The Commission believes that the needs for this set of customers might be unique, which warrants a thorough review of the customer onboarding process, beyond just the distribution and transmission-related requirements in the current Rule 9. This could require revisions to the current Rule 1 and Rule 9 tariffs. Many other jurisdictions have incorporated a separate rate classification for this unique set of customers, and the Commission contemplates whether NV Energy's current customer onboarding and rate structure is properly situated to handle this potential rapid growth while protecting the interests of existing and future customers.
- 73. The Commission notes that a stipulation was recently filed in Docket No. 25-08029, which includes further discussion on these issues.

E. NCARE's Request Regarding Class Cost of Service Study NCARE's Position

74. NCARE argues that the Commission should reconsider paragraphs 671 through 677, approving Staff's class cost of service study ("CCOSS"), for the limited purpose of addressing the issue of the marginal cost regression analysis time frame, to shorten the period from Nevada Power's submitted 25-year to NCARE's recommended 15-year marginal cost time frame. (NCARE Pet. at 10-11.)

BCP's Position

75. BCP states that it supports NCARE's request. (BCP Answer at 8.)

Nevada Power's Position

76. Nevada Power argues that NCARE's request is irrelevant and moot. (NV Energy Answer at 35.)

Commission Discussion and Findings

77. The Commission agrees with Nevada Power that the adoption of Staff's CCOSS makes this issue moot for the purposes of this docket. Nevada Power's CCOSS used the 25-year marginal cost regression analysis; however, the Commission approved Staff's CCOSS. The Commission understands NCARE and BCP's concern and does not foreclose a similar recommendation by the parties in a future general rate case ("GRC") in evaluating CCOSS data sets.

F. Staff's Request Regarding Paragraphs 672 and 673

Staff's Position

78. Staff requests that the Commission clarify paragraphs 672 and 673, regarding the use of Staff's CCOSS model. (Staff Pet. at 6-7.)

BCP's Position

79. BCP states that it supports Staff's request. (BCP's Answer at 6.)

Commission Discussion and Findings

80. The Commission clarifies the order and reiterates its acceptance of Staff's CCOSS. The language in paragraphs 672 and 673 of the order is modified to adjust the discussion in those paragraphs of the Probability of Peak and Loss of Load Probability hourly shift in cost allocation as being over all hours during the year and not a specific day. Nevada

Power's approach to cost allocation is to solely rely on demand; this approach results in costs being allocated to approximately ten to twenty percent of the hours over the course of the 8,760 hours in a 365-day year. Nevada Power's approach results in little to no costs being allocated to other than peak hours, and the Commission affirms its order that this is inappropriate as costs to run the system are incurred in all hours.

G. BCP's Request Concerning \$2.7 Million in Affiliate Charges and BCP Witness Nichole Loar's Recommendations 4, 5, and 6

BCP's Position

- 81. BCP argues that the Commission should reconsider paragraph 76, regarding the recovery of \$2.7 million in affiliate charges, because Nevada Power has not provided any evidence of specific transactions that total \$2.7 million. (BCP Pet. at 10-12.)
- 82. BCP argues that the Commission also should reconsider paragraph 76, regarding the recovery of \$2.7 million in affiliate charges, because the decision is arbitrary and capricious. (*Id.* at 12-13.)
- 83. BCP also requests clarification regarding three recommendations by its witness Nichole Loar regarding the listing of affiliate charges, which BCP argues that the Commission did not address. (*Id.* at 19.)

Wynn-SEA's Position

84. Wynn-SEA states that it supports BCP's request regarding the \$2.7 million in affiliate charges. (Wynn-SEA Answer at 6-7.)

Staff's Position

85. Staff states that it supports BCP's request regarding the \$2.7 million in affiliate charges. (Staff Answer at 2.)

Nevada Power's Position

- 86. Nevada Power states that it included all 71,457 affiliate transactions in a master data request, and that the other parties asked for detailed information regarding 7,387 of those transactions. (NV Energy Answer at 28-29.) Nevada Power states further that those 7,387 affiliate transactions represented \$11.1 million in affiliate transaction costs. (*Id.* at 29.) Nevada Power states further that the other parties contested \$4.4 million in affiliate transaction costs, leaving \$6.7 million unchallenged. (*Id.*) Nevada Power states that the Commission thus had substantial evidence to direct recovery of \$8.4 million in affiliate transaction costs. (*Id.*)
- 87. Nevada Power states that it limited its recovery request to \$2.7 million to be consistent with the affiliate-transaction cap that had been in place prior to 2023. (*Id.*)
- 88. Regarding BCP witness Nichole Loar's recommendations 4, 5, and 6, Nevada Power argues that the Commission need not address each directive proposed by an intervenor that the Commission does not wish to implement. (*Id.* at 32.)
- 89. Nevada Power argues further that there is no evidence that the witness-sponsored schedules that BCP requests are needed or even possible to provide. (*Id.* at 32-33.) Nevada Power also notes that with the implementation of the new financial systems, it is unclear whether the detail that BCP requests would be necessary in the next rate case. (*Id.* at 33.)

Commission Discussion and Findings

90. The Commission's findings neither dismiss nor disregard the significant challenges that parties faced in their attempts to review and audit the affiliate transactions in this docket. In fact, the Commission's order of September 16, 2025, not only acknowledges the challenges that Staff and BCP faced in their attempts to review and audit the intercompany transactions, but also the Commission's disappointment with Nevada Power's inability to

adequately present those charges in a more reasonable manner. The evidence presented by Staff and BCP on intercompany charges formed the basis for the Commission to caution Nevada Power of potential penalties it could face in subsequent GRC filings should these shortcomings of its presentation of intercompany transactions remain in future GRCs.

- 91. However, the record contained evidence of intercompany charges of at least \$2.7 million for reasonable activities that benefited ratepayers. Due to this evidence, the Commission does not believe that the shortcomings of Nevada Power's presentation of its intercompany charges in this GRC warrant a 100-percent disallowance. Rather, the Commission finds that \$2.7 million is a reasonable amount for recovery and is on the lower portion of a range of values the Commission could have determined to be reasonable.
- 92. Regarding the premise posed by BCP in its petition, and echoed in the answers to BCP's petition by Staff and Wynn-SEA, that \$2.7 million is unsupported because \$2.7 million of "specific transactions" do not exist, the Commission finds that the specific transactions contained in Master Data Request 32, after the removal of certain transactions throughout the discovery process and at the time of the hearing in this case, still substantially exceeds \$2.7 million. The Commission's understanding of the context in which Nevada Power made its comments cited by BCP is that Nevada Power was focusing on determining a reasonable amount for recovery and not on a specific value derived from a subset of transactions. (BCP Pet. at 11.) The Commission agrees and finds that there are conceivably hundreds, if not thousands, of combinations of the tens of thousands of remaining transactions that could sum to \$2.7 million. Because there are countless combinations of specific transactions that could sum to \$2.7 million, the Commission finds that the more practical exercise is to determine a reasonable value from within a reasonable range. The Commission does not believe that \$0 of intercompany transactions is within a

reasonable range in this GRC, but again cautions Nevada Power that continued failure to present future affiliate transactions sought for recovery in a more concise and usable manner could compel the Commission to determine that \$0, or lower, is a reasonable amount for recovery, net of potential fines. As such, the Commission's finding that \$2.7 million in affiliate charges is a reasonable amount for recovery in this GRC is affirmed.

- 93. Regarding BCP witness Loar's recommendations 4, 5, and 6, the Commission agrees that Nevada Power should clearly present the affiliate charges that it seeks for recovery. The Commission was hopeful that this issue would be addressed and resolved through Directive 8 of the modified final order in Docket Nos. 24-02026 and 24-02027, filed September 12, 2024, that compelled NV Energy, Staff, and BCP to discuss and address this specific issue. Because those efforts did not yield the intended results, the Commission orders Nevada Power in its next GRC to:
- (a) File a witness-sponsored schedule, by affiliate, delineating affiliate transactions clearly stating the total affiliate charge, Federal Energy Regulatory Commission ("FERC") account number, dollar amount requested for recovery, and a general description of the charge;
- (b) File a witness-sponsored schedule, by affiliate, delineating affiliate investor or shareholder charges clearly stating the total amount of the charge, FERC account number, dollar amount requested for recovery, and a general description of the charge; and
- (c) Include affiliate compensation, by affiliate, on Schedules H-17 and I-17 as a separate and identifiable portion of those schedules.

H. BCP's Request Concerning Out-of-Period Legal Expenses

BCP's Position

94. BCP argues that the Commission should reconsider paragraph 209, regarding recovery of legal expenses, because those expenses were not recorded on the accrual basis and were in violation of federal regulation. (BCP Pet. at 13-14.)

Wynn-SEA's Position

95. Wynn-SEA states that it supports BCP's request. (Wynn-SEA Answer at 7.)

Staff's Position

96. Staff states that it supports BCP's request. (Staff Answer at 2.)

Nevada Power's Position

- 97. Nevada Power argues that it deviates from accrual accounting to ensure that the legal charges are valid and accurate. (NV Energy Answer at 30.)
- 98. Nevada Power argues further that no provision of Nevada law requires Nevada Power to use accrual accounting. (*Id.*)

Commission Discussion and Findings

- 99. The Commission reaffirms its September 16, 2025, Order at paragraph 209 for the reasons set forth below. BCP fails to identify any Nevada statutory provisions that the Commission's order violates and instead points to the Code of Federal Regulations to argue that accrual accounting is strictly required. There is no statutory requirement to implement accrual accounting, and therefore, no law is violated. The Commission found Nevada Power's accounting methods reasonable in its order at paragraph 209. The substantial evidence in the record explains why these legal expenses are reasonably incurred and how they were recorded. Accordingly, the Commission upholds its finding that Nevada Power's historical process of recording legal expenses when validated and approved for payment is reasonable.
 - I. BCP's Request Concerning Approval of Recovery for a Construction Work in Progress ("CWIP")

BCP's Position

100. BCP argues that the Commission should reconsider paragraphs 50-53, regarding the approval of recovery of CWIP expenses, because such recovery is unnecessary, ignores the

"used and useful" principle, and rewards Nevada Power for the false and misleading statements of its previous chief executive officer. (BCP Pet. at 14-16.)

Wynn-SEA's Position

101. Wynn-SEA states that it supports BCP's request. (Wynn-SEA Answer at 7-8.)

Nevada Power's Position

- 102. Nevada Power notes that under NAC 704.7984, the Commission may include CWIP in rates for a designated "critical facility." (NV Energy Answer at 30.) Nevada Power states further that the Commission has designated Greenlink as a critical facility, and thus that the Commission was within its statutory and regulatory authority to authorize CWIP in rate base. (*Id.* at 30-31.)
- 103. Nevada Power argues that BCP has not cited any error or mistaken fact in the Commission's decision, and that BCP appears to be asking the Commission to re-weigh the evidence. (*Id.* at 31.)

Commission Discussion and Findings

- 104. The Commission reaffirms its decision to allow 50 percent of the recorded CWIP in rate base as outlined in paragraphs 50-53 of its order of September 16, 2025.
- 105. The Commission recognizes that BCP and Wynn-SEA would prefer to delay the inclusion of any Greenlink-related costs until a later date. However, the Commission found that delaying all cost-recovery for this significant project would place an unreasonable risk on Nevada Power and its ratepayers. The Commission ordered the inclusion in rates of 50 percent of certain costs incurred to date to mitigate the risk and the accrual of some carrying costs.
- 106. The Commission found that waiting until the financial stability of Nevada Power is imperiled before addressing the cost and risk of this multi-billion-dollar project is

unreasonable. In this instance, the Commission makes its decision for this moderate step with an eye toward the preservation of the favorable financial health of the utility, which is of benefit to current ratepayers.

- 107. With respect to the "used and useful" principle, the Commission acknowledges that the principle is a traditional default ratemaking standard, but the Commission also notes that it is a principle that is neither inflexible nor a law. (See BCP Pet. at 15.) Strict adherence to the "used and useful" principle would render useless the provision set forth in NAC 704.9484(3)(c) that allows for the inclusion of CWIP in rates for critical facilities.
- 108. Finally, the Commission, in any of its decisions, is neither rewarding nor punishing Nevada Power for the statements of its former CEO. The decisions made by this Commission are based on the merits of the evidentiary record. The decision in this instance was made despite the "bad behavior," as BCP calls it, and although the Commission found those disappointing statements to not be determinative in this instance, those statements do affect the credibility of NV Energy.
 - J. Requests Regarding Transportation Electrification Plan ("TEP") and Economic Recovery Transportation Electrification Plan ("ERTEP") Regulatory Assets

BCP's Position

- 109. BCP requests clarification of paragraphs 252 and 263, regarding recovery for convenience meals and legal invoices regarding the Transportation Electrification Plan ("TEP") regulatory asset. (BCP Pet. at 16-17.)
- 110. BCP also supports Staff's similar request, described immediately below. (BCP Answer at 5-6.)

⁴ The Commission is unsure what relevance BCP's citation of NRS 704.440 serves in this context.

Staff's Position

- 111. Staff requests that the Commission clarify paragraph 263 of the order, regarding legal invoices related to the TEP and ERTEP, specifically those amounts that the Commission already had addressed in Sierra's recent rate case, Docket No. 24-02026. (Staff Pet. at 3.)
 - 112. Staff also agrees with BCP's request, described above. (Staff Answer at 2-3.)

 Wynn-SEA's Position
- 113. Wynn-SEA states that it supports BCP's and Staff's requests. (Wynn-SEA Answer at 4.)

Commission Discussion and Findings

- 114. The Commission rejects BCP request for clarification as it relates to TEP and ERTEP. First, the Commission agrees with Nevada Power that redaction of any kind is not automatically grounds for disallowance. The Commission reiterates that NV Energy bears the responsibility to provide full and complete records that allow for review and verification of the expenses that are being requested for recovery and expects that standard to be met in its filings.
- 115. Second, the Commission rejects BCP's request for clarification of BCP's concern regarding employee convenience meals. There is a difference between activities and costs incurred for statutorily-required public policy programs and those incurred in the normal course of business. The Commission does not find an inconsistency in the application of its order.
- 116. With respect to Staff's request for clarification regarding the portion of legal invoices that were previously denied for recovery in Sierra's GRC, the Commission clarifies that for those specific invoices, the costs of those invoices shall be removed from Nevada Power's cost-recovery in the instant docket.

K. BCP's Request Regarding Redacted Legal Fees for Affiliate TransactionsBCP's Position

117. BCP requests clarification of paragraph 79 of the order, regarding redacted affiliate legal fees. (BCP Pet. at 18.)

Commission Discussion and Findings

- 118. The Commission finds that accepting BCP witness Ms. Loar's alternate recommendation (Recommendation No. 2) would result in the recovery of an amount of affiliate charges that exceeds what the Commission has determined to be appropriate. Therefore, the Commission declines to rule on any of the individual provisions presented within that recommendation at this time. However, this decision does not preclude any party from bringing any of the individual issues forward in a subsequent GRC.
 - L. BCP's Request Regarding Redacted Legal Fees in the Context of the NDPP Regulatory Asset

BCP's Position

119. BCP requests clarification of recovery of redacted legal fees in the context of the Natural Disaster Protection Plan ("NDPP") regulatory asset. (BCP Pet. at 18-19.)

Staff's Position

120. Staff states that it shares BCP's concerns. (Staff Answer at 3.)

NV Energy's Position

- 121. Nevada Power argues that the NDPP legal invoices were redacted only to the extent to preserve attorney-client privilege. (NV Energy Answer at 31.)
- 122. Nevada Power argues further that it provided unredacted copies of its NDPP engagement letters to BCP. (*Id.*)

123. Nevada Power argues further that its outside legal costs were prudently incurred to prepare and present NDPP-related planning and cost-recovery cases to the Commission. (*Id.*)

Commission Discussion and Findings

- 124. The Commission rejects BCP's request for clarification. As stated above, redaction of any kind is not automatically grounds for disallowance. The Commission continues to believe that costs for outsourced legal work may be reasonable. The Commission encourages Nevada Power to provide better oversight and direction to its outside counsel regarding preparation of invoices that are reasonable for regulatory review.
 - M. Request Regarding the NEM Regulatory Asset and Deferred Debit
 Staff's Position
- 125. Staff requests that the Commission clarify paragraph 285 of the order regarding its determination of the NEM regulatory asset and deferred debit balances. (Staff Pet. at 3-4.)

Wynn-SEA's Position

126. Wynn-SEA states that it supports Staff's request. (Wynn-SEA Answer at 4-5.)

BCP's Position

127. BCP states that it supports Staff's request. (BCP Answer at 5.)

Nevada Power's Position

128. Nevada Power states that the NEM deferred debit reflects the revenue shortfall associated with customers adopting NEM after the conclusion of Nevada Power's 2023 GRC, Docket No. 23-06007. (NV Energy Answer at 33.) Nevada Power argues that while the Commission has approved 15-minute netting and the residential daily demand charge in this docket, it should be able to recover the costs that pre-existed before the adoption of those alternatives. (*Id.*)

129. Nevada Power argues that Staff's recommendation to deny recovery of the NEM regulatory asset that was approved in Nevada Power's 2020 GRC, Docket No. 20-06003, contradicts the stipulation on revenue requirement in that docket. (*Id.* at 33-34.)

Commission Discussion and Findings

- 130. The Commission clarifies that the calculated NEM deferred debit presented in this docket is not authorized for recovery. There are two portions of the NEM regulatory asset previously approved for recovery that remain unamortized, as approved in Docket No. 20-06003 and the amount through certification in consolidated Docket Nos. 23-06007 and 23-06008. The Commission's order in the instant docket does not alter or disallow the recovery of any unamortized amounts related to the approved NEM regulatory assets in those dockets. The Commission reaffirms its order that no regulatory asset be recorded for the calculated NEM subsidy here, which would include a reclassification of the NEM deferred debit requested for recovery by Nevada Power.
 - N. Staff's Request Regarding the Accounting Practices for the Reid Gardner, Navajo, and RTO Regulatory Assets

Staff's Position

131. Staff requests that the Commission reconsider paragraph 329 of the order, regarding the accounting methods for the carrying costs of the Reid Gardner, Navajo, and Regional Transmission Organization ("RTO") regulatory assets, so that it conforms with the Commission's decision in Docket No. 25-02032. (Staff Pet. at 4-5.)

Wynn-SEA's Position

132. Wynn-SEA states that it supports Staff's request. (Wynn-SEA Answer at 5-6.)

BCP's Position

133. BCP states that it supports Staff's request. (BCP Answer at 6.)

Commission Discussion and Findings

- 134. The Commission reaffirms paragraph 329 of the order. The Commission's order reflects a finding that invoices that are received, approved for payment, accrued at month-end and posted to the project are reasonable for inclusion in carry cost calculations. The Commission does not find its decision to be inconsistent with ordering paragraph 76 from the final order in Docket No. 25-02032, issued on September 19, 2025.
- 135. In the normal course of business, invoices are received, approved for payment, and accrued at month-end pending payment in accordance with the invoice due date, with the costs posted to projects. Accrued invoices are then paid in accordance with the payment terms or due date, which can occur in the following month. The Commission is not persuaded by Staff's argument here that historical, routine accounting practices for recording costs require modification.
 - O. Staff's Request Regarding Non-Travel Expenses Proposed for Recovery in Various Regulatory Assets

Staff's Position

136. Staff requests that the Commission reconsider paragraph 368, regarding non-travel expenses in various regulatory assets, because the paragraph does not address those expenses. (Staff Pet. at 5-6.)

Wynn-SEA's Position

137. Wynn-SEA states that it supports Staff's request. (Wynn-SEA Answer at 6.)

BCP's Position

138. BCP states that it supports Staff's request. (BCP Answer at 6.)

Commission Discussion and Findings

- 139. The Commission reaffirms its order in paragraph 368. Staff presented the Commission with 26 pages of expense line-item details, and Staff did not segregate travel costs and non-travel costs. (Ex. 303 at 10-11 and Attachment KAB-10.) Staff designated all those costs as unnecessary travel to attend regulatory proceedings, and the Commission rejected Staff's contention.
- 140. Staff did not present an alternative recommendation and did not segregate or identify what it considered "non-travel" or "unnecessary travel costs" from "travel costs to attend regulatory proceedings," either in Exhibit 303 or in its petition. The Commission recognizes the challenge in gathering and presenting the relevant information, but the Commission finds the evidence was not sufficient for disallowance.
- 141. The Commission disagrees that its order is internally inconsistent with paragraph 208 of the order because that paragraph is the result of BCP identifying specific expenses and requesting that those items be excluded from cost recovery. Staff makes no such distinction in the 26 pages of cost detail line items in its workpapers, direct testimony, and petition. (*See id.* at 9-12 and Attachment KAB-10.)

P. Nevada Power's Request Regarding FlexPay Implementation and Carry Costs

Nevada Power's Position

142. Nevada Power argues that the Commission should reconsider paragraphs 308 and 309 of the order, which denied Nevada Power's request to recover FlexPay's implementation costs plus carry, because the FlexPay program's benefits have outweighed its costs. (NV Energy Pet. at 2-5.)

Wynn-SEA's Position

143. Wynn-SEA recommends that the Commission affirm its order on this issue. (Wynn-SEA Answer at 3-4.)

BCP's Position

- 144. BCP argues that Nevada Power is not stating the intent and the purpose of the FlexPay program accurately. (BCP Answer at 3.)
- 145. BCP argues further that Nevada Power did not follow its own tariff and harmed its own debt-collection efforts. (*Id.*)
- 146. BCP argues further that the Commission had substantial evidence to deny recovery of the FlexPay program costs based upon the negative outcome of the program to date and to accept its and Staff's positions that the FlexPay program increased operating costs instead of reducing them. (*Id.*)

Commission Discussion and Findings

- 147. The Commission finds Nevada Power's arguments unpersuasive and reaffirms its original order, denying any cost recovery for the FlexPay program. The Commission emphasizes that if Nevada Power seeks recovery for future programs, then it should propose initiatives that are realistic and supported by clear, measurable benefits.
- 148. Nevada Power originally presented the FlexPay as a cost-effective program designed to provide customers with an alternative method to manage their payments for electric service. Although the Commission previously authorized cost recovery in Docket Nos. 20-06003 and 23-06007, Nevada Power has failed to demonstrate that the program has achieved its stated benefits; in some cases, FlexPay actually exacerbated issues that the program was intended to reduce, such as call center volume. At this time, the FlexPay program reflects total benefits of

negative \$1,175,898, with implementation costs totaling \$5.634 million and an additional \$2.442 million in carryover expenses.

- 149. The Commission finds it unacceptable for ratepayers to absorb losses of \$1,175,898 for a program whose stated benefits have not materialized. Nevada Power must conduct more rigorous research, planning, and oversight for any future payment programs it submits for approval. Furthermore, Nevada Power must improve its management of implemented programs to ensure they are consistent with the approved rate schedules, which was not done in this case.
- 150. In the original order approving FlexPay, the Commission explicitly stated that program costs would be subject to future evaluation. Based on the evidence in this proceeding, the evaluation demonstrates that FlexPay has failed to meet its objectives, deviated from Schedule OFP without any Commission authorization, and imposed costs upon other ratepayers. Accordingly, the Commission reaffirms its original order.

Q. Nevada Power's Request Regarding the NSMO-1 Tariff Nevada Power's Position

151. Nevada Power argues that the Commission should reconsider paragraph 610 of the order, which denies Nevada Power's request to increase the monthly rate for customers on the NSMO-1 rider tariff who have analog meters. (NV Energy Pet. at 5-8.)

BCP's Position

152. BCP argues that Nevada Power did not meet its evidentiary burden. (BCP Answer at 4.) BCP argues further that Nevada Power has not demonstrated that the order on this issue is unlawful, unreasonable, or based on erroneous conclusions of law or mistaken facts. (*Id.*)

153. BCP argues alternatively that if the Commission grants reconsideration, then it should affirm its determination. (*Id.* at 4-5.)

Commission Discussion and Findings

154. The Commission affirms its decision regarding the NSMO-1 tariff. The Commission finds that Nevada Power did not present substantial data, calculations, or work papers in this case to support such a change, making the Commission unable to verify the reasonableness of the requested change. Therefore, the Commission reaffirms its original order in this case and denies the modification request for the NMSO-1 tariff.

R. NSA's Petition for Clarification

Commission Discussion and Findings

- 155. The Commission issued its final order on September 16, 2025. Pursuant to NAC 703.801(3), petitions for reconsideration or rehearing were due 10 business days later, which was September 30, 2025. Pursuant to NAC 703.115, in Procedural Order No. 12, which the Commission served upon all parties and interested persons, the Presiding Officer deviated from that regulation to make petitions for reconsideration or rehearing due 15 business days after issuance of the final order, which was October 7, 2025.
- 156. NSA filed its petition for clarification on October 28, 2025, 10 business days after expiration of the extended deadline. NSA's petition is far too late, and NSA does not explain why it filed the petition late. The Commission denies NSA's petition.

V. MR. SIMMONS' NOTICE OF INTERVENTION

Commission Discussion and Findings

157. Mr. Simmons files his notice of intervention pursuant to 16 U.S.C. § 2631(a), which states as follows:

In order to initiate and participate in the consideration of one or more of the standards established by subchapter II or other concepts which contribute to the achievement of the purposes of this chapter, the Secretary, any affected electric utility, or any electric consumer of an affected electric utility may intervene and participate as a matter of right in any ratemaking proceeding or other appropriate regulatory proceeding relating to rates or rate design which is conducted by a State regulatory authority (with respect to an electric utility for which it has ratemaking authority) or by a nonregulated electric utility.

- 158. To the extent that § 2631(a) has any applicability to this docket, it "is dependent on state law to define the nature and extent of consumer participation in ratemaking proceedings."⁵
- 159. NAC 703.578, *et seq.*, define the procedures for intervening in this docket. Of note, NAC 703.590(1) states that a PLTI must be filed within the applicable period set out in the public notice. In this docket, the PLTI period ended on March 19, 2025, almost seven months before Mr. Simmons filed his notice of intervention.
- 160. NAC 703.590(2) states that a person late-filing a PLTI must give a substantial reason for the delay. Mr. Simmons states that he had problems connecting with the Commission's public document search "today," meaning October 8, 2025.
- 161. The Commission finds that this is an insubstantial reason because it explains a delay of only one day out of almost seven months. Mr. Simmons does not explain why he could not have filed his notice of intervention at any time in the preceding seven months as well as during the time for filing PLTIs. The Commission thus denies Mr. Simmons' notice of intervention.
- 162. Because the Commission is denying Mr. Simmons' notice of intervention as untimely, the Commission makes no comment on the applicability of 16 U.S.C. § 2631(a) or the nature and extent of consumer intervention that it allows.

⁵ Robinson v. Dep't of Pub. Utilities, 835 F.2d 19, 22 (1st Cir. 1987).

Therefore, it is ordered:

- The Petition for Reconsideration of Nevadans for Clean Affordable Reliable
 Energy is granted.
 - 2. The Petition for Reconsideration of Vote Solar is granted.
- 3. The Petition for Clarification and Reconsideration of Solar Energy Industries Association is granted.
- 4. The Petition for Reconsideration of Nevada Power Company d/b/a NV Energy is granted.
 - 5. The Petition for Clarification of Nevada Solar Association is denied.
- 6. The Petition for Reconsideration and Clarification of the Nevada Bureau of Consumer Protection is granted.
- 7. The Petition for Clarification and Reconsideration of the Regulatory Operations
 Staff of the Public Utilities Commission of Nevada is granted.
- 8. The Public Utilities Commission of Nevada reconsiders, reaffirms, clarifies, and modifies its September 16, 2025, order, as delineated herein and reflected in the attached Modified Final Order.
- 9. The Public Utilities Commission of Nevada issues the attached Modified Final Order.

HAYLEY WILLIAMSON, Chair	N, Chair
HAYLEY WILLIAMSON, Chair	N, Chair
HAYLEY WILLIAMSON, Chair	N, Chair
HAYLEY WILLIAMSON, Chair	N, Chair

TAMMY CORDOVA, Commissioner and Presiding Officer

RANDY J. BROWN, Commissioner

Attest:
TRISHA OSBORNE,
Assistant Commission Secretary

Dated: Carson City, Nevada

(SEAL)

ATTACHMENT 1

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV)
Energy for authority to adjust its annual revenue)
requirement for general rates charged to all classes of) Docket No. 25-02016
electric customers and for relief)
properly related thereto.)
Application of Sierra Pacific Power Company d/b/a NV)
Energy, filed under Advice Letter No. 680-E, to)
implement Net Metering Rider-2025 Schedule No.) Docket No. 25-03006
NMR-2025 and to close Net Metering Rider-405)
Schedule No. NMR-405 to new customers.)

At a general session of the Public Utilities Commission of Nevada, held at its offices on November 18, 2025

PRESENT: Chair Hayley Williamson

Commissioner Tammy Cordova Commissioner Randy J. Brown

Assistant Commission Secretary Trisha Osborne

[PROPOSED] MODIFIED FINAL ORDER

(Bold and italics denote new text; strikethrough denotes text to be removed.)

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The Public Utilities Commission of Nevada ("Commission") makes the following findings and conclusions:

I. INTRODUCTION

On February 18, 2025, Nevada Power Company d/b/a NV Energy ("Nevada Power") filed with the Commission an application, designated as Docket No. 25-02016, for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto ("Application in 25-02016").

On March 4, 2025, Sierra Pacific Power Company d/b/a NV Energy ("Sierra," and, together with Nevada Power, "NV Energy") filed with the Commission an application, designated as Docket No. 25-03006, filed under Advice Letter No. 680-E, to implement Net Metering Rider-2025 Schedule No. NMR-2025 and to close Net Metering Rider-405 Schedule No. NMR-405 to new customers ("Application in 25-03006").

II. SUMMARY

This Order resolves contested issues in a general rate case to reset general rates for all customers of Nevada Power to recover the cost of the facilities and personnel that provide safe and reliable electric service in southern Nevada. Nevada Power has requested an additional \$224 million in annual revenue to its existing overall annual operating revenue of \$2.429 billion. This Order approves less than two-thirds of Nevada Power's requested additional revenue.

The process by which the Commission resets general rates starts with the "revenue requirement," a dollar amount that represents the total annual costs to the utility of providing service to its customers. In that regard, the process is similar to how most businesses set the prices that they charge to customers—by first determining the amount of revenue necessary to recover the costs of doing business. For Nevada Power, this meant filing over 20 volumes of

information with the Commission about its expenditures in 2024. Following that filing, for five months, the Commission's Regulatory Staff, the Bureau of Consumer Protection, and numerous other parties investigated the books and records of Nevada Power. The Commission held a 5-day hearing during which more than 70 witnesses were sworn in and responded to questioning.¹ This Order is reflective of that evidentiary record and the significant work of many professionals.

In determining the appropriate cost of doing business to include in general rates for Nevada Power, the starting point is Nevada Power's books and records from 2024. All expenditures made, from investments in electric infrastructure to expenses related to employee salaries and benefits, are reviewed to determine whether the decisions to incur the costs were prudent and whether the costs are reasonable for inclusion in rates charged to customers. In this Order, the Commission has determined that some costs that Nevada Power incurred are *not* reasonable to include in rates. Examples of costs not approved include lobbying, political and legislative expenses, corporate events, costs of employee incentive plans, and some costs from the parent company of Nevada Power, Berkshire Hathaway Energy ("BHE").

The Commission shares the concern voiced by many ratepayers at consumer sessions and in written comments that costs for everything are increasing and that electric bills are becoming unaffordable. However, the same economic pressures that are increasing costs at the grocery store and at the doctor's office are increasing costs for Nevada Power. As examples, the Commission has observed through this case an increase in the cost for electric equipment and liability insurance, for which Nevada Power competes in the same markets as other similar businesses.

¹ Some witnesses testified more than once during the hearing. Additionally, the presiding officer excused from testifying multiple witnesses for whom the parties stated that they had no questions.

The Commission also recognizes the need for a healthy utility that can provide safe and reliable service. This Order notes some areas for improvement for Nevada Power, such as better record-keeping, in oversight of its processes.

To ensure that Nevada Power has sufficient cash flow as it continues construction of legislatively-mandated transmission infrastructure across much of Nevada, the Commission authorizes a portion of the costs of that significant capital investment to be recovered through rates charged to customers while construction is still in progress, prior to customers benefitting from the infrastructure being used by and useful to Nevada Power's customers. The Commission makes this decision with the unfortunate realization that representations made by NV Energy's former chief executive officer to various entities, including the Nevada State Legislature and this Commission, were either misleading or factually inaccurate. Nevertheless, this Commission is charged with making the best decisions it can based on all available evidence.

Once the cost of doing business is established, the next step of the case, termed "rate design," involves calculating appropriate rates to recover the costs of providing service to various types of customers. Different ratepayers use Nevada Power's electric system differently. For example, large business ratepayers do not call the customer call center that residential customers use, and some large ratepayers own their own distribution lines and therefore do not need to pay Nevada Power the same amount for distribution facilities. The goal of rate design is two-fold: (1) setting rates that are most likely to allow Nevada Power to collect its revenue requirement to continue to provide safe and reliable service; and (2) setting rates for different ratepayer classes that are aligned with how each ratepayer class uses the electric system. Given that there is a certain amount of revenue that Nevada Power must collect to provide safe and

reliable service, if costs for one ratepayer class are not recovered through rates charged to that class, then the costs will be recovered through the rates charged to other ratepayer classes.

To this end, this Order does not approve a proposed low-income rate because, as designed, it would increase costs to non-low-income ratepayers by too much and would not result in just and reasonable rates. The Order instead directs further investigation into mechanisms to support low-income ratepayers.

This Order introduces a daily demand charge for all residential and small business customers for Nevada Power. This charge will be a new line item on ratepayers' bills, but it will not go into effect until April 2026. The delay of implementation until April 2026 allows time for Nevada Power to prepare its billing systems and provide educational materials to ratepayers to explain the new charge. Nevada Power provided evidence that an important feature of the new daily demand charge is that it will not change the overall monthly bill for the majority of ratepayers because the same cost of service is simply being collected through different individual rate components. This Order includes some monitoring and reporting requirements for Nevada Power as it implements the daily demand charge.

The daily demand charge will be calculated each day and summed monthly on the bill based on the maximum amount that a ratepayer uses the electric system each day. Nevada Power must construct its electric system to ensure that it can satisfy the maximum electric need for each ratepayer at all times. Nevada Power provided evidence, and it is the Commission's intent, that adopting the demand charge will enable the majority of Nevada Power's residential customers to experience lower bills and provide another way for customers to lower their monthly energy payment even without using less energy. It is not a time-of-use ("TOU") rate, meaning that a

ratepayer is not charged a different rate simply based on the time of day when the ratepayer uses electricity.

In addition to giving customers the ability to lower their bills through management of how they use electricity, the daily demand charge will also assist in lowering most customers' bills by equitably recovering costs from customers who have rooftop solar energy systems and participate in net energy metering ("NEM"). The evidence in this case reveals that the existing rate design for NEM customers does not cover the full cost of serving them, which on an annual basis results in nearly \$50 million in costs being collected instead from non-NEM customers.

The provision of bill credits to customers for the electricity produced by their solar energy systems makes sense; however, Nevada law requires bill credits for electricity produced by NEM systems to be calculated in a way that compensates NEM customers at a rate that far exceeds the market value of the solar energy produced by their NEM systems. For example, Nevada Power's NEM customers receive compensation for their energy generation at up to four and a half times what it would cost the utility to acquire the same amount of solar energy through its normal procurement processes; even considering application of the 75 percent for excess energy. Because Nevada Power is a public utility with an obligation to serve the customers in its service territory, it is unable to decline to provide service, even if doing so is uneconomic. Public utilities are entitled by law to recover their prudently-incurred costs of providing service to customers. To ensure that the rate design creates a reasonable likelihood of recovery of prudently-incurred costs, the Commission must increase rates on other customers to make up for the under-collection from NEM customers. Given the increasing adoption of NEM systems in Nevada Power's service territory and the related expansion of unrecovered costs of providing electric service to NEM customers, there is a growing need to protect other customers from

paying more than their fair share to maintain Nevada Power's electric system. A universally-applicable daily demand charge is a reasonable solution to consider at this time to reduce under-recovery of costs in the future because it gives customers added control over their bills and complies with Nevada law, which uniquely requires both NEM and non-NEM residential ratepayers to be charged the exact same rates.

To further address the shortfall in revenue from NEM customers, Nevada Power and Sierra both requested a change to the calculation for determining the amount of credits received for electricity produced by a NEM system, proposing 15-minute netting instead of monthly netting for prospective NEM systems. The Commission is not approving the 15-minute netting proposal in this case for Nevada Power due to the Commission's adoption of the daily demand charge. Limiting the transition for residential ratepayers to one new billing methodology in this case is reasonable and adheres to the principle of gradualism so that the effects of changes to billing paradigms can be fully understood by customers.

Within this Order, the Commission finds that it has authority to implement 15-minute netting under Nevada law. There is a distinction between monthly billing and monthly netting for electric service delivery. Netting electric in- and out-flows in a 15-minute interval increases the accuracy of a NEM residential customer's bill and reflects modern metering and billing practices that no longer rely on monthly physical readings. As such, given that the only residential billing request in this case for Sierra is the 15-minute netting, the Commission adopts the 15-minute netting for prospective NEM customers within Sierra's service territory. Sierra has fewer residential ratepayers and slower NEM adoption than Nevada Power; therefore, Sierra's service territory can provide a smaller-scale roll-out of the 15-minute netting to ensure that concerns raised about its technical feasibility can be considered. Importantly, the change to

netting practices *will apply only to new NEM customers*, with existing NEM customers grandfathered into monthly netting.

Finally, the exact rates that will be charged to customers as a result of the Commission's findings in this Order will be calculated and filed in these dockets by Nevada Power by October 1, 2025.

III. PROCEDURAL HISTORY

- Nevada Power filed the Application in 25-02016 pursuant to the Nevada Revised Statues ("NRS") and the Nevada Administrative Code ("NAC") Chapters 703 and 704, including, but not limited to, NRS 704.100, NRS 704.110, NAC 703.535, NAC 703.2201 through 703.2481, NAC 703.2715, NAC 704.6502 through NAC 704.6546, NAC 704.655 through NAC 704.665, and NAC 704.673 through 704.680. Pursuant to NRS 703.196 and NAC 703.527 *et seq.*, Nevada Power requests that certain material in the Application in 25-02016 receive confidential treatment.
- Sierra filed the Application in 25-03006 pursuant to NRS and NAC Chapters 703 and 704, including, but not limited to, NRS 704.100 and NAC 703.400.
- The Regulatory Operations Staff of the Commission ("Staff") participates in Docket Nos. 25-02016 and 25-03006 as a matter of right pursuant to NRS 703.301.
- On February 25, 2025, in Docket No. 25-02016, the Commission issued a Notice of Application for Authority to Adjust Annual Revenue Requirement for General Rates Charged to All Classes of Electric Customers and Notice of Prehearing Conference.
- On February 27, 2025, in Docket No. 25-02016, the Commission issued Procedural Order No. 1, which adjusted the deadline for filing a response to a petition for leave to intervene ("PLTI").
- On February 27, 2025, the Nevada Bureau of Consumer Protection ("BCP") filed a Notice of Intent to Intervene in Docket No. 25-02016 pursuant to NRS Chapter 228.
- On March 5, 2025, Nevada Cogeneration Associates #1 and #2, Limited Partnerships ("NCA") and Google LLC ("Google") filed PLTIs in Docket No. 25-02016.
- On March 6, 2025, Nevada Solar Association ("NSA") filed a PLTI in Docket No. 25-02016.
- On March 7, 2025, the Commission issued a Notice of Application to Revise Tariff in Docket No. 25-03006.
- On March 10, 2025, Walmart Inc. ("Walmart") filed a PLTI in Docket No. 25-02016.

- On March 11, 2025, Wynn Las Vegas, LLC ("Wynn") and Smart Energy Alliance ("SEA," and, together with Wynn, "Wynn-SEA") filed PLTIs in Docket No. 25-02016.
- On March 12, 2025, Boyd Gaming Corporation, Station Casinos LLC, and Venetian Gaming Las Vegas, LLC (collectively, "SNGG") filed a joint PLTI, and Solar Energy Industries Association ("SEIA") filed a PLTI, both in Docket No. 25-02016.
- On March 13, 2025, Nevada Power filed a Response in Partial Opposition to Petition for Leave to Intervene as to NSA's PLTI in Docket No. 25-02016. That same day, Vote Solar filed PLTIs in Docket Nos. 25-02016 and 25-03006.
- On March 14, 2025, BCP filed a Notice of Intent to Intervene in Docket No. 25-03006 pursuant to NRS Chapter 228.
- On March 18, 2025, in Docket No. 25-02016, MGM Resorts International ("MGM"), Southern Nevada Water Authority ("SNWA"), Caesars Enterprise Services ("Caesars," and, together with MGM and SNWA, "CMSNWA"), and Nevadans for Clean Affordable Reliable Energy ("NCARE") filed PLTIs, and the Commission issued an order granting the PLTIs of NCA and Google.
- On March 19, 2025, in Docket No. 25-02016, Nevada Workers for Clean and Affordable Energy ("NWCAE") and The Kroger Company ("Kroger") filed PLTIs, and Nevada Power filed responses to the PLTIs of SEIA and Vote Solar. That same day, the Commission issued a Notice of Prehearing Conference in Docket No. 25-03006.
- On March 20, 2025, in Docket No. 25-02016, Federal Executive Agencies ("FEA") late-filed a PLTI, NSA filed a reply to Nevada Power's response to NSA's PLTI, and the Commission issued an order granting the PLTIs of Walmart and Wynn-SEA.
- On March 21, 2025, in Docket No. 25-02016, Vote Solar filed a reply to Nevada Power's response to Vote Solar's PLTI, the Commission issued an order granting SNGG's PLTI, Kroger filed a notice of association of counsel and a motion for admission *pro hac vice* of Kurt J. Boehm and Jody Kyler Cohn, Nevada Power filed a Motion for Reasonable Limitations on the Number of Data Requests ("DR") Served by Each Party ("Nevada Power's Motion"), and the presiding officer held a prehearing conference. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, NWCAE, FEA, Kroger, BCP, and Staff made appearances at the prehearing conference. The PLTIs, procedural schedule, consumer session, discovery, briefing of a legal issue, and potential consolidation with Docket No. 25-03006 were discussed at the prehearing conference.
- On March 24, 2025, SEIA filed a PLTI in Docket No. 25-03006.
- On March 25, 2025, in Docket No. 25-02016, the Commission issued an order granting, with conditions, the PLTIs of Vote Solar, NSA, and SEIA.
- On March 27, 2025, in Docket No. 25-02016, the Commission issued Procedural Order No. 2, which set a briefing schedule for a legal issue, set a procedural schedule, set discovery

procedures, and deviated from NAC 703.2209(3)(f)(2). That same day, SEIA filed a Response to Nevada Power's Motion.

- On March 28, 2025, in Docket No. 25-02016, BCP and Staff each filed a Response to Nevada Power's Motion.
- On March 31, 2025, in Docket No. 25-02016, the Commission issued an order granting the PLTIs of CMSNWA, NCARE, Kroger, and FEA.
- On April 1, 2025, NWCAE filed a supplement to its PLTI in Docket No. 25-02016.
- On April 2, 2025, NSA filed a PLTI in Docket No. 25-03006.
- On April 3, 2025, in Docket No. 25-02016, Nevada Power filed a Reply to Responses to Nevada Power's Motion.
- On April 4, 2025, in Docket No. 25-02016, Nevada Power filed its Cost-of-Capital Certification, and the Commission issued a Notice of Consumer Sessions.
- On April 9, 2025, in Docket No. 25-03006, the presiding officer held a prehearing conference. Sierra, Vote Solar, SEIA, NSA, BCP, and Staff made appearances. The PLTIs, consolidation with Docket No. 25-02016, the legal sufficiency of the application, and a procedural schedule were discussed. That same day, the presiding officer held a continued prehearing conference in Docket No. 25-02016. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, FEA, BCP, and Staff made appearances. Nevada Power's Motion and a potential issue regarding Nevada Power's proposal for a daily peak demand charge and NRS 704.085 were discussed. At the prehearing conference for Docket No. 25-02016, the presiding officer noted that Docket Nos. 25-02016 and 25-03006 have been consolidated for hearing purposes.
- Also on April 9, 2025, in Docket No. 25-02016, the Commission issued an order granting, with conditions, NWCAE's PLTI. That same day, Nevada Power, NSA, SEIA, Vote Solar, BCP, and Staff filed opening legal briefs, and Google and Walmart filed letters indicating that they would not be filing opening or reply legal briefs.
- On April 10, 2025, in Docket No. 25-03006, Vote Solar filed a supplement to its PLTI that included its bylaws.
- On April 16, 2025, in Docket No. 25-03006, the Commission issued an order granting the PLTIs of Vote Solar, SEIA, and NSA.
- On April 17, 2025, in Docket No. 25-02016, the Commission issued an order denying Nevada Power's Motion, and Tony Simmons belatedly filed a PLTI.
- On April 23, 2025, Nevada Power, NSA, Vote Solar, SEIA, BCP, and Staff filed reply legal briefs in Docket No. 25-02016.

- On April 24, 2025, Nevada Power and Staff filed responses to Mr. Simmons' late-filed PLTI in Docket No. 25-02016.
- On April 28, 2025, Nevada Power filed its Revenue-Requirement Certification in Docket No. 25-02016.
- On May 2, 2025, in Docket No. 25-02016, Mr. Simmons filed a reply to Nevada Power's and Staff's responses to his PLTI, and the Commission issued a Notice of Hearings.
- On May 5, 2025, Nevada Power filed its Rate-Design Certification in Docket No. 25-02016.
- On May 7, 2025, the presiding officer held a continued prehearing conference where a procedural schedule was discussed. Nevada Power, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, Vote Solar, NCARE, CMSNWA, FEA, BCP, and Staff made appearances.
- On May 8, 2025, the Commission issued Procedural Order No. 3, which consolidated Docket Nos. 25-02016 and 25-03006 for hearing purposes.
- On May 9, 2025, the Commission issued an order denying the late-filed PLTI or Mr. Simmons.
- On May 15, 2025, the Commission issued an Amended Notice of Hearings.
- On May 23, 2025, the Commission issued Procedural Order No. 4. That same day, Nevada Power filed a Stipulation, appended as Attachment A, with Walmart, Wynn, SNGG, CMSNWA, FEA, BCP, and Staff as co-signatories ("Signatories"). The Stipulation resolved all the issues with the Cost-of-Capital Phase of this Docket ("Phase I").
- On May 30, 2025, the Commission issued Procedural Order No. 5, which suspended the procedural schedule with respect to Phase I.
- On June 2, 2025, Nevada Power filed a response to Procedural Order No. 4. That same day, Kroger filed a motion to appear remotely.
- On June 3, 2025, the presiding officer held a continued prehearing conference. NV Energy, Vote Solar, SEIA, NSA, Google, NCA, Wynn-SEA, NCARE, CMSNWA, FEA, Kroger, BCP, and Staff appeared. The Stipulation was discussed, and no non-signatory opposed the Stipulation. The presiding officer accepted the Stipulation and granted Kroger's motion to appear remotely.
- On June 4, 2025, the Commission held consumer sessions.
- On June 5, 2025, Nevada Power filed a correction to its certification, which redacted confidential information.

- On June 12, 2025, the Commission issued Procedural Order No. 6, which required parties to file executable versions of workpapers that they generated in support of their positions.
- On June 16, 2025, the presiding officer held a continued prehearing conference. NV Energy, NSA, Google, Walmart, NCA, NSA, Wynn-SEA, SEIA, SNGG, NCARE, CMSNWA, NWCAE, Kroger, FEA, BCP, and Staff appeared. Tom Dudas commented as a member of the public. The parties had no issues to present. The presiding officer asked NV Energy to work with the parties regarding confidential material in the revenue-requirement testimony.
- On June 26, 2025, Walmart filed a motion requesting approval for a witness to appear remotely.
- On June 27, 2025, Wynn-SEA, FEA, and BCP filed motions requesting approval for witnesses to appear remotely.
- On June 30, 2025, Nevada Power and NCARE filed motions requesting approval for witnesses to appear remotely. That same day, the presiding officer issued Procedural Order No. 7, setting the procedures for the Phase II hearing.
- On July 1, 2025, the presiding officer issued Procedural Order No. 8, granting Wynn-SEA's, FEA's, and BCP's motions requesting approval for witnesses to appear remotely.
- On July 2, 2025, the presiding officer issued Procedural Order No. 9, granting Nevada Power's and NCARE's motions requesting approval for witnesses to appear remotely. That same day, the presiding officer issued Procedural Order No. 10, setting the procedures for the Phase III hearing.
- On July 7, 2025, Wynn-SEA and BCP filed motions requesting approval for witnesses to appear remotely. That same day, Nevada Power filed a motion to strike.
- On July 8-10, 2025, the presiding officer held Phase II of the hearing. NV Energy, Walmart, Wynn-SEA, SNGG, CMSNWA, FEA, BCP, and Staff appeared. The presiding officer heard testimony and admitted exhibits into evidence regarding the revenue requirement.
- On July 9, 2025, FEA filed a motion requesting approval for a witness to appear remotely.
- On July 11, 2025, SNGG, SEIA, and CMSNWA filed a motion requesting approval for a witness to appear remotely.
- On July 16, 2025, the presiding officer issued Procedural Order No. 11, granting Wynn-SEA's, FEA's, SNGG's, SEIA's, CMSNWA's, and BCP's motions requesting approval for witnesses to appear remotely.
- On July 17, 2025, Nevada Power filed a motion for a protective order.

- On July 21-22, 2025, the presiding officer held Phase III of the hearing. NV Energy, Vote Solar, SEIA, NSA, Google, Walmart, NCA, Wynn-SEA, NCARE, CMSNWA, FEA, Kroger, NWCAE, BCP, and Staff appeared. The presiding officer heard testimony and admitted exhibits into evidence regarding rate design.
- On July 24, 2025, BCP and Staff filed responses to Nevada Power's motion for a protective order.
- On July 31, 2025, Nevada Power filed a reply to the responses to its motion for a protective order.

IV. COST OF CAPITAL

Stipulation

- 1. The Signatories recommend that the Commission approve a capital structure for Nevada Power comprised of 47.34 percent debt and 52.66 percent equity, as depicted in Statement F for the certification period ending February 28, 2025. (Stipulation at 4.)
- 2. The Signatories recommend that Nevada Power adopt an allowed return on equity of 9.50 percent. (*Id.*)
- 3. The Signatories recommend that the Commission approve a cost of debt for Nevada Power of 5.25 percent. (*Id.*)
- 4. The Signatories recommend that the Commission approve a resulting rate of return for Nevada Power of 7.48 percent. (*Id.*)

Commission Discussion and Findings

- 5. The Commission accepts the Stipulation and grants the Application in Docket No. 25-02016 in part with respect to Phase I as modified by the Stipulation.
- 6. The Commission finds that the Stipulation complies with the requirements of NAC 703.845, in that it settles only issues relating to the instant proceedings and does not seek relief that the Commission is otherwise not empowered to grant. The Stipulation is a consensus

resolution of the issues pursuant to the negotiations of the Signatories and is a reasonable recommendation and resolution of the issues in Phase I.

7. All arguments of the parties raised in Phase I not expressly addressed herein have been considered and either rejected or found to be non-essential for further discussion in this order. Any agreements and recommendations contained in the Stipulation but not expressly addressed herein are either agreements by the Signatories regarding matters non-essential to the disposition of Phase I or are recommendations for specific findings that do not require delineation given the Commission's acceptance of the Stipulation and corresponding approval of the Application in Docket No. 25-02016 in part with respect to Phase I as modified by the Stipulation.

V. REVENUE REQUIREMENT

A. Construction Work in Progress ("CWIP")

Nevada Power's Position

- 8. Nevada Power requests to include in its revenue requirement construction work in progress for NV Energy's Greenlink West, Greenlink North, and Common Ties ("Greenlink")

 Projects. (Ex. 182, at 3.)²
- 9. Nevada Power states that the Commission has designated the Greenlink Projects as critical facilities in the most recent triennial integrated resource plan proceeding, Docket No. 24-05041. (*Id.* at 5-6.) Nevada Power states further that the Commission determined that NV Energy should raise the question of inclusion of the CWIP in rate base in a general rate case ("GRC"). (*Id.* at 6.) Nevada Power thus requests in this docket to include the CWIP in rate base pursuant to NAC 704.9484(3)(b). (*Id.*)

² For a transcript of testimony, the Commission cites to the page number of the transcript itself, not to the page number of the PDF file.

- 10. Nevada Power makes this request because, it states, the ongoing construction of the Greenlink Projects is a significant capital investment, for which Nevada Power would need to borrow if it could not include the CWIP in rate base, which in turn could affect its credit rating adversely. (*Id.* at 7-8.) Nevada Power states that putting the CWIP in rate base now, as opposed to adding the Greenlink Projects to rate base when they are completed and operational, would moderate the effects of the Greenlink Projects on customers' rates. (*Id.* at 8-9.) Nevada Power also states that including the CWIP into rate base will help Nevada Power's long-term financial outlook, because investors look favorably upon regulatory commissions including CWIP in large capital projects. (*Id.* at 9-10.)
- 11. Nevada Power states that the current estimate of the Greenlink Projects' costs is \$4.239 billion. (Ex. 145 at 8.)
- 12. Nevada Power states that the incurred costs for which it seeks CWIP accounting treatment are costs incurred as part of the permitting process under the National Environmental Policy Act ("NEPA"), costs incurred with execution of contracts for long lead time materials and apparatus, costs incurred for engineering and design completed to date, and costs incurred on Greenlink West construction to date. (Ex. 145 at 16.)
- 13. Nevada Power states that Greenlink costs are allocated 70 percent to Nevada Power. (Ex. 145 at 17.)
- 14. Nevada Power states that its share of the estimated CWIP balance would be an inclusion of \$289.751 million into rate base. (Ex. 179 at 14-15.)
- 15. Nevada Power estimates that inclusion of CWIP into rate base would affect, in a broad sense, the rates as following: Residential customers would have an increase of \$4.42 per month, or \$4.35 per month if the Commission approves the expected change in circumstances

("ECIC"), discussed below; non-residential customers would have an increase of \$7.37 per month, or \$7.27 per month with the ECIC; Distribution Only Service ("DOS") customers would have a reduction of \$197.79 per month, or a reduction of \$135.54 per month with the ECIC. (Ex. 179 at 15.)

Walmart's Position

- 16. Walmart argues that by including CWIP in rate base, Nevada Power's customers would be paying for an asset that is not used and useful. (Ex. 800 at 3.)
- 17. Walmart argues further that by including CWIP in rate base, Nevada Power's customers might pay for Greenlink without receiving a benefit because it is under construction but then receive no benefit from Greenlink once it is in service because those customers had left Nevada Power's system. (*Id.* at 3-4.)
- 18. Walmart argues further that inclusion of CWIP in rate base would shift Greenlink's risks from investors, who are compensated for taking those risks, to customers, who would receive no such compensation. (*Id.* at 4.)
- 19. Walmart thus recommends that the Commission reject Nevada Power's request to include CWIP in rate base. (*Id.*)

FEA's Position

- 20. FEA argues that the Commission should reject Nevada Power's request because, before the Nevada Legislature, NV Energy's then-CEO testified, "Shareholders do not recover on that money until that asset [*i.e.*, the Greenlink Projects] goes into service." (Ex. 2000 at 11-12.)
- 21. FEA notes that, traditionally, CWIP is not included in rate base because the facility is not yet providing service to customers and thus is not used and useful. (*Id.* at 12-13.)

22. FEA recommends that the Commission reject Nevada Power's proposal to include CWIP in rate base. (*Id.* at 14.)

Wynn's Position

- 23. Wynn notes that the traditional ratemaking method for assets under construction is to capitalize the associated carrying costs as an allowance for funds used during construction ("AFUDC"). (Ex. 900 at 8.)
- 24. Wynn notes further that the use of AFUDC allows a return on the funds spent during construction by recovery during the life of the asset. (*Id.* at 9.)
- 25. Wynn notes further that the purpose of including CWIP in rate base is when a utility has no access to capital to invest in critical facilities. (*Id.*)
- 26. Wynn argues that Nevada Power does not lack access to capital to finance the construction of Greenlink. (*Id.* at 11.)
- 27. Wynn argues that including CWIP in rate base could mean that some customers would pay for Greenlink during its construction and never receive any benefit because they might not be Nevada Power customers when Greenlink enters service, while other customers might become Nevada Power customers only after Greenlink enters service and thus not pay the financing costs of the asset that benefits them. (*Id.* at 9.)
- 28. Wynn also argues that including CWIP in rate base reduces Nevada Power's incentive to manage the construction of Greenlink efficiently. (*Id.* at 10.)
- 29. Wynn argues that the Commission cannot now determine whether the cost of CWIP is prudent prior to Greenlink entering service, because if the Commission approves Nevada Power's request, then Greenlink might be delayed, altered, or cancelled, or the

Commission might later determine that Nevada Power might have acted imprudently, without any way for the Commission to order the return of those imprudent costs. (*Id.* at 10-11.)

BCP's Position

- 30. BCP argues that Nevada Power has not addressed whether including CWIP in rate base is necessary to protect Nevada Power's financial stability, avoid a downgrade in Nevada Power's credit rating, and avoid higher interest costs. (Ex. 413 at 9, 14.)
- 31. BCP argues further that Nevada Power's claim that including CWIP in rate base would save ratepayers money is inaccurate. (*Id.* at 9-11.)
- 32. BCP argues further that on the prior occasions in which the Commission has approved Nevada Power's requests to include CWIP in rate base, Nevada Power was in a parlous state, close to bankruptcy, with a bond rating below investment grade, and thus in need of financial help to construct critical facilities. (*Id.* at 14-16.)
- 33. BCP argues further that, in contrast, today Nevada Power has strong credit ratings and has over-earned often enough that an earnings-sharing mechanism exists to protect customers from over-earning. (*Id.* at 16.)

Staff's Position

- 34. Staff argues that the Commission should not approve CWIP treatment for Greenlink North because NV Energy has not yet obtained from the Commission a permit to commence construction under Nevada's Utility Environmental Protection Act ("UEPA"). (Ex. 307 at 35.)
- 35. Staff recommends that the Commission approve approximately 58.6 percent of Nevada Power's requested CWIP balances of the Greenlink West and Common ties projects. (*Id.* at 39.)

- 36. Staff states that 58.6 percent is the ratio of the budget of \$2.484 billion for the Greenlink Projects that the Commission approved in Docket Nos. 20-07023 and 21-06001 and NV Energy's current Greenlink Projects budget of \$4.239 billion. (*Id.*)
- 37. Staff states that approval of its recommendation would reduce the amount that Nevada Power could recover by \$135.128 million. (Ex. 308 at 6.)

Nevada Power's Rebuttal Position

- 38. Nevada Power notes that BCP compares the net present value of the costs of a downgrade to the net present value of the CWIP in rate base, but that BCP ignores the lower asset value over the life of the asset. (Ex. 203 at 11-12.)
- 39. Nevada Power notes further that if the Commission approves CWIP in rate base, then at that time AFUDC is terminated, which therefore lowers the total asset value and collection over the life of the asset; in effect, AFUDC can be collected today instead of allowing it to accrue to the total cost of the project. (*Id.* at 12.)
- 40. On Staff's argument to reject the request with respect to Greenlink North because it has not yet commenced construction, Nevada Power argues that the Commission designated Greenlink as a critical facility so that the utility may request incentives such as CWIP associated with that facility be included in rate base, and that approval of such incentives is not tied to a specific mandate in terms of construction timelines. (*Id.* at 8-9.)
- 41. Nevada Power also opposes Staff's proposal to approve only 58.6 percent of CWIP for Greenlink West and Common Ties in rate base. (*Id.* at 6.) Nevada Power notes that the regulation in question, NAC 704.9484(3), does not require or suggest a holdback or other balancing mechanism to the incentives it allows. (*Id.*)

- 42. Nevada Power notes that all capital costs in the certification filing are components of construction, in process of construction, or are identified exclusively with units of property not yet in service pursuant to the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts. (Ex. 190 at 2-3.)
- 43. Nevada Power notes further that the NAC and NRS do not provide a different definition for "Components of Construction." (*Id.* at 3.)
- 44. Nevada Power thus argues that all the Greenlink Projects currently are eligible for CWIP treatment. (*Id.* at 4.)
- 45. Nevada Power notes that part of Staff's calculations regarding its proposal include a deferred income tax amount of \$28,277, but that deferred income tax does not exist because the CWIP balances are not placed in service. (Ex. 195 at 8.)
- 46. Nevada Power also argues that the Commission designated the Greenlink Projects as critical, thus allowing it to seek including CWIP in rate base, because the Greenlink Projects are facilities that must be built for reasons of reliability and legal requirements. (Ex. 203 at 7.)

 Nevada Power thus argues that the risk of the Greenlink Projects not being built is very limited. (*Id.*)
- 47. With respect to the arguments that prior CWIP approvals were due to Nevada Power's poor financial state at the time, Nevada Power argues that its current request for CWIP in rate base is intended to be proactive in support of Nevada Power's financial condition, as opposed to reactive to the position it found itself in the early 2000s. (*Id.* at 9-10.)
- 48. Nevada Power argues further that this request is protective of customer interests, because the primary purpose of Nevada Power's request is to generate more cash flow to support construction activities and help maintain credit ratings. (*Id.* at 10.)

49. Nevada Power argues that the idea that its sole shareholder, BHE, can always be expected to provide capital under any set of circumstances relies on a false narrative. (*Id.* at 11.) Nevada Power states that BHE is an investor, and, like any other investor, it expects a reasonable return on its investment. (*Id.*) Nevada Power states further that additional capital investments from BHE would increase Nevada Power's equity ratio above its authorized level and would result in some equity infusions earning less than the Commission's authorized return on equity ("ROE"). (*Id.*)

Commission Discussion and Findings

- 50. The Commission finds that construction work in progress in rate base is a regulatory ratemaking enhancement that can help ease the burden of regulatory lag associated with capital-intensive projects with long-duration construction timelines. The Commission's discretion to allow a utility to include CWIP in rate base is authorized in NAC 704.9484. Specific to the Greenlink North, Greenlink West, and Common Ties projects, the Commission has previously designated those projects as critical facilities, and they also meet the required standards allowing for the inclusion of CWIP in rate base for critical facilities.
- 51. The intervening parties raise cogent intergenerational concerns. Accordingly, to limit the amount ratepayers will pay in rates prior to the facility being used and useful, the Commission designates only 50 percent of the amounts recorded to the date of this case as eligible for CWIP in rate base. Based on the evidence in this docket and the record in Docket No. 24-05041, the Greenlink Projects are still moving towards completion. In the absence of substantial evidence by Nevada Power that failing to include more than 50 percent of the CWIP in rate base would detrimentally affect its financial condition, the Commission balances the

impact of this capital investment on Nevada Power with the increased rates that the inclusion of CWIP in rate base will cause for ratepayers to arrive at the reasonable level of 50 percent.

- 52. The Commission's decision to allow 50 percent of the requested CWIP in rate base in this instance is made with consideration of the compelling points raised by intervening parties and with the intent of balancing the evidence presented by all parties. The Greenlink Projects' projected cost is measurably larger than any previous Nevada Power capital project. Further, state law directed the investment in expansive transmission facilities. Given the size of the capital investment, the extended construction timeline, and the designation as a critical facility, the Commission finds it reasonable to provide some regulatory support to Nevada Power's cash flow.
- 53. Finally, it is worth noting that the Commission also makes its decision with the disappointing realization that representations made by NV Energy's former chief executive officer to various entities, including the Nevada State Legislature and this Commission, were either misleading or factually inaccurate. Nevertheless, the Commission is charged in part with protecting the financial health of the utility, and the evidence on the record supports Nevada Power's need for additional cash flow to carry out construction of the legislatively-mandated transmission projects.

B. Intercompany Charges

Nevada Power's Position

54. Nevada Power states that "[i]ntercompany charges are costs for the sharing, charging[,] and crediting of common services between BHE, NV Energy, Inc and their subsidiaries." (Ex. 182 at 20.)

- 55. Nevada Power states further that intercompany charges are governed by agreements that the Commission has approved and adopted. (Ex. 182 at 20.)
- 56. Nevada Power states that BHE employees who charge costs to Nevada Power are providing incremental functional support that otherwise a Nevada Power employee would perform. (Ex. 182 at 22-23.)
- 57. Nevada Power requests \$21.269 million to recover intercompany charges. (Ex. 180 at 11.)

BCP's Position

- 58. BCP argues that Nevada Power has not removed imprudent items from its affiliate Operation and Maintenance ("O&M") transactions, and that it has not substantiated its request. (Ex. 409 at 6.)
- 59. BCP recommends that the Commission disallow all affiliate O&M transactions, a jurisdictional disallowance of \$16.4 million. (*Id.* at 6-7.)
- 60. In the alternative, BCP provides a list of 33 intercompany charges that it recommends the Commission reject. (*Id.* at 12-81.)
- 61. BCP recommends that the Commission direct Nevada Power to file a witness-sponsored schedule in their next GRC, by affiliate, delineating affiliate transactions on one schedule, clearly stating total affiliate charge, FERC account, dollar amount requested from ratepayers, and a general description of the charges. (*Id.* at 95-96.)
- 62. BCP further recommends that the Commission direct Nevada Power to file a witness-sponsored schedule in their next GRC, by affiliate, delineating affiliate investor/shareholder charges, clearly stating the total amount of those charges, FERC account, dollar amount requested from ratepayers, and a general description of the charges. (*Id.* at 96-97.)

63. BCP further recommends that the Commission direct Nevada Power to include affiliate compensation on Schedule H-17 in their next GRC, by affiliate, and as a separate and identifiable portion of H-17. (*Id.* at 97.)

Staff's Position

- 64. Staff recommends that the Commission disallow the intercompany administrative services agreement ("IASA") cross charges recorded in Accounts 923998 and 923999, after Schedule H/I-Cert-24 adjustments, in their entirety, resulting in a revenue requirement reduction of \$17.095 million, or \$16.393 million after 95.895 percent jurisdictional allocation. (Ex. 312 at 3, 13.)
- 65. Staff argues that Nevada Power's requests to recover intercompany charges generally lack supporting information, continuing a problem that existed in Sierra's previous GRC, Docket Nos. 24-02026 and 24-02027. (*Id.* at 14-25.)
- 66. Staff argues further that Nevada Power's requests also generally lack oversight, leading to requests with numerous errors and requests to recover imprudent or unallowable expenses. (*Id.* at 25-38.)
- 67. Staff argues further that Nevada Power has shown a 474 percent increase in recorded IASA costs between 2020 and 2025, without an explanation for the increase. (*Id.* at 38-40.)
- 68. Staff also argues that, specifically, there are nine issues with Nevada Power's request to recover IASA costs: double recovery of ECIC costs; capitalization; redacted legal invoices; lobbying, political, and legislative expenses; the Long-Term Incentive Program ("LTIP") and severance; corporate events; deep fake video; the Equifax settlement agreement; and incentive payments for transferred employees. (*Id.* at 40-74.)

Nevada Power's Rebuttal Position

- 69. Nevada Power states that it would support a compromise, which would include returning to a cap on affiliate charges that expired some years ago. (Ex. 203 at 24-25.)
- 70. Nevada Power argues that, nonetheless, it does have prudently allocated charges that BHE has allocated down to it. (*Id.* at 25.)
- 71. Nevada Power argues further that it does not believe that Staff's or BCP's reviews suggest that there are not at least \$2.7 million of prudent affiliate charges, which would be Nevada Power's share of the inflation-adjusted cap on IASA charges. (Ex. 199 at 35-36.)

Commission Discussion and Findings

- 72. The stipulation entered into by Nevada Power and accepted in Docket No. 13-07021 included a cap on the IASA cross-charges because there was uncertainty about the charges that would be pushed down to the affiliates. The Commission approved a ten-year timeframe to allow the audit process to repeat itself a few times over that span, which would allow all parties to become familiar with the process. In addition to the provision for the ten-year cap, the stipulated settlement established other commitments that NV Energy would adhere to.

 Specifically, Commitment number 28 of the stipulation in Docket No. 13-07021 provides for NV Energy to "cooperate fully with the Commission's, Staff's, or BCP's audits of the accounting records of the Nevada Utilities, NV Energy, and of MidAmerican and its subsidiaries relevant to matters within the jurisdiction of the Commission."
- 73. Although the provision for a ten-year cap of basic cross-charges contained in Commitment number 27 of Docket No. 13-07021 has expired, its concluding sentence, which reads, "nothing in this paragraph shall limit any Signatory's ability to review or propose an adjustment to IASA Basic Cross Charge costs," did not expire.

- 74. The issue regarding the IASA cross-charges was also present in Sierra's 2024 GRC, Docket Nos. 24-02026 and 24-02027. Sierra filed with the Commission an informational report on May 12, 2025, as a compliance item in Docket No. 24-02026, indicating that Sierra, Staff, and BCP have fulfilled their obligations to work toward a collaborative solution to address their concerns surrounding affiliate charges for the Sierra case.
- all of the affiliate charges, totaling more than \$16 million, for which Nevada Power seeks recovery in this docket. Staff's and BCP's investigations revealed shortcomings in Nevada Power's review process which allowed for a significant number of inappropriate charges to be sought for recovery from ratepayers. Despite Nevada Power's assertions that it had thoroughly reviewed the affiliate charges, inappropriate affiliate charges appear to remain in the requested revenue requirement throughout the discovery process, up to and including the time of hearing. The Commission believes that if more time was available for Staff and BCP to continue their investigations, it is likely that additional affiliate charges which are inappropriate for recovery from ratepayers may be discovered. So, while some portion of the basic cross-charges could have been prudently incurred, Nevada Power's inability to provide Staff and BCP with adequate information to verify the charges presents a difficult circumstance.
- 76. Nevada Power did demonstrate that, at a minimum, an aggregate of \$2.7 million of reasonably incurred affiliate charges exist and should, therefore, be included in its revenue requirement and subject to recovery from ratepayers. Although Staff and BCP each recommend complete disallowance of all affiliate charges, the Commission finds that the \$2.7 million of affiliate charges proposed to be recovered by Nevada Power is reasonable. It should be noted that the Commission's approval of \$2.7 million of affiliate charges should not be interpreted as

an acknowledgement of, nor a safe-harbor return to, the previously stipulated agreement to cap the affiliate charges that emerged from Docket No. 13-07021. Rather, the Commission recognizes the \$2.7 million as a sufficiently supported amount put forth by Nevada Power.

- 77. Although the Commission finds that some IASA charges should be included in rates, there remains the problem of the proper evaluation and presentation of these costs for future general rate cases. Based upon the informational report filed on May 12, 2025, as a compliance item in Docket No. 24-02026, and the representations made during the hearing, the Commission is not encouraged that additional discussions amongst the parties would yield fruitful outcomes on this issue. It is the Commission's perspective that it has facilitated adequate opportunity and resources to assist NV Energy in addressing its shortcomings with respect to the oversight and control over which affiliate charges are included for recovery from ratepayers.
- evidence to include those charges in rates. The Commission, Staff, and other parties need to be able to audit these charges and determine that they are properly recorded for specific allowable services provided to NV Energy ratepayers. Any future request by NV Energy to inappropriately include affiliate charges in the revenue requirement of a subsequent GRC could lead to the Commission imposing administrative penalties. The Commission was hopeful that this issue would be addressed and resolved through Directive 8 of the modified final order in Docket Nos. 24-02026 and 24-02027, issued September 12, 2024, that compelled NV Energy, Staff, and BCP to discuss and address this specific issue. Because those efforts did not yield the intended results, the Commission orders Nevada Power in its next GRC to:
 - (a) File a witness-sponsored schedule, by affiliate, delineating affiliate transactions clearly stating the total affiliate charge, Federal Energy Regulatory Commission ("FERC") account number, dollar amount requested for recovery, and a general description of the charge;

- (b) File a witness-sponsored schedule, by affiliate, delineating affiliate investor or shareholder charges clearly stating the total amount of the charge, FERC account number, dollar amount requested for recovery, and a general description of the charge; and
- (c) Include affiliate compensation, by affiliate, on Schedules H-17 and I-17 as a separate and identifiable portion of those schedules.

C. Silverhawk Peaking Units

Nevada Power's Position

- 79. Nevada Power states that the initial cost estimate for the Silverhawk Peaking Units ("Silverhawk Peakers") in April 2022 was \$353 million. (Ex. 140 at 12.) This amount was based on an Association for the Advancement of Cost Engineering ("AACE") Class 4 estimate with an accuracy range of –30 percent to +50 percent, reflecting market conditions from April 2021. (*Id.*)
- 80. Nevada Power states that a revised cost estimate for the project in July 2023 projected an increase to \$459 million. To assess the financial implications of this cost update, Nevada Power's Resource Planning team conducted an evaluation using PLEXOS modeling. The results highlighted that delaying the project would result in an additional \$88.3 million in costs for the critical months of July through September 2024. (*Id.* at 21.)
- 81. Nevada Power also states that a 30-year Present Worth Revenue Requirement ("PWRR") analysis was updated to account for the revised \$459-million project cost. The analysis reaffirmed that the project remained the lowest-cost option compared to other alternatives presented in the Fourth Amendment to the IRP. (*Id.* at 21.)
- 82. Nevada Power states that the final total cost of the Silverhawk Peakers will be \$514 million, excluding AFUDC, of which it requests \$491 million for recovery in this application. (Ex. 140 at 14.)

BCP's Position

- 83. BCP states that Sierra and Nevada Power provide 90 megawatts ("MW") of reserve capacity support to its open access transmission tariff ("OATT") customers, of which 68 MW is allocated to Nevada Power. (Ex. 412 at 6.) BCP also states that a peaker power plant would be used for this service in most cases. (*Id.*) BCP states further that it is logical that the OATT customers should pay part of the costs given the 90-MW reserve capacity being held for OATT customers. (*Id.*)
- 84. BCP further states that to determine the appropriate cost to allocate for OATT customers, it is simpler to handle the accounting adjustment using the Silverhawk Peakers as opposed to determining what portion of each Nevada Power asset should be allocated to OATT customers. (*Id.*)
- 85. BCP cites Staff DR 081 for calculating the 15.3-percent share of the Silverhawk Peakers' capacity to fulfill the 68 MW of reserve capacity. In that DR, Nevada Power provided a calculation that determined that 15.3 percent of the total project costs filed in the application was \$74.425 million. (*Id.* at Attachment JFD-3 1.)
- 86. BCP recommends that \$74.425 million of the Silverhawk Peakers' cost be removed from rate base, and that the Silverhawk Peakers' depreciation be adjusted by \$2,478. (*Id.* at 7.)

Staff's Position

87. Staff recommends that the Commission remove 15.3 percent of the costs from the revenue requirement and allocate those costs to FERC customers. (Ex. 301 at 3.)

- 88. Staff also recommends that the Commission order Nevada Power to remove the credit and allow Nevada Power to retain that revenue associated with charges NV Energy collects per Schedules 4, 5, and 6 of its OATT. (*Id.*)
- 89. Staff notes that it arrived at the figure of 15.3 percent because NV Energy had stated that it was reserving 90 MW of capacity, of which Nevada Power's share is 68 MW, for FERC customers to provide reserves as required by its OATT. (*Id.*) Staff then divided that reserve by the Silverhawk Peakers' 444 MW total capacity. (*Id.*)
- 90. Staff notes that its proposal is not different from the allocation that is done for transmission plant costs, in which Nevada Power looks at the MWs associated with the transmission used by FERC customers and then allocates a percentage of the transmission system to those customers and away from native load customers. (*Id.* at 5.)
- 91. Staff calculates that the amount to remove from the revenue requirement is \$74.425 million, inclusive of related accumulated depreciation, depreciation expense, and accumulated deferred income tax ("ADIT"). (Ex. 311 at 3.)

Nevada Power's Rebuttal Position

- 92. Nevada Power argues that BCP's and Staff's proposed allocations depart from the approved rate for ancillary reserve service in the NV Energy's OATT schedules 5 and 6. (Ex. 204 at 12.)
- 93. Nevada Power states that schedule 4, the Energy Imbalance Service, is provided when a difference occurs between scheduled and actual delivery of energy and results in a charge to the transmission customer. (*Id.* at 12-13.)
- 94. Nevada Power states that schedule 5 provides spinning reserve service needed to serve load immediately in the event of a system contingency. (*Id.* at 13.)

- 95. Nevada Power states that schedule 6 provides supplemental reserve service needed to serve load in the event of a system contingency; however, it is not available immediately but within a short period of time. (*Id.*)
- 96. Nevada Power states that NV Energy will assess all generating units for inclusion in the calculation of the rates associated with providing ancillary services when rates are being proposed for updating with FERC. (*Id.*)
- 97. Nevada Power states that the Commission has never ordered NV Energy to isolate the incremental costs of a specific generator and assign it directly to FERC customers. (*Id.*)
- 98. Nevada Power states that BCP's and Staff's proposals are seemingly focused on the Silverhawk Peakers as capacity to serve reserves, but the mathematical examples of differences in revenue presented by both Staff and BCP include schedule 4 as well. (*Id.* at 14.) Nevada Power states that schedule 4 is not a reserve service but an energy imbalance service, and it can result in either a payment from or a charge to the transmission customer. (*Id.*)
- 99. Nevada Power argues that the use of the sum of the revenues or charges NV Energy is assessed from schedules 4, 5, and 6 in the analysis provided by Staff and BCP mixes the provision of energy and capacity and therefore is inappropriate given the stated position. (*Id.*)
- 100. Nevada Power argues that BCP and Staff effectively are proposing a jurisdictional allocator for one asset, the Silverhawk Peakers. (Ex. 199 at 21.)
- 101. Nevada Power notes that under the Production Demand jurisdictional allocator, 100 percent is allocated to Nevada, because none of the power generated from Nevada Power generating stations is currently intended to serve non-retail load. (*Id.* at 22.)

- 102. Nevada Power argues that with the absence of any wholesale load obligations at Nevada Power, the production demand is 100 percent intended to serve Nevada customers, and thus any other proposed methodology is inappropriate. (*Id.*)
- 103. For Schedules 4, 5, and 6, Nevada Power also contends that it is appropriately credited to the Nevada jurisdiction, because the power that OATT customers are using is power that was generated with the intention of only serving Nevada customers. (*Id.* at 22-23.)

Commission Discussion and Findings

- 104. The Commission finds it reasonable for Nevada Power to recover the full cost of the Silverhawk Peakers in rates because the facility is used and useful, and the costs were reasonably incurred. No party challenged the reasonableness of the costs incurred for the facility.
- 105. However, the Commission recognizes the valid concerns of both Staff and BCP, even though the Commission does not adopt their recommendations. Both parties recommend removing a percentage of the Silverhawk Peaker costs by an amount equivalent to the set-aside capacity that NV Energy reserves for its FERC customers. The Commission agrees with Nevada Power that the capacity set aside for its FERC customers is sourced from NV Energy's entire energy supply portfolio. It would therefore be inappropriate to isolate the Silverhawk Peakers as the sole resource from which NV Energy provides those FERC OATT services. However, the Commission remains concerned with the use of set-aside capacity to serve OATT customers and the related cost-recovery of NV Energy's FERC services.
- 106. Resource adequacy is a priority issue in Nevada and the Western Interconnection.

 The potential for FERC OATT customers' resources to fail to materialize during peak hours

remains, and the correct price signals should be in place to ensure the scheduling of resources that are sufficient to meet their respective load and reserve obligations.

- indicated that NV Energy's OATT and DOS customers were largely in balance during the peak day in 2024. (Tr. Vol. 3 at 841.) The Commission directs Nevada Power to perform a detailed analysis of the masked individual and aggregated customers' hourly imbalances during the current-year summer peak period, June through September 2025, and to explain what, if any, remedial actions Nevada Power took when customers were utilizing NV Energy's resources, and what internal threshold(s) Nevada Power utilizes in deciding when remedial actions(s) are appropriate. The Commission directs Nevada Power to include this information in its next Deferred Energy Accounting Adjustment ("DEAA") filing along with sponsored testimony to explain in detail the findings, applicable policies, and any related efforts, going forward, to prevent customers from relying on NV Energy's system to the detriment of NV Energy's Nevada customers.
- ase due to the fact that Nevada Power has made substantive changes to its generating capacity since its last FERC rate case in 2013. This creates the concern for potential under-recovery of costs, associated with NV Energy's set-aside capacity, from its FERC OATT customers. Nevada Power describes the set-aside capacity as a contractual obligation to provide reserves under its FERC OATT for service schedules 5 and 6 (Tr. Vol. 3 at 831.) At minimum, there has been upward pressure on costs due to (1) inflation; (2) capacity resources added to NV Energy's energy supply portfolio; (3) retirement of generation facilities; and (4) other infrastructure modifications and additions to the transmission and distribution systems. None of these changes

in circumstances are currently reflected in NV Energy's OATT. Absent a FERC rate case, the Commission has little confidence that Nevada Power's use of OATT service schedule 5 and 6 is adequate to recover the costs for services that NV Energy provides to its OATT customers.

- 109. The Commission also finds that the potential for under-recovery of costs outweighs the likelihood that Nevada Power is currently collecting sufficient revenue under its OATT. Such under-recovery would result in a subsidy to FERC OATT customers by Nevadajurisdictional customers. As a protective measure for Nevada customers, the Commission directs Nevada Power to track: (1) the set aside capacity used by NV Energy in both operational and planning horizons, broken down by individual company, Nevada Power and Sierra; (2) NV Energy's actual costs associated with the set aside capacity, also broken down by individual company; (3) reconciliation of the set aside capacity and NV Energy's contractual obligations, broken down by company and the underlying obligation associated with each individual customer; (4) explanation(s) of any differences between the set aside capacity and the contractual obligations; (5) associated FERC revenues by company, Nevada Power and Sierra, for providing OATT service schedules 5 and 6 to those customers with which NV Energy has a contractual obligation; (6) allocation of those FERC revenues to Nevada-jurisdictional customers; and (7) differences between NV Energy's incurred costs and the revenues allocated to Nevada customers for those OATT-contracted services.
- 110. The Commission directs NV Energy to provide the above listed tracking information in its next and future annual Deferred Energy Accounting Adjustment filings along with sponsored testimony to explain the findings and provide detailed descriptions of the methodologies used to determine costs, revenues, and allocations. Further, NV Energy shall provide sponsored testimony in support of any request for cost recovery for the under-collection

of revenue associated with the capacity set-aside capacity for NV Energy's FERC OATT customers.

111. Finally, given the Commission's concern about a potential subsidy absent a FERC rate case, the Commission puts Nevada Power on notice that the Commission will be reluctant to approve any further alternative regulatory mechanisms, such as CWIP in rate base, to support Nevada Power's cost recovery or cash flow until after a FERC rate case has been filed.

D. Reid Gardner Battery Energy Storage System ("BESS")

Nevada Power's Position

- 112. Nevada Power states that in Docket No. 23-06007 it sought to recover the Reid Gardner BESS's expected project costs of \$253.7 million, excluding AFUDC, with an expected December 2023 in-service date, under the ECIC mechanism. The Commission approved \$198.2 million in project costs, and it deferred recovery of specific costs, \$50.5 million in contractual Final Completion payments and \$5 million to move the in-service date for the project from May 2024 to December 2023, to the next GRC. (Ex. 148 at 5.)
- 113. Nevada Power states that there were quantifiable operational benefits totaling \$5.2 million by moving the in-service date from May 2024 to December 2023. (Ex. 148 at 10.)
- 114. Nevada Power states that these remaining costs are final completion payments totaling \$50.5 million and \$5 million to move the Reid Gardner BESS's in-service date from May 2024 to December 2023. (Ex. 148 at 6-7, 8.)

BCP's Position

115. BCP notes that Nevada Power has indicated that the costs it incurred to accelerate the Reid Gardner BESS into service by December 29, 2023, were \$9.9 million. (Ex. 412 at 4.)

- 116. BCP argues that the Reid Gardner BESS was not needed until the summer peak season of 2024, and that ratepayers should not be required to pay the additional costs to place it into service earlier than it was needed. (*Id.*)
- 117. BCP argues that the Commission thus should disallow \$9.9 million from recovery of costs related to the Reid Gardner BESS. (*Id.* at 5.)

Staff's Position

- 118. Staff recommends that the Commission deny Nevada Power's request to recover \$5 million for accelerating the construction of the Reid Gardner BESS. (Ex. 307 at 25, Ex. 311 at 6.)
- 119. Staff notes that the schedule-expediting costs were \$10.2 million, and that the operational savings for bringing the Reid Gardner BESS in service earlier were \$5.176 million. (Ex. 307 at 25.) Staff concludes that the benefit to customers did not justify the costs to compress the construction schedule. (*Id.*)
- 120. Staff also notes that it was questionable whether the Reid Gardner BESS was fully operational in January 2024 because Nevada Power reported for that month only a 77.4-percent Equivalent Availability Factor ("EAF"), which indicates the percentage of time in a given month that the asset is available without any outages or derates. (*Id.* at 20-21.)

Nevada Power's Rebuttal Position

121. Nevada Power argues that the Reid Gardner BESS was fully energized, commissioned, and operational by Dec 29, 2023. (Ex. 188 at 4.) Nevada Power argues further that this qualifies as the in-service date under Commission precedent and aligns with generally accepted accounting principles. (*Id.* at 4.)

- 122. Nevada Power also argues that the Energy Supply Control Center PI historian system data from December 2023, sampled at 15-minute intervals, confirms that the Reid Gardner BESS was functional and dispatched in accordance with system needs as early as December 29, 2023. (*Id.*)
- 123. Nevada Power also notes that the plant's substation data-historian recording system shows the plant's charge and discharge activity, which indicated activity as early as December 20, 2023. (*Id.*)
- 124. In response to Staff's concern about the low EAF in January 2024, Nevada Power states that, after correcting for inaccurate or missing archival data, the updated EAF was 99.7 percent. (*Id.* at 5.) Nevada Power states further that the originally-reported EAF of 77.4 percent for January 2024 was due to temporary communication issues between the plant and the Energy Supply Control Center, which have been resolved. (*Id.* at 5-6.)
- 125. Nevada Power argues further that its customers received \$5.176 million in operational savings between Jan 2024 and June 2024 by having the Reid Gardner BESS placed into service early. (*Id.* at 8.)
- 126. Nevada Power also argues that BCP's proposed adjustments need to be corrected by \$797 for ADIT and by \$3,729 for investment tax credits ("ITC"). (Ex. 195 at 9.)

Commission Discussion and Findings

127. The Commission believes that evidence demonstrates that the Reid Gardner BESS was fully energized, commissioned, and operational by December 29, 2023. The Commission agrees with Nevada Power that December 29, 2023, qualifies as the in-service date of the project. Accordingly, Nevada Power met the requirements from the modified final order in Docket No.

23-06007 to recover the deferred costs of \$50.5 million by placing the Reid Gardner BESS in service on December 29, 2023.

- 128. In the same modified final order in Docket No. 23-06007, the Commission deferred \$5 million in project costs due to questions about Nevada Power's compression of the construction schedule from May 2024 to December 2023. The Commission tasked Nevada Power to bring forth these costs accompanied by a justification for the compressed construction schedule.
- 129. Nevada Power identified \$10.2 million in costs associated with compressing the construction schedule to meet the in-service date of December 31, 2023. Nevada Power quantified operational savings of \$5.2 million from January 2024 to June 2024. Nevada Power is a summer-peaking system; therefore, it is understandable that Nevada Power's decision to accelerate the construction schedule to bring the facility online in the winter did not result in operational savings that exceeded the costs of accelerated construction.
- 130. The Commission agrees with Staff that the benefit to customers did not justify the costs to compress the construction schedule. Nevada Power's decision to compress the construction schedule was not prudent nor did it result in measurable benefits to ratepayers. Ratepayers should not pay additional costs for this unreasonable decision. The Commission accepts Staff's recommendation to disallow the \$5 million in deferred costs from Docket No. 23-06007 for Nevada Power's imprudent decision to compress the construction schedule.

E. Information Technology ECIC

Nevada Power's Position

131. Nevada Power states that it has 12 information-technology ("IT") projects, called "Wave 3," that will all go into service at the same time, July 1, 2025. (Ex. 154 at 44.)

- 132. Nevada Power seeks ECIC recovery pursuant to NRS 704.110(4) for the costs of these projects. (*Id.* at 47-48.)
- 133. Nevada Power states that the total estimated costs for the IT ECIC are \$117.222 million, including AFUDC. (*Id.* at 49.) \$51.059 million were actual costs incurred through December 2024, and \$66.163 million are the remaining estimated costs through July 1, 2025. (*Id.*)

Wynn-SEA's Position

- 134. Wynn-SEA recommend that the Commission require Nevada Power to submit a late-filed exhibit that attests to the Wave 3 capital additions being actually transferred to plant and the total capital cost being so transferred. (Ex. 900 at 14-15.)
- 135. Wynn-SEA also recommend that the Commission require Nevada Power to calculate the plant balances of legacy systems that will be retired in connection with the Wave 3 project and to reduce its depreciation expense accordingly. (*Id.* at 15.)

BCP's Position

- 136. BCP recommends that the Commission reject Nevada Power's ECIC request because Nevada Power has not included the statutorily-prescribed offsets. (Ex. 413 at 19-21.)
- 137. BCP further recommends that Nevada Power retain both the benefits and costs until the next GRC, when both can be incorporated into rates consistent with protections set forth in NRS 704.110. (*Id.* at 21.)

Staff's Position

138. Staff notes that its review of invoices found at least eight instances of potential double recovery, through both this ECIC request and the request for recovery of IASA charges. (Ex. 312 at 41-47.)

- 139. Staff argues that the Commission should exclude the total estimated cost of \$117,221,527 for all Wave 3 projects proposed for ECIC treatment. (Ex 310 at 12.)
- 140. Staff argues further that the Wave 3 projects that are part of the IT transformation strategy do not satisfy the statutory or regulatory criteria to qualify as an ECIC, because the projects' statements do not include all increases and decreases in revenue and expenses, the projects are not reasonably known and are not measurable with reasonable accuracy, the projects are a general trend, pattern, and development of IT infrastructure, the projects do not have an objectively high probability of occurring in the amount and time expected, and the projects' expenses are not easily and objectively calculated. (*Id.* at 3-4.)
- 141. Staff notes that 18 percent of the total project costs, which are around \$21.06 million, for BHE, Nevada Power, and other affiliate internal labor and expenses cannot be measured with any reasonable accuracy because those costs are not in Nevada Power's possession or auditable. (*Id.* at 6-7.)

Nevada Power's Rebuttal Position

- 142. Nevada Power states that NV Energy is using a consolidated approach to effectively replace or upgrade existing outdated systems and to add new functionality with common technologies to meet the goals and expectations. (Ex. 201 at 9.)
- 143. Nevada Power states further that it will go live with all Wave 3 projects on July 1, 2025. (*Id.* at 10.) Nevada Power states further that on June 17, 2025, the key decision makers determined that Nevada Power was ready to go live. (*Id.*)
- 144. Nevada Power argues that the statutory standard for approval has been met for at least some portion of the costs originally requested for the 12 Wave 3 projects. (*Id.* at 11.)

 Nevada Power argues further that the Wave 3 projects are reasonably known and measurable

because they will go live on July 1, 2025. (*Id.*) Nevada Power argues further that the cost projection is \$117.2 million through the end of the ECIC period. (*Id.*) Nevada Power argues further that Wave 3 is not a general trend or pattern, but it is part of the overall long-term technology transformation program that is designed to rapidly replace multiple core business systems simultaneously. (*Id.* at 12.) Nevada Power argues that Wave 3 is dissimilar to other IT projects. (*Id.*)

- 145. Nevada Power argues that the Wave 3 projects are not simple version upgrades. (Ex. 191 at 5.) Nevada Power argues further that NV Energy is moving to a completely different system architecture and technically migrating significant core system capabilities to fully cloud-based Software as Service (SaaS) versions. (*Id.*)
- 146. Nevada Power agrees with Wynn-SEA that it can late-file an exhibit to attest that the Wave 3 capital additions included in its ECIC schedule were actually transferred to plant.

 (Ex. 201 at 13; Ex. 203 at 15.)
- 147. Nevada Power disagrees with Wynn-SEA that its attestation include a reduction in depreciation expense to reflect retirements resulting from the Wave 3 projects. (Ex. 203 at 15.) Nevada Power notes that it cannot retire many of the assets that the Wave 3 projects are replacing until July 2026, one year after Wave 3 is implemented, due to compliance reporting obligations. (*Id.* at 15-16.)
- 148. Regarding Staff's argument about double recovery, Nevada Power states that it made correcting entries for the eight invoices to move them out of O&M expense into capital to be included in the ECIC project. (Ex. 199 at 34.) Nevada Power states further that the correcting entries were made outside of the test period. (*Id.*) Nevada Power states that it was able to

perform additional research on these transactions and include the correcting entries from October 2024 in its certification filing, eliminating any double recovery for those costs. (*Id.* at 35.)

Commission Discussion and Findings

- 149. The Commission finds that Nevada Power has not met the requirement pursuant to NRS 704.110(4) for its Wave 3 project to be included in rates as an ECIC. The law requires Nevada Power to provide an offset to the ECIC costs for the benefits associated with the projects, which Nevada Power has not done. (Tr. Vol. 2 at 388-389.) Nevada Power discusses numerous benefits of the projects but then states that the benefits are subjective and difficult to estimate and have not been estimated for purposes of offsetting the cost impact of the ECIC request on customers. (Tr. Vol. 3 at 757-760.)
- 150. The ECIC was created as a regulatory tool to allow some costs to go into rates sooner than the ordinary test year would allow, thereby reducing regulatory lag. As an exception to ordinary ratemaking, the Legislature directed that an ECIC request include all reasonable projected or forecasted offsets in revenue and expenses that are directly attributable to or associated with the expected changes in circumstances under consideration. This ensures that ratepayers get the benefits of the ECIC while paying for the costs.
- 151. Nevada Power has explained that the benefits of Wave 3 cannot be presented at this time due to the nature of the Wave 3 projects. Without compliance with NRS 704.110(4)(a), the Commission cannot approve the ECIC request for these projects. The costs of the projects going into rates and being paid for by customers, while any benefits and savings in costs from the projects are retained until the next rate case by Nevada Power, is an unjust and unreasonable outcome for customers. The Commission finds that the request for recovery associated with these projects should be made in a future GRC where both the costs and benefits from the

projects, including the benefit to customers associated with the retirement of the legacy system assets, can be reflected in customer rates.

F. Labor and Employee Compensation

Nevada Power's Position

- 152. Nevada Power states that its estimated total O&M payroll, benefits, and pension expense as of February 28, 2025, is \$120.7 million. (Ex. 159 at 6.)
- 153. Nevada Power states that its compensation package consists of base pay, the Short-Term Incentive Program ("STIP"), the LTIP, the Safety Bonus, retirement plans, other cash compensation, and non-cash compensation. (*Id.* at 12-13.)
- 154. Nevada Power states that in December 2022, it had 1,197 non-represented employees with a total base salary of \$131.0 million, and that in September 2024, it had 1,290 employees (excluding officers) with a total base salary of \$147.2 million. (*Id.* at 20.)
- 155. Regarding the STIP, Nevada Power states that it did not achieve all targets on its corporate scorecard for the STIP, resulting in a score of 87 percent as of December 31, 2024. (*Id.* at 3.)
- 156. Nevada Power states that the STIP payouts were funded at 85 percent minus the achieved financial strength metrics, and thus, Nevada Power requests \$5.07 million for that expense. (Ex. 161 at 3.)
- 157. Regarding the LTIP, Nevada Power states that it is not seeking to include any portion of LTIP costs in its revenue requirement. (Ex. 159 at 42.)
- 158. Regarding other cash compensation programs, Nevada Power requests recovery of \$94,433 for signing bonuses, \$60,889 for retention bonuses, \$123,021 for other bonuses, and \$233,407 for relocation expense reimbursement. (*Id.* at 42-44.)

- 159. Regarding non-cash compensation programs, Nevada Power states that its revenue-requirement costs are \$293,374 for long-term or short-term disability insurance; \$126,567 for educational reimbursement; \$820,370 for life and accident insurance; \$12.736 million for medical, dental, and vision insurance; \$16.384 million for its 401(k) retirement plan; \$16,451 for executive benefits; \$202,678 for service awards; and \$605,032 for wellness. (*Id.* at 45.)
- 160. Regarding the pension program and other post-employment benefits, Nevada Power estimates the revenue requirement for the pension program at negative \$3.2 million and the pension restoration program at \$148,000. (*Id.* at 47.)

BCP's Position

- 161. BCP states that Nevada Power's adjustments increased O&M payroll by \$9.562 million and payroll taxes by \$859,000 above test-year levels. (Ex. 413 at 27-28.)
- 162. BCP also states that it compared Nevada Power's base pay for the pay period that ended on February 23, 2025, with Nevada Power's annualized salaries, and BCP found that Nevada Power's method overstated the payroll. (*Id.* at 28.)
- 163. BCP states that it is not proposing payroll expense adjustments at this time because Nevada Power might be able to show a need for the increased levels going forward. (*Id.* at 28-29.)
- 164. BCP also notes that Nevada Power agreed to correct an issue, which would result in a revenue-requirement reduction of \$589,000 for the STIP. (Ex. 407 at 2-3.)

Staff's Position

- 165. Staff recommends that the Commission approve the revenue requirement costs for non-officer employee groups' cash compensation, which includes base wages, overtime, the safety bonus, and 85-percent STIP payouts minus the financial metrics. (Ex. 304 at 9.)
- 166. Staff notes that the removal of the financial metrics from the STIP payouts results in a reduction of the revenue requirement by \$589,000. (Ex. 305 at 3.)
- 167. Staff recommends that the Commission approve the revenue requirement costs that are associated with recruitment and retention costs. (Ex. 304 at 9.)
- 168. Staff also recommends that the Commission deny the revenue requirement costs that are associated with Nevada Power's officers' cash compensation, including base pay and STIP payouts. (*Id.* at 21-22.) Staff argues that Nevada Power has both a high turnover rate of employees and a high rate of job vacancies, which in turn lead to poor provision of regulatory services. (*Id.*) Staff argues that disallowance of officers' cash compensation is an appropriate response to this poor performance. (*Id.*)
- 169. Staff notes that when the Nevada jurisdiction percentages are applied, the disallowance of the officers' base pay results in a reduction of the revenue requirement by \$1.318 million, and the disallowance of the officers' STIP payouts results in a reduction of the revenue requirement by \$264,000, for a total reduction of \$1.582 million. (Ex. 305 at 4.)
- 170. Staff notes that it relies upon Nevada Power's calculations. (*Id.*) Staff recommends that the Commission order, as a compliance item, Nevada Power to provide clarification regarding the salaries of each officer and how this sum was allocated and removed from Nevada Power's revenue requirement. (*Id.*)

Nevada Power's Rebuttal Position

- 171. In response to BCP's argument that Nevada Power's annualization method overstates its labor expenses, Nevada Power notes that it has used the same method to calculate annualized salary since 2000. (Ex. 199 at 24-25.)
- 172. Nevada Power argues that its headcount is up 16.4 percent since December 2021 and has increased 7.3 percent over where it was prior to the COVID-19 pandemic. (Ex. 197 at 2-3.)
- Nevada Power's headcount and then called it the turnover rate. (*Id.* at 4.) Nevada Power argues that Staff's calculations are misleading and incorrect. (*Id.*) Nevada Power states that the voluntary turnover rate is calculated as the number of voluntary separations divided by the headcount for that population. (*Id.*) Nevada Power adds that it has two such populations, one of represented employees and one of non-represented employees. (*Id.*) Nevada Power argues that the voluntary turnover rate is lower than the rate that Staff calculated. (*Id.* at 4-5.)
- 174. Nevada Power notes that 15 officers have voluntarily separated from January 1, 2019, through December 31, 2024. (*Id.*) Nevada Power notes further that eight separations were retirements and the other seven separations were resignations. (*Id.*) Nevada Power notes further that three officers resigned in 2019, one officer resigned in 2020, and three officers resigned in 2024. (*Id.*) Nevada Power notes further that the officers who resigned in 2024 are the only ones who mentioned compensation as a factor. (*Id.*)
- 175. Nevada Power argues that NV Energy's cash compensation programs, including officer compensation, are market-based and reasonable, and represent a recurring business expense which should be included in revenue requirement. (*Id.* at 8.)

176. Nevada Power states that it met with Staff and BCP on May 2, 2025, and it agreed to reduce the revenue requirement by \$589,000 for the disallowed portion of STIP and the Safety Bonus that are based upon the weighted portion of the financial strength metric at 17.09 percent. (Ex. 199 at 23.)

Commission Discussion and Findings

- 177. The Commission supports reasonable compensation for Nevada Power to ensure that it has a qualified workforce to provide safe and reliable service. In particular, the Commission relies heavily on the recommendations of Staff to approve the majority of the revenue requirement for employee compensation, to include the represented and non-officer groups base wages and overtime, the safety bonus, the STIP payout at 85 percent minus the financial metrics, and the recruitment and retention costs. The evidence demonstrates that Nevada Power's compensation is generally within the reasonable range for the industry. This approval excludes the agreed-upon \$589,000 for the disallowed portion of STIP and the Safety Bonus that are based upon the weighted portion of the financial strength metric at 17.09 percent.
- 178. Employees earned a STIP score of 87 percent as of December 31, 2024, and were paid at 85 percent. The Commission again finds that the financial performance metrics primarily benefit shareholders rather than customers. As such, an adjustment is required in this case to reduce the revenue requirement by \$589,000 to remove STIP compensation related to financial performance metrics from the amount to be recovered from customers.
- 179. Regarding the base wages and STIP payout for officers, the Commission is concerned about the departure of so many officers in the past five years. Most recently, Nevada Power's chief executive officer departed Nevada Power abruptly during the pendency of this rate case. The Commission has noticed in regulatory proceedings Nevada Power's loss of experience

and leadership and its effect on the quality of the evidentiary support in cases before this

Commission over the last several years. To be clear, this is not only a regulatory concern, since regulatory proceedings simply highlight decisions that are being made across the entire company. Fortunately, no serious safety or reliability incidents have occurred over the period that this rate case encompasses. Nevada Power is making changes in leadership, nonetheless, this Order reflects multiple adjustments reflecting the observed quality of historical decision-making.

Consistent with those adjustments elsewhere in this Order, the Commission approves inclusion of only 85 percent of officer base compensation in rates, in alignment with the degree of performance reflected by the STIP payout, but the Commission does not approve of inclusion of the related officer STIP and LTIP expenses in rates.³

G. Lead-Lag Study

Nevada Power's Position

- 180. Nevada Power states that a lead-lag study measures the level of funding needed to operate on a day-to-day basis in providing for the cost of O&M expenses, taxes, and interest expense. (Ex. 174 at 3.)
- 181. Nevada Power states further that the level of funding is measured by calculating the net lag between the amount of time when a company provides a service to its customers and when the company receives payments from its customers, and the amount of time between when a company receives goods and services and when the company pays its suppliers for those goods and services. (*Id.*) Nevada Power adds that the net lag is multiplied by the average daily cost of O&M expenses, taxes, and interest expenses to determine the cash working capital ("CWC"). (*Id.* at 3-4.) Nevada Power states that the results of the lead-lag study show that the revenue lag

³ To reiterate, Nevada Power does not seek to include any portion of LTIP costs in its revenue requirement. (Ex. 159 at 42.)

was 38.72 days and that the various expense leads ranged from -13.71 days to 350.96 days. (Ex. 174 at 6.)

Staff's Position

- 182. Staff disagrees with the new methodology that Nevada Power used regarding long-term debt. (Ex. 302 at 3-4.)
- 183. Staff notes that the new methodology has not been used by Nevada Power's consultant before, nor, to the consultant's knowledge, by anyone at the consultant's firm. (Ex. 302 at 3-4 and Attachment CW-2.)
- 184. Staff recommends that the Commission reject the updated lead-lag analysis and use instead the old method resulting in 89.82 lead days for long-term debt. (*Id.* at 4.) Staff states that this adjustment results in a decrease to CWC of approximately \$47 million. (*Id.*)
- 185. Staff also recommends that the Commission order Nevada Power to update its lead-lag analysis regarding federal income taxes to reflect that April 15, June 15, and September 15 are the due dates for tax payments for the first three quarters of 2024, resulting in 37.89 lead days for federal income taxes. (*Id.* at 7.) Staff states that this adjustment results in a decrease to CWC of approximately \$4 million. (*Id.*)

Nevada Power's Rebuttal Position

186. Nevada Power states that the revised calculation for long-term debt considers each payment made in the test period on the date when it was made, and more truly represents the actual cash working capital. (Ex. 199 at 18.) Nevada Power states further that the calculation was revised in this case to reflect when the interest payments were made during the test period, as opposed to generalizing that overall, interest payments are due twice a year for long-term debt. (*Id.*)

- 187. Nevada Power states that it proposed to change the way to calculate CWC in 2011 to reduce time and effort to produce similar results. (*Id.* at 18-19.) Nevada Power notes, however, that different methods producing similar results 14 years ago is not necessarily true today. (*Id.*)
- 188. Nevada Power states that it agrees with Staff on the federal income tax lead. (*Id.* at 20.) Nevada Power notes that, however, Staff's argument here is contradictory to Staff's discussion regarding the appropriate timing of when to record carry. (*Id.*)

Commission Discussion and Findings

- lag study adjustments. Nevada Power did not adequately support the change in methodology for the long-term debt lead-lag calculation. Nevada Power's witness agreed that he had not used the methodology previously, nor was he aware of anyone in his company doing so. The new methodology purports to more accurately calculate the lead-lag on a monthly basis rather than the methodology adopted in 2011 for a semi-annual calculation. However, the methodology that was in place prior to 2011, and used in Docket No. 08-12002, was prepared using monthly calculations in a methodology that provided results much more similar to the previous semi-annual 2011 methodology. Changes in calculation methodologies can be proposed, but the Commission will not adopt a methodology that is insufficiently supported and creates results that are not comparable to either the 2008 or 2011 calculation methodologies.
- 190. With respect to the income tax lead-lag calculation, Nevada Power agrees with Staff's position, and accordingly, the Commission adopts Staff's position.

H. Sunset Road Repaying Project

Nevada Power's Position

- 191. Nevada Power states that the project involved installation of a 12-kV feeder breaker at the Sunset Substation and a new underground 12-kV distribution feeder to create a feeder tie with Sunset 1205 for the purpose of load relief. (Ex. 134 at 14.)
- 192. Nevada Power states that the actual cost as of February 28, 2025, was \$6,753,647, including AFUDC. (Ex. 137 at 9.)⁴

Staff's Position

- 193. Staff notes that after Nevada Power received the necessary permits, the City of Henderson halted the project because it determined that the portion of Sunset Road that Nevada Power needed to excavate was a "no-cut" street. (Ex. 306 at 3.) Staff further notes that the additional work that Nevada Power needed to perform to complete the project more than doubled the cost of the project. (*Id.*)
- 194. Staff recommends that the Commission reject the request to include the increased costs to complete the project. (*Id.* at 6.) Staff states that this would remove \$3.974 million of costs from rate base, and the associated accumulated depreciation, depreciation expense, and ADIT. (Ex. 311 at 5.)

Nevada Power's Rebuttal Position

195. Nevada Power states that Henderson approved the plan after Sunset Road was already repaved. (Ex. 184 at 3.) Nevada Power argues that Staff's suggestion that Sunset Road was repaved after approval and before construction work began is incorrect. (*Id.*) Nevada Power states that at the time of approval, which occurred after Sunset Road was repaved, it had no

⁴ This is a citation to the page number of the PDF file.

reason to believe, nor had the City of Henderson communicated to Nevada Power, that the City of Henderson had designated Sunset Road as a no-cut street. (*Id.*)

- 196. Nevada Power states that the contractor, Team Fishel, notified Nevada Power on June 15, 2023, that the City of Henderson shut them down. (*Id.*)
- 197. Nevada Power states that the City of Henderson claims that Sunset Road was designated an active no-cut street. (*Id.*) Nevada Power states that on the City of Henderson's website, the no-cut designation was active until June 14, 2028, for a 5-year no-cut street. (*Id.* at 3-4.) Nevada Power states that the termination date indicates that the no-cut designation was effective starting June 14, 2023. (*Id.* at 4.)
- 198. Nevada Power states that after trenching was completed in October 2023, the City of Henderson's inspector required additional paving requirements and increased the standard 9-foot width to include an additional 6 feet of overlay to the adjacent lane line, bringing the total repaving requirement to 15 feet along Sunset Road, between Pabco Road and Ward Drive. (*Id.*)
- 199. Nevada Power states that to re-route the project using Galleria Road, the estimate was \$4.1 million just in trenching, without additional costs for redesign and reapproval. (*Id.*)

 Nevada Power states further that to continue the same alignment on Sunset Road, the estimate was \$3.7 million. (*Id.*)
- 200. Nevada Power states that the City of Henderson rejected Nevada Power's cost-sharing request. (*Id.* at 5.) Nevada Power states that the City of Henderson and Nevada Power ultimately agreed that the alignment could be maintained along Sunset Road to help alleviate schedule delays and additional cost impacts. (*Id.*)

Commission Discussion and Findings

- 201. The Commission agrees with Nevada Power that Sunset Road was repaved prior to the City of Henderson providing permits to Nevada Power. Nevada Power had third-party contractors on-site performing construction activities for several days prior to a City of Henderson inspector informing the contractors of the no-cut designation and shutting down construction activities. As such, Nevada Power had a reasonable expectation that the project would proceed as planned. Further, Nevada Power attempted to work on a resolution with the City of Henderson after the third-party contractor construction was shut down.
- 202. The Commission believes that Nevada Power acted prudently to complete the project in a reasonable manner despite the delay by the City of Henderson and should recover costs associated with this project, including additional costs incurred due to the delay caused by the no-cut designation on Sunset Road by the City of Henderson.

I. General Meal, Travel, and Legal Expenses

BCP's Position

- 203. BCP recommends that the Commission deny recovery of all employee convenience meals and local hotel accommodations, because they are not essential for providing safe and reliable service, for a reduction to the revenue requirement of \$15,691. (Ex. 400 at 7.) BCP also recommends that the Commission direct Nevada Power to record the costs of all meals and hotel accommodations that are not associated with travel in a below-the-line account. (*Id.*)
- 204. BCP recommends that the Commission deny recovery of the travel expenses for Executive Media Training, Marketing Executive Conference, and Employee Giving Campaign that are not necessary for providing safe and reliable service, for a reduction to the revenue requirement of \$2,677. (*Id.* at 8.)

205. BCP recommends that the Commission deny recovery of O&M legal invoices that were incurred outside of the test period, for a reduction to the revenue requirement of \$105,791. (*Id.* at 11-12.)

Nevada Power's Rebuttal Position

- 206. Nevada Power argues that the meal and travel charges were all submitted through its expense management system, including review and approval by the employee's leader, ensuring that they were prudent business expenses and that Nevada Power's expense policies were followed. (Ex. 199 at 29.)
- 207. Nevada Power further argues that several reasons exist why a legal invoice is not recorded within the test period that includes that invoice's date. (*Id.*) Nevada Power states that legal invoices from outside counsel go through review by Nevada Power's internal legal department, and the invoices are recorded in the period within which the legal department determined them to be valid and approved for payment. (*Id.* at 29-30.) Nevada Power adds that because there can be a delay between the date of issuance of an invoice and the date that Nevada Power pays it, costs can be incurred during the test period that Nevada Power has not included for recovery in this GRC because Nevada Power has not paid them until after the test period. (*Id.*)

Commission Discussion and Findings

208. The Commission finds that the particular employee convenience meals, local hotel accommodations, and executive travel costs noted by BCP are not required for safe and reliable service and are not appropriate for cost recovery from customers. Accordingly, the Commission accepts BCP's recommended adjustments of \$15,691 and \$2,667.

209. The Commission finds Nevada Power's review and validation process for legal invoices reasonable and consistent with prior periods. The timing of the legal review and validation process results in invoices being both included and excluded from test period costs, respectively, at beginning and end of the test period. As such, the Commission rejects BCP's proposed adjustment to legal fee expenses of \$105,791.

J. NAC Violations

Staff's Position

210. Staff recommends that the Commission issue an order stating that Nevada Power cannot seek recovery of any costs incurred due to a potential normalization violation resulting from the waiver of NAC 704.6546, use of separate-entity method by utility members of consolidated group, for the net operating loss carryforward in Account 190100, requested by Nevada Power in Docket 23-06007. (Ex. 312 at 83-84.)

Nevada Power's Rebuttal Position

- 211. Nevada Power states that it has not requested a waiver because no net-operating-loss or credit carryforward balances existed during the test period or certification period. (Ex. 195 at 4.) Nevada Power states further that there is no revenue requirement, accounting or other type of change related to this issue. (*Id.*)
- 212. Nevada Power states that it will notify the IRS in conjunction with Nevada Power's 2024 federal income tax return in or around September 2025. (*Id.* at 5.)

Commission Discussion and Findings

213. The Commission finds that no action must be taken at this time as no finding of a normalization violation or assessment by the IRS has occurred. This does not preclude

recommendations by parties or actions by the Commission with respect to future cost recovery requests by NV Energy should costs be incurred for this issue.

K. Internal Controls

BCP's Position

- 214. BCP states that it found several months of invoices from AT&T to Nevada Power that included late-payment penalty fees. (*Id.*) BCP states further that Nevada Power agreed to remove those fees at Compliance. (*Id.*)
- 215. BCP recommends that the Commission direct Nevada Power to strengthen internal controls over timely payments of invoices and ensure that late-payment penalties are not included in the amounts to be recovered by ratepayers. (*Id.* at 7.)

Nevada Power's Rebuttal Position

- 216. Nevada Power states that it does not intend to recover the \$5,192 recorded for late payment penalties for AT&T from customers. (Ex. 199 at 26.)
- 217. Nevada Power states that it commits to working with necessary business units to ensure these types of charges are recorded more appropriately. (*Id.*)

Commission Discussion and Findings

218. The Commission recognizes that some costs can be both prudently incurred by a regulated utility and inappropriate for recovery from ratepayers. The possibility that costs which are inappropriate for recovery from ratepayers can be inadvertently included in a revenue requirement of a GRC is ever-present, and the Commission rejects any notion or expectation that it is the responsibility of intervening parties to discover inappropriate costs included for recovery. The responsibility to only seek recovery of costs which are appropriate for recovery rests squarely on the utility. However, at this time, the Commission does not find it necessary to

formally prescribe specific business controls or processes through a directive to NV Energy for improvement to occur. The Commission believes that NV Energy recognizes its need for improvement in this area.

219. The Commission also finds that Nevada Power shall not recover the \$5,192 recorded for late payment penalties for AT&T from customers.

L. Liability Insurance

Nevada Power's Position

- 220. Nevada Power states that its share of NV Energy's annualized cost of property insurance is \$1.372 million. (Ex. 168 at 2.)
- 221. Nevada Power states that its share of NV Energy's annual cost of excess liability insurance is \$18.950 million. (*Id.* at 2.)
- 222. Nevada Power states that NV Energy has allocated its excess liability insurance premiums in general as 27.92 percent to Sierra, 69.01 percent to Nevada Power, and 3.07 percent to the Valmy Generating Station. (Ex. 167 at 6.)
- 223. Nevada Power states further that NV Energy has allocated the wildfire insurance component of the excess liability insurance premiums as 76 percent to Sierra and 24 percent to Nevada Power. (*Id.*)
- 224. Nevada Power states that the annual cost of fiduciary liability insurance is \$45,000. (*Id.* at 2.)
- 225. Nevada Power states that this cost has not changed due to stable market rates for this type of insurance. (*Id.* at 7.)

Staff's Position

- 226. Staff disagrees with NV Energy's wildfire-insurance premium allocation of 76 percent to Sierra and 24 percent to Nevada Power, noting that in Docket 25-01018, NV Energy stated that on June 1, 2024, it implemented a \$100-million, non-prefunded, self-insurance wildfire policy, at an annual cost of \$2.55 million. (Ex. 307 at 7, 16.)
- 227. Staff argues that based upon allocation of transmission and distribution line-miles in areas of heightened threats of wildfires and allocation of a 10-year history of wildfire claims, the Commission should allocate 1 percent of the costs of both the commercial wildfire excess liability insurance and the self-insurance wildfire policy to Nevada Power. (*Id.* at 15-17.)
- 228. Staff thus requests the Commission reduce the costs of the annualized premiums by \$18,160,400 and rate base for prepaid insurance by \$7,401,273. (Ex. 308 at 3-4.)

Nevada Power's Rebuttal Position

- 229. Nevada Power argues that the history of wildfire claims is too short to support Staff's almost total allocation of wildfire insurance premiums to Sierra. (Ex. 194 at 5.)
- 230. Nevada Power also argues that even if southern Nevada has less wildfire risk, the economic damage could be greater due to population density and tourism, e.g., casinos and hotels. (*Id.*)
- 231. Nevada Power argues further that a commercial insurer would consider these factors when setting premiums for a utility. (*Id.*)
- 232. Nevada Power adds that, at a 24-percent allocation, it receives a significant benefit from coverage that it reasonably requires and that any commercial insurer would ever charge for this level of coverage. (*Id.* at 6.)

- 233. Nevada Power also argues that Staff has applied its allocation of wildfire insurance expense erroneously to the entire annualized expense of NV Energy's excess liability insurance, not just the wildfire insurance expense. (Ex. 199 at 4.)
- 234. Nevada Power argues further that applying Staff's allocation to only the wildfire insurance expense results in a revenue-requirement reduction of \$8.855 million and a rate-base adjustment of \$3.051 million to the pre-paid insurance account. (*Id.* at 5.)
- 235. Nevada Power adds that if the Commission accepts Staff's adjustment, then it requests that Sierra be permitted to record the revenue-requirement reduction of \$8.855 million in a regulatory asset account for recovery in Sierra's next GRC. (*Id.* at 6.)

Commission Discussion and Findings

- 236. The intervening parties' issue regarding liability insurance is the proper allocation of the insurance premiums for the wildfire insurance component. Nevada Power refers to the Natural Disaster Protection Plan ("NDPP"), Docket No. 23-03003, to explain that NV Energy has exposure to the risk of wildfires. (Ex. 167 at 5.) Nevada Power requests an allocation of 24 percent of the wildfire liability insurance cost to Nevada Power, and Staff recommends an allocation of 1 percent to Nevada Power. Each party uses various factors to reach its recommendation.
- 237. NV Energy uses Risk-Tier, line-miles, wildfire claims history, and a financial factors ratio to calculate its wildfire premium allocation. The Commission agrees that Risk-Tier, line-miles, and wildfire claims history capture the elevated threat for which the wildfire liability insurance is obtained.

- 238. Nevada Power's total Risk-Tier line-miles, inclusive of Tier 1 Elevated line-miles, was identified in Docket No. 24-12016 as 7 percent of NV Energy's total. (Tr. Vol. 1 at 211.)⁵ In Docket No. 24-12016, the Commission used this total for Nevada Power Risk-Tier line-miles as the basis for allocating elements of the proposed Situational Awareness program spending. The Commission finds it appropriate to use this factor here as well as the appropriate Risk-Tier line-miles allocation factor for purposes of allocating wildfire liability insurance premium costs between Nevada Power and Sierra.
- 239. The Commission finds the inclusion of wildfire claims history in the wildfire premium allocation appropriate given that the risk of claims against NV Energy for wildfire-caused incidents is also the reason why NV Energy procures wildfire liability insurance. Due to the low frequency, non-recurring nature of wildfire claims at both utilities, the Commission finds that this factor should be used at a lower weight.
- 240. The Commission agrees with Nevada Power that including a third allocator to account for the low frequency of wildfire claims and the small amount of Nevada Power Risk-Tier line-miles is appropriate. However, choosing the size of the two utilities based on financial ratio factors as that third factor is not reflective of the risk. Wildfire exposure drives wildfire risk more than the size of the company. The Commission finds that Nevada Power's use of financial factors to allocate insurance premiums does not reflect the differentiation in wild-fire risk between the two service territories.
- 241. Docket Nos. 23-03003 and 24-12016 also identify the total 2024-2026 NDPP plan wildfire risk mitigation spending for NV Energy's two operating utilities. (Tr. Vol. 2 at 453-59.)

 The degree of reasonable investment undertaken by NV Energy to mitigate wildfire risk is

⁵ Here, the Commission took notice of Docket No. 24-12016.

related to the amount of relative risk of each operating utility over the timeframe for which the investment occurred. The Commission finds that this information for Nevada Power and Sierra lays a foundation for the wildfire liability insurance premium risk allocation factors that are reflective of the risk for which each operating utility is being insured, and thus this information can be considered to calculate the risk differential between the utilities.

- 242. The Commission's Order in Docket No. 23-03003, at page 6, Table 1, and in Docket No. 24-12016 identifies Nevada Power's share of NV Energy's total NDPP operations, maintenance, administrative, and general ("OMAG") and capital forecast spending for 2024-2026 as approximately 20 percent. This 20 percent is a more appropriate factor for inclusion in wildfire premium allocation than the inclusion of Nevada Power's 69-percent financial ratio factor because it draws from the specific risk-mitigation efforts to address the relative risk covered by the wildfire policies. The Commission notes its use of the forecasted 2024-2026 NDPP spending from the referenced dockets in this instance. Actual historical NDPP risk mitigation investment spending totals were not made available for consideration in the instant docket. Accordingly, the Commission orders a wildfire insurance premium allocation as follows:
 - (a) Claims History weighted at 20 percent;
 - (b) Risk-Tier line-miles (inclusive of Tier 1 Elevated line-miles) weighted at 40 percent; and
 - (c) NDPP risk spending weighted at 40 percent.
- 243. Utilizing these elements, the Commission finds the following Nevada Power wildfire liability insurance premium allocation reasonable, rounding to the nearest percent:
 - (a) Nevada Power Claims: 0 percent x 20 percent = 0 percent
 - (b) Nevada Power Risk-Tier Line-Miles: 7 percent x 40 percent = 3 percent
 - (c) Nevada Power NDPP Spending: 20 percent x 40 percent = 8 percent

- 244. The total weighted Nevada Power wildfire liability insurance premium allocation based on the above factors is 11 percent, which the Commission finds reasonable for purposes of allocating the cost of wildfire liability insurance premiums to Nevada Power. The Commission finds an 11-percent Nevada Power wildfire insurance premium allocation based on the above more reflective of the risk differentiation between Nevada Power and Sierra for allocating wildfire premium than either Nevada Power's 24-percent allocation or Staff's 1-percent allocation.
- 245. The Commission finds Nevada Power's request for a regulatory asset to account for the under-recovery of wildfire liability insurance premium at Sierra because of the above decision reasonable. The wildfire liability insurance is a critical component of NV Energy's risk mitigation strategy for potential wildfire incidents, and the Commission is supportive of ensuring cost recovery for reasonably incurred wildfire insurance premium costs that might otherwise not be recovered due to the introduction of this allocator. Accordingly, the Commission directs NV Energy to record the revenue requirement reduction resulting from the Nevada Power wildfire insurance premium decision noted above in a Sierra regulatory asset, without carrying charges, for consideration in Sierra's next GRC.
- 246. Lastly, in response to the discussion by Nevada Power and Staff at hearing, the Commission clarifies that the wildfire premium total for allocation should be the Western State (NV) Wildfire certification premium subtotal in the total column located on I-CERT-22.7(c) inclusive of the "NV WF Surplus Lines" taxes and fees total on the same page and the "Western State WF FET" taxes total on the same page. (*See* Tr. Vol. 3 at 698-700.)

M. Transportation Electrification Plan ("TEP") and Economic Recovery Transportation Electrification Plan ("ERTEP")

Nevada Power's Position

- 247. Nevada Power states that the TEP has three programs: the Interstate Corridor Charging Depot Program; the Electric School Bus Vehicle-to-Grid Trial, and the Inflation Reduction Act Innovation Demonstration Program. (Ex. 165 at 3.)
- 248. Nevada Power states that the overall costs for TEP from August 1, 2022, through February 28, 2025, are \$1.440 million. (Ex. 166 at 2-3.)
- 249. Nevada Power states that ERTEP was designed to provide economic recovery benefits and opportunities for the creation of new jobs in Nevada. (Ex. 165 at 6.)
- 250. Nevada Power states that the overall costs for ERTEP from June 1, 2023, through February 28, 2025, are \$3.696 million. (Ex. 166 at 3.)

BCP's Position

- 251. BCP recommends that the Commission deny recovery for heavily redacted and confidential legal invoices included in the TEP regulatory asset, totaling \$9,246. (Ex. 400 at 13.)
- 252. BCP also recommends that the Commission deny recovery of all employee convenience meals included in the TEP regulatory asset, totaling \$399. (*Id.*)

Staff's Position

253. Staff recommends that the Commission deny recovery \$143,189 of the ERTEP and TEP regulatory assets. (Ex. 303 at 18.) Staff states that many of the invoices were so heavily redacted that it could not determine whether the invoices were related to ERTEP or TEP, let alone whether the costs were just and reasonable. (*Id.* at 16.) Staff additionally states that other invoices had confusion in the allocation and posting of costs, as well as an excessive number of

correcting entries such that Staff had difficulty in determining whether the costs were included in the correct project and for the correct amounts. (*Id.*)

Nevada Power's Rebuttal Position

- 254. Nevada Power argues that travel costs are legitimate business expenses for travel that was necessary to implement the ERTEP and TEP. (Ex. 196 at 4.) Nevada Power states further that NV Energy's staff works in both northern and southern Nevada, that the projects are statewide, and that while NV Energy tries to have oversight of specific projects by program managers located in the corresponding territory, sometimes travel is unavoidable. (*Id.*) Nevada Power notes as an example that the School Bus Vehicle to Grid trial is statewide, that the program manager resides in northern Nevada, that the largest participant is the Clark County School District, in southern Nevada, and thus the program manager would need to travel to southern Nevada, in addition to northeastern Nevada, to provide service to customers. (*Id.*)
- 255. Regarding issues with specific invoices, Nevada Power acknowledges that all charges from Outfront Media LLC should have been fully allocated entirely to Nevada Power's ERTEP. (*Id.* at 6.) Nevada Power states that the remaining \$18,500 was previously included in Sierra's last GRC, Docket Nos. 24-02026 and 24-02027, but should have been included in this GRC. (*Id.*)
- 256. Nevada Power states that one invoice from Outfront Media LLC totaling \$65,000 remains partially misallocated. (*Id.*) Nevada Power states that \$32,500 is still recorded in the Nevada Power TEP account, but that it will transfer this balance to the Nevada Power ERTEP account by end of June 2025. (*Id.*)
- 257. Nevada Power states that all Black and Veatch and HDR invoices have now been correctly allocated to the appropriate account. (*Id.* at 7.)

- 258. Nevada Power notes that Staff's concern with the above invoices were related to how the invoices were recorded, their allocations between Nevada Power and Sierra, and the corrections made to ensure that the costs were charged to the appropriate accounts. (*Id.* at 6-7.) Nevada Power notes further that Staff did not dispute the validity of these charges or that NV Energy is allowed to recover the costs related to implementation of these customer programs. (*Id.*)
- 259. Nevada Power states that NV Energy will continue to improve the review and approval process of ERTEP and TEP invoices to catch discrepancies as soon as possible. (*Id.* at 8.)
- 260. Regarding three invoices totaling \$50,603 that Nevada Power did not provide during discovery, Nevada Power states that it had inadvertently omitted two and mislabeled the third. (*Id.* at 8-9.)
- 261. Regarding the redacted legal invoices, Nevada Power argues that they were for outside counsel and advisory services pertaining to the implementation of the ERTEP and TEP programs. (*Id.* at 9.) Nevada Power argues further that the invoice redactions do not undermine Staff or BCP's ability to review the invoices for prudence. (*Id.*)
- 262. Regarding BCP's recommendation on disallowing the costs for convenience meals, Nevada Power states that the meals in question pertain to normal business expenses for meals during working meetings for TEP implementation. (*Id.* at 10.) Nevada Power notes one exception for \$7.45, which was misclassified as a convenience meal but should have been classified as a travel meal for an employee traveling from southern Nevada to northern Nevada. (*Id.*)

Commission Discussion and Findings

- 263. The Commission agrees with Nevada Power that travel and legal costs are necessary for the implementation of the respective programs. Nevada Power has taken, or will take, steps to correct the misallocations and remove any amounts that were already addressed in the Sierra rate case. The Commission finds that the amounts in the TEP and ERTEP regulatory assets were reasonably incurred and may be recovered in rates. Nonetheless, as with the IASA allocated costs discussed above, Nevada Power's presentation and record keeping here is lacking. Nevada Power bears the responsibility to ensure that its records and invoices from other businesses provide a clear and unredacted paper trail so that Nevada Power and its regulator can readily determine whether the cost is recoverable.
- 264. As a directive, Nevada Power shall provide a schedule of the allocation, and any other corrections, made to the TEP and ERTEP regulatory asset balances in its next GRC.

N. NEM Regulatory Asset

Nevada Power's Position

- 265. Nevada Power requests recovery of a deferred debit of \$27.192 million as of February 28, 2025, to be amortized over 3 years, or \$9.064 million per year, that would not receive rate-base treatment. (Ex. 178 at 34-35, Ex. 179 at 13-14.)
- 266. Nevada Power requests this deferred debit to capture the difference between general rate revenues and the cost-based rates used to establish the NMR-A rate rider for NEM customers. (Ex. 178 at 34-35.)
- 267. Nevada Power states that this proposal is interim, until the Commission approves an alternate solution. (Ex. 178 at 35.)

Wynn-SEA's Position

268. Wynn-SEA recommend that the Commission remove the NEM regulatory asset from the revenue requirement. (Ex. 900 at 7.)

BCP's Position

- 269. BCP argues that to justify a NEM regulatory asset, Nevada Power needs to show NEM load loss is greater than overall customer growth. (Ex. 413 at 23.) BCP argues that, to the contrary, Nevada Power is experiencing strong load growth net of projected NEM load increases. (*Id.* at 26.)
- 270. BCP notes that the Commission terminated the NEM regulatory asset in Nevada Power's last GRC, Docket Nos. 23-06007 and 23-06008. (*Id.* at 22.)
- 271. BCP recommends that the Commission reject Nevada Power's request for the NEM regulatory asset, consistent with the Commission's prior order. (*Id.* at 27.)
- 272. BCP suggests that two adjustments are necessary. (*Id.*) First, BCP suggests an adjustment to remove the requested amortization of NEM costs going forward in the amount of \$9.064 million. (*Id.*) Second, BCP suggests an adjustment to remove the balance of prior NEM regulatory assets in rate base that were eliminated by the Commission's order in Docket Nos. 23-06007 and 23-06008, in the amount of \$3.546 million. (*Id.*)

Staff's Position

- 273. Staff recommends that the Commission deny recovery of the NEM regulatory debit, removing the amortized annual reduction to revenue of \$9.064 million. (Ex. 303 at 5.)
- 274. Staff further recommends that the Commission remove the 2020 NEM regulatory-asset balance of \$3.546 million. (*Id.*)

275. Staff further recommends that the Commission reject Nevada Power's proposal to reinstate the NEM regulatory asset. (*Id.*)

Nevada Power's Rebuttal Position

- 276. Nevada Power states that it requests that the NEM regulatory asset be reinstated if the Commission does not approve the daily demand charge and 15-minute netting. (Ex. 204 at 2.)
- 277. Nevada Power states further that NEM customers are not paying their fair share of fixed costs to provide service. (*Id.*)
- 278. Nevada Power states that the Commission rejected increases to the Basic Service Charge ("BSC") in Sierra's 2024 GRC, Docket No. 24-02026, to cover these costs, citing the impact to low-income customers. (*Id.* at 8.)
- 279. Nevada Power states that it has proposed 15-minute netting in this docket to more accurately measure the actual generation and consumption of electricity by NEM customers, but that no other party has provided support of this proposal. (*Id.* at 9.)
- 280. Nevada Power states that it has also proposed a demand charge in this docket that will charge residential customers based upon their daily maximum demand, but that no other party has provided support of this proposal. (*Id.*)
- 281. Nevada Power states that it has now proposed all of the viable options that it is aware of in the industry to address NEM revenue shortfall. (*Id.* at 10.)
- 282. Nevada Power disagrees that growth will replace the need for the NEM regulatory asset. (*Id.* at 11-12.) Nevada Power states that Nevada regulations require the use of a historical test period to represent sales, and proposing that potential future load growth can offset a legislatively-mandated capped rate is reaching outside the historical test period. (*Id.*) Nevada

Power also notes that while load growth might occur, so do investments and costs borne to meet that load growth. (*Id.*)

Commission Discussion and Findings

- 283. The AB 405 NEM Regulatory Asset was initiated in Nevada Power's 2017 general rate case as a methodology to allow for implementation of the statutory requirements of AB 405 while holding Nevada Power harmless for any potential general rate case revenue shortfall. The existence and amount of the NEM potential shortfall has been discussed, litigated, and reviewed in dockets going back to Docket Nos. 15-07041 and 15-07042. While rates are set in a general rate case to take any potential NEM general rate case revenue shortfall into consideration as of the end of the certification period, these rates do not in themselves account for any incremental NEM customers after that date and in the rate-effective period, *i.e.*, those who subsequently take service pursuant to Nevada Power's AB 405 tariff.
- 284. The Commission recognizes that the AB 405 NEM Regulatory Asset is not a traditional regulatory asset in that it does not reflect recorded costs as they are incurred, as is the case with other regulatory assets or regulatory liabilities. The amounts recorded in the AB 405 NEM Regulatory Asset are based on the assumptions and allocations of cost of service from an approved cost-of-service study. It is a calculated revenue shortfall based on that information at a singular point in time using the approved cost of service. It may not reflect current costs or any incremental revenues and is subject to changes in any of the estimates or other data underlying the cost of service which may subsequently occur.
- 285. The Commission finds that no regulatory asset shall be recorded by Nevada Power for the calculated NEM subsidy. Nevada Power did not effectively address the bases for denying the regulatory asset that were identified in the two previous GRC dockets, Docket Nos.

23-06007 and 24-02026. The calculation is unchanged, and the same concerns exist. If Nevada Power chooses to request the NEM regulatory asset in a future rate case, Nevada Power should provide additional detail and testimony regarding the calculation to allow a more thorough evaluation of whether Nevada Power's calculation has been done transparently and reasonably. The calculation itself can be further influenced by the selection of the cost-of-service methodology. (Ex. 248 at 12.) The calculated RS-NEM subsidy ranges from \$16.708 million to \$85.006 million over seven different cost-of-service analyses.

- 286. In addition, the Commission is adopting the daily demand charge as requested by Nevada Power. The request for the NEM Regulatory Asset was in the alternative if the daily demand charge was not adopted.
- 287. It is worth noting that the Commission is not persuaded by BCP's argument that load growth can compensate for any loss of revenues due to NEM customer adoption. Following the setting of rates in a rate case, a multitude of changes occur. Some are within Nevada Power's control, others are not. For the matter of the rates charged to NEM customers, it is acknowledged that at the time these rates are set, they will under-collect the cost to serve the NEM customers, though the full degree of that under-collection is disputed. Rates are set to incorporate that under-collection at the point in time when the rates are set, so there is no under-collection, at least initially, because the historically uncollected amounts are reallocated to non-NEM classes through inter-class rebalancing rate ("IRR"). Additional customer transition from residential to NEM exacerbates the issue.
- 288. Although the Commission again rejects Nevada Power's NEM regulatory asset as the appropriate tool to address the issue, the Commission disagrees with parties that the issue

does not exist or that simple load growth is the best solution. This Order discusses this further, below, in the rate design section.

289. Lastly, the Commission rejects Nevada Power's position that there is nothing further it can implement to address the calculated NEM subsidy. Nevada Power has not explored alternative ratemaking as provided for in Senate Bill 300 (2019) or implementing revenue decoupling as potential strategies for addressing the utility's concerns about recovering its revenue requirement.

O. FlexPay

Nevada Power's Position

- 290. Nevada Power requests \$5.634 million in implementation costs and an estimated \$2.442 million in carry costs for the FlexPay program. (Ex. 178 at 32-33.)
- 291. Nevada Power believes that the bad-debt write-off savings-calculation component of the calculation contains incorrect assumptions, sometimes leading to a past-due balance attributed to the FlexPay program when in fact the customer paid off a larger pre-enrollment past-due balance while on the FlexPay program. (Ex. 158 at 9.)
- 292. Nevada Power proposes a revised calculation methodology that excludes preenrollment amounts and considers only amounts collected or increases to the amounts postenrollment. (Ex. 158 at 9-10.)

BCP's Position

293. BCP notes that when the Commission approved the proposed cost recovery for FlexPay, the Commission conditioned recovery of the carrying costs upon the net benefits of the FlexPay program exceeding the program's operating costs. (Ex. 407 at 4.)

- 294. BCP argues that Nevada Power was unable to meet that performance test, because both customer adoption and reduction of bad debt did not meet expectations. (*Id.* at 7.)
- 295. BCP recommends that the Commission deny Nevada Power's request to recover the FlexPay program implementation regulatory asset. (*Id.* at 14.)
- 296. BCP also recommends that, if Nevada Power wants to continue with the FlexPay program, then the Commission should raise the \$2.50 service fee to \$5.89 in two steps, the first step being now and the second step in Nevada Power's next GRC. (*Id.* at 12.)

Staff's Position

- 297. Staff states that the FlexPay program implementation costs regulatory asset shows a balance as of February 28, 2025, of \$8.076 million, including \$5.634 million in implementation costs and \$2.442 million in carrying charges. (Ex. 300 at 2.) Staff further states that the FlexPay operating costs included for recovery in this GRC are \$1,605,598. (*Id.* at 3.) Staff states further that operating costs are partially offset by the service charge of \$2.50 per month, which Staff estimates will cover 42 percent of the operating costs included for recovery. (*Id.*)
- 298. Staff states that the FlexPay program is an optional payment plan that gives residential customers the ability to pre-pay for their electric service. (*Id.* at 2.) Staff states further that the customer must maintain a positive amount in their FlexPay account; if the balance goes to zero, then service is terminated until payment is received. (*Id.*)
- 299. Staff notes that according to Nevada Power's own cost-benefit analysis, the FlexPay program benefits were negative \$1,176,898, meaning that the program that was intended to decrease operating costs actually increased operating expenses. (*Id.* at 6.) Staff notes further that, according to Nevada Power's analysis, FlexPay increased write-offs, write-off recovery fees, and call center volumes. (*Id.*) Staff notes further that, in particular, FlexPay increased

write-offs by \$1,177,143. (*Id.* at 7.) Staff notes further that FlexPay's total operating cost net of service charge revenue was \$11,997, which resulted in a net program cost of \$1,188,895. (*Id.*)

- 300. Staff states that the fixed capital costs were originally budgeted at \$3.9 million before allocation to each utility. (*Id.* at 12.) Staff states further that now the fixed cost recorded in the regulatory asset has increased to \$7.8 million before allocation to each utility. (*Id.*)
- 301. Staff notes that the FlexPay program has not provided the projected benefits. (*Id.* at 13.) Staff thus recommends that, according to the cost recovery method that the Commission approved in Consolidated Docket Nos. 15-11003, 15-11004, and 15-11005, Nevada Power should not recover any of the FlexPay implementation costs regulatory asset. (*Id.* at 13.)
- 302. Staff also notes that Nevada Power does not abide by the terms and conditions of FlexPay's tariff. (*Id.* at 14.) Staff notes that Nevada Power requires customers to pay only 25 percent of past-due balances instead of the 75 percent that the tariff mandates. Staff notes further that Nevada Power does not apply the tariff-mandated percentages of each payment to that customer's usage grace period balance. (*Id.*)
- 303. Staff thus recommends that the Commission order Nevada Power to immediately follow all Commission-approved terms and conditions of Schedule No. OFP: Optimal Flexible Payment. (*Id.*)
- 304. Staff recommends that the Commission make certain specific amendments to Schedule No. OFP. Staff also recommends that the Commission should order Nevada Power to provide an update on FlexPay participation numbers and benefits in its next GRC, to determine whether the program has improved enough to justify its continuation. (*Id.* at 16.)

Nevada Power's Rebuttal Position

- 305. Nevada Power states that its proposal for other revised benefit calculation methods is important because it provides a more complete and holistic understanding of the FlexPay program and the benefits it delivered versus relying on the prescribed benefits calculation. (Ex. 198 at 3.) Nevada Power states that as of May 2025, FlexPay customers' average starting balance was \$472.97 with an average current balance of \$255.56, a 46 percent decrease, while 37 percent of FlexPay customers have a \$0 balance. (*Id.* at 4.)
- 306. Nevada Power believes that the FlexPay's bad debt write-off savings calculation component of the calculation contains incorrect assumptions. (*Id.*) Nevada Power states that the calculation includes costs incurred before customers enrolled in Flex Pay, rather than focusing on changes after enrollment. (*Id.*) Nevada Power notes that under the current calculation, even after removing an additional 63 percent of the total past due write-off amounts, the data would still show no benefit. (*Id.*) Nevada Power argues that this demonstrates that the current calculation is flawed. (*Id.*)
- 307. Nevada Power believes that its updated calculation looks at the FlexPay customer with a fresh start. (*Id.*) Nevada Power argues that including the past due balance from prior to being on the program artificially skews the results. (*Id.*) Nevada Power states that when evaluating the program with the new calculation, the benefits of the FlexPay program exceed the operating cost by \$674,451. (*Id.* at 5.) Nevada Power argues that this benefit supports full cost recovery through rate base inclusion and amortization over the FlexPay regulatory assets' typical lifespan. (*Id.*)

Commission Discussion and Findings

- 308. The Commission denies the request from Nevada Power for recovery of \$5.634 million in implementation costs and \$2.442 million in carrying costs. The Commission finds that these costs are not appropriate for rate base treatment or regulatory asset treatment due to the negative outcome of the program through the life of the program to date. The Commission finds that this program has not yielded the benefits that Nevada Power claimed it would create when the Commission approved the FlexPay schedule in Consolidated Docket Nos. 15-11003, 15-11004, and 15-11005. Staff demonstrated that the program has increased, rather than reduced, operating costs; that bad-debt write-offs and associated recovery expenses grew under FlexPay; and that Nevada Power failed to comply with the tariff provisions approved for the program. The program was approved by the Commission with a condition that costs would be recovered if benefits outweighed the costs, which has not occurred.
- 309. At the time the program was approved, it had mixed support, and it continues to be controversial. The Commission recognizes Nevada Power's assertion that FlexPay is a useful tool for its ratepayers who are struggling; however, it has proven to be an expensive program that has demonstrated limited success even with Nevada Power deviating from certain provisions in its approved tariff to achieve that limited success. While the Commission respects Staff's recommendations regarding FlexPay, the Commission denies Staff's recommendation regarding modifications to the FlexPay program.
- 310. The Commission directs Nevada Power to close Schedule No. OFP (FlexPay) to new customers as of the date of this Order and directs Nevada Power to transition all existing FlexPay customers to their otherwise applicable rate schedules within 18 months from the close of this docket. The Commission further directs Nevada Power to begin providing timely notice

to all customers currently enrolled in FlexPay of the program's closure and their required transition, including clear information on any rate impacts that may result from switching to the otherwise applicable rate schedule.

P. Decommissioned Generating Stations and RTO Regulatory Assets Nevada Power's Position

- 311. Nevada Power states that the Mohave Generating Station was decommissioned in 2013, but continued costs exist for maintenance and monitoring for the closed onsite landfill, site storm water controls (*i.e.* erosion), site security, and Southern California Edison's oversight. (Ex. 132 at 4-5.)
- 312. Nevada Power states in certification that its share of the actual costs from June 1, 2023, through February 28, 2025, is \$141,000. (Ex. 133 at 3.)
- 313. Nevada Power states that the Navajo Generating Station ("Navajo") was decommissioned in 2019. (Ex. 132 at 6.)
- 314. Nevada Power states in certification that its share of the actual costs from June 1, 2023, through February 28, 2025, is \$4.799 million, plus \$1.359 in carrying charges. (Ex. 133 at 4.)
- 315. Nevada Power states that three units of Reid Gardner Generating Station ("Reid Gardner") were retired in December 2014 and that the fourth unit was retired in March 2017. (Ex. 132 at 12.)
- 316. Nevada Power states in certification that its decommissioning costs from June 1, 2023, through February 28, 2025, were \$3.626 million, plus \$0.843 in carrying charges. (Ex. 133 at 5.)

317. Nevada Power states further in certification that the Reid Gardner Administrative Order on Consent remediation costs from June 1, 2023, through February 28, 2025, were \$9.105 million, plus \$1.492 in carrying charges. (Ex. 133 at 5-6.)

Wynn-SEA's Position

- 318. Wynn-SEA note that Nevada Power rolled forward the balances of certain regulatory assets, but not those of Reid Gardner and Navajo to September 30, 2025, corresponding to the rate effective date. (Ex. 900 at 16.)
- 319. Wynn-SEA recommend that the balances of the Reid Gardner and Navajo regulatory assets also be rolled forward to September 30, 2025. (*Id.*)

Staff's Position

- 320. Staff disagrees with Nevada Power's accounting for carrying costs for the Navajo regulatory asset. (Ex. 303 at 21.) Staff believes that carrying costs should be calculated based upon when Nevada Power actually pays costs, not before payment or based upon accruals or estimates. (*Id.*)
- 321. Staff notes that it has found a similar issue in its review of the RTO regulatory asset, in which Nevada Power recorded April 2023 fees, and began accruing carrying costs, in the month before Nevada Power paid those fees. (*Id.*) Staff notes that in this one instance, Nevada Power accrued an additional \$4,863 in carrying charges. (*Id.*)
- 322. Based upon the foregoing, Staff recommends that the Commission disallow recovery of \$46,878 for Navajo and \$4,021 for Nevada Power's share of the RTO carrying charges, resulting in a rate-base reduction of \$50,899 and a reduction in amortization of \$9,153. (*Id.* at 22.)

- 323. Staff also recommends that the Commission provide guidance as to how monthly carrying charges in approved regulatory assets should be calculated. (*Id.*)
- 324. Staff also recommends that, as a compliance, the Commission order Nevada Power to recalculate the carrying charges based on the Commission's guidance referenced above for the Reid Gardner and Navajo regulatory assets presented for recovery in this docket and make appropriate adjustments to the regulatory asset account balances and amortizations. (*Id.*)

Nevada Power's Rebuttal Position

- 325. Nevada Power states that it utilizes accrual-based accounting practices to manage project-related activities including these regulatory asset accounts. (Ex. 199 at 12.) Nevada Power states further that creating a unique, or stand-alone, cash-based accounting principle solely on the premise that this may result in lower carrying charges for certain regulatory asset accounts would be inconsistent with historic accounting practices. (*Id.*) Nevada Power states further that these projects have accrued carry charges in the same fashion for previous rate cases and are the same as many other regulatory assets. (*Id.*)
- 326. Nevada Power notes that Navajo does have different treatment but that calculating those carry costs the same as other regulatory assets would result in an increased carry cost of \$47,000. (*Id.* at 15.)
- 327. Nevada Power argues that the RTO carry costs are in accordance with the principles of accrual-based accounting. (*Id.*)
- 328. Nevada Power states the Reid Gardner and Navajo regulatory assets will not expire prior to the next statutorily required three-year GRC filing requirement. Thus, the adjustment to roll forward the balance of these two regulatory assets is included on I-CERT 21, miscellaneous adjustments to rate base instead of I-CERT-33 which serves to reset amortizations

that would expire before the next presumed three-year GRC filing requirement, therefore no adjustment or additional action is required.

Commission Discussion and Findings

- 329. For the reasons outlined by Nevada Power, the Commission finds that Nevada Power's continuation of its accounting practices and methodology for the Reid Gardner, Navajo, and RTO regulatory assets is reasonable. Accordingly, the Commission rejects Wynn-SEA's and Staff's proposed adjustments to the Reid Gardner, Navajo, and RTO regulatory assets.
 - Q. Business Transformation Initiative Stranded Investment Regulatory Asset

 Nevada Power's Position
- 330. Nevada Power seeks to request regulatory asset treatment of the existing stranded net book value ("NBV") of software that first was discussed in Sierra's 2022 GRC, Docket No. 22-06014. (Ex. 178 at 34.)
- 331. Nevada Power states that the estimated balance to be included in rate base is \$214,000, and Nevada Power proposes to amortize that balance over three years, resulting in an annual amortization amount of \$71,000. (*Id.*)

Wynn-SEA's Position

- 332. Wynn-SEA note that the software retirements at issue occurred in March 2022. (Ex. 900 at 15.)
- 333. Wynn-SEA argue that this retirement not only predates the certification period in this GRC, it predates the certification period in Nevada Power's 2023 GRC, Docket No. 23-06007. (*Id.*)
- 334. Wynn-SEA also argue that when property is retired, the remaining NBV balance is deducted from accumulated depreciation, thus providing recovery of the remaining NBV

balance. (*Id.* at 15-16.) Wynn-SEA argue further that providing a regulatory asset for the same amount will result in double recovery of the remaining NBV. (*Id.* at 16.)

BCP's Position

- 335. BCP argues that IT asset retirements do not meet definition of unusual, significant, or infrequent events. (Ex. 404 at 8.) BCP argues further that the amount requested represents 0.0005 percent of Intangible Software cost in rate base and is insignificant. (*Id.*)
 - 336. BCP recommends that the Commission deny regulatory asset treatment. (*Id.*)

Staff's Position

- 337. Staff notes that, according to Nevada Power's witnesses, Nevada Power has replaced these IT assets while they still had much of their useful lives ahead of them because BHE's long-term IT strategy is to consolidate the IT support function across BHE's domestic utilities. (Ex. 311 at 8.)
- 338. Staff notes that, historically, a stranded asset is one that the enactment of a statute or an order of the Commission has impaired. (*Id.*) Staff argues that no new statute or Commission order has impaired these assets. (*Id.*) Staff also argues that Nevada Power continued to collect base rates plus rate of return that included these retired IT assets after Nevada Power had retired them, until January 2024. (*Id.* at 8-9.)
- 339. Staff also argues that Nevada Power's request for customers to pay for IT assets retired in the middle of their useful lives while also paying for a new IT strategy is not a prudent use of customers' funds. (*Id.* at 9.)
- 340. Staff argues further that, despite Nevada Power's argument that it has no mechanism to recover these costs without Commission intervention, the theoretical reserve balance for software in asset account 303 exceeded the actual recorded depreciation reserve by

almost \$26 million. (*Id.*) Staff argues further that Nevada Power has not explained why it cannot use the reserve imbalance to recover these costs through the remaining balance depreciation method. (*Id.*)

341. Staff recommends that the Commission deny the request for regulatory asset treatment for the \$213,955 in FERC account 186, and that the Commission deny the request to recover and amortize the balance of the account over 3 years. (*Id.* at 9-10.)

Nevada Power's Rebuttal Position

- 342. Nevada Power states that in its 2023 GRC, Docket No. 23-06007, it did seek regulatory asset treatment for any stranded NBV from expected retirements of some of its IT programs. (Ex. 199 at 30-31.) Nevada Power states further that the Commission did not approve or deny that request, and thus Nevada Power recorded the remaining NBV as a regulatory asset. (*Id.* at 31.)
- 343. Nevada Power states that in Sierra's 2024 GRC, Docket No. 24-02026, Sierra brought forth the regulatory asset. (*Id.*) Nevada Power states further that the Commission ordered that all items for which NV Energy seeks regulatory asset approval must be placed in a FERC 186 account until the Commission expressly approves the regulatory-asset request. (*Id.*)
- 344. Nevada Power states that it moved the NBV into account 186 and is specifically requesting regulatory-asset treatment with inclusion in rate base and three-year amortization. (*Id.*)

Commission Discussion and Findings

345. The Commission rejects Nevada Power's Business Transformation stranded investment regulatory asset request for \$214,000 because the circumstances that warrant eligibility for recovery of a stranded asset from ratepayers are not currently present. The IT-asset

retirements do not meet the definition of unusual, significant, or infrequent events. IT assets can be short-lived and require regular replacement. The Commission further notes the \$26 million theoretical reserve balance in excess of depreciation for software. Nevada Power's rebuttal suggests some frustration about how to recover these stranded asset costs. The Commission disallows them from recovery because they are dated and should not have been recorded for future recovery. The Commission denied recovery of similar costs in Sierra's 2024 GRC, Docket No. 24-02026.

R. Wave 3 Stranded Investment Regulatory Asset

Nevada Power's Position

- 346. Nevada Power states that the Wave 3 projects will replace IT assets for which the Commission had approved cost recovery, but which will be retired starting on July 1, 2026, with remaining balances. (Ex. 182 at 26.)
- 347. Nevada Power requests that the Commission permit the establishment of a regulatory asset to capture these costs when the IT assets are retired, until they can be addressed in a subsequent GRC. (*Id.* at 26.)
- 348. Nevada Power states that some of these IT assets will continue to be used after the Wave 3 projects go into service, and that some of assets will be stranded. (*Id.* at 29.)
- 349. Nevada Power states that the total NBV of the systems to be replaced is estimated to be \$6.5 million as of July 1, 2026, and that the NBV of the stranded assets is estimated to be \$3.8 million as of July 1, 2026. (Ex. 182 at 29.)

Staff's Position

350. Like the Business Transformation Initiative, discussed above, Staff disagrees that these IT assets qualify as stranded. (Ex. 311 at 10.) Staff notes that Nevada Power's examples of

assets for which it had requested regulatory-asset treatment all were due to events beyond Nevada Power's immediate control. (*Id.* at 10-11.)

- 351. Staff argues that Nevada Power's request is based upon a corporate decision that would result in ratepayers paying for retired IT assets while also paying for new corporate ventures. (*Id.* at 11.) Staff argues further that Nevada Power has not provided evidence that the retired assets have been impaired due to the enactment of a statute or an order of the Commission. (*Id.*)
- 352. Staff also argues that Nevada Power's proposal, which would significantly favor it financially while denying a benefit to the ratepayers, would create a perverse incentive. (*Id.* at 12.)
 - 353. Staff thus recommends that the Commission deny this request. (Id.)

Nevada Power's Rebuttal Position

- 354. Nevada Power argues that Staff's positions are inconsistent with the Commission's historic approval of costs associated with its long-term IT strategy. (Ex. 203 at 22.) Nevada Power also argues that Staff ignores that it is seeking to recover costs that it incurred prudently. (*Id.*) Nevada Power notes that in prior Nevada Power and Sierra GRCs, the Commission issued statements supportive of the common approach to replace legacy IT systems. (*Id.*)
- 355. Nevada Power notes that in its next GRC, after it has implemented Wave 3, it can address the benefits resulting from Wave 3 and explain why customers are better off by the retirement of the legacy IT assets. (*Id.*)

Commission Discussion and Findings

asset request at the NBV of the stranded assets at the time of retirement, less any accumulated depreciation expense that would have been incurred for the retired assets between the time of retirement and the end of the rate-effective period of this case, had the stranded assets not been retired. Consistent with the Commission's decision regarding Nevada Power's Wave 3 IT Projects ECIC request, Nevada Power should bring forward cost-recovery requests related to its Wave 3 IT projects, including any requests related to unrecovered costs of existing IT assets, in a future GRC when all of the project's costs and benefits can be reflected in rates.

S. Outsourced Labor in Specific Regulatory Assets

Staff's Position

- 357. Staff recommends that the Commission disallow the use of outside labor and contractors for services that could be performed internally from recovery as incremental costs in the GRC, Depreciation Study, IRP, and other regulatory assets. (Ex. 303 at 9.) Staff states that this results in a rate-base disallowance of \$466,500 and amortization expense of \$155,500. (*Id.*)
- 358. Staff also recommends that the Commission direct Nevada Power to cease presenting those costs for recovery as incremental costs in regulatory assets. (*Id.*)

Nevada Power's Rebuttal Position

359. Nevada Power agrees that NV Energy is making more filings compared to 15 years ago, but Nevada Power argues that filings require more detailed information and more compliances to respond to feedback Nevada Power receives. (Ex. 204 at 15.) Nevada Power argues that due to these facts, it is important for Nevada Power to have knowledgeable, external expertise to ensure it has the best filings to provide the Commission. (*Id.*)

- 360. Nevada Power states that NV Energy's filings require and include complex analysis and information on very specific areas, for example, the lead-lag study in this GRC. (*Id.* at 15-16.) Nevada Power argues that having expert consultants and external witnesses focus on the specific areas of a case that are not part of Nevada Power's day-to-day activities or specialties, allows Nevada Power to have its more general subject matter experts focus on their areas of expertise. (*Id.* at 16.)
- 361. Nevada Power states that it is not aware of any history where the Commission has denied cost recovery associated with external experts that Nevada Power had retained. (*Id.*)

Commission Discussion and Findings

- 362. The Commission finds Nevada Power's use of outsourced labor to support its regulatory filings reasonable and rejects Staff's proposed adjustment and request to direct Nevada Power to cease presenting such costs for recovery. The use of outside expertise during periods of increased workload or in areas of specialization can provide benefits to ratepayers. The Commission has noted concerns with Nevada Power's regulatory presentation; improvement to this may, on occasion, require the use of outside expertise.
- 363. Nonetheless, the Commission encourages Nevada Power to assess whether its increase in regulatory filings is best supported through additional in-house or outside expertise.

T. Costs Recorded as Travel Expenses in Various Regulatory Assets Staff's Position

364. Staff recommends that the Commission disallow from recovery unnecessary travel, convenience meals, entertainment, local mileage, and other such costs that were recorded in the regulatory assets filed in this GRC. (Ex. 303 at 12.) Staff states that this results in a rate

base disallowance of \$96,326 and amortization expense of \$32,109 for costs recorded as travel expenses. (*Id.*)

365. Staff also recommends that the Commission direct Nevada Power to cease presenting these costs for recovery in regulatory assets, general expenses, or through other means. (*Id.*)

Nevada Power's Rebuttal Position

- 366. Nevada Power states that its impression and experience is that representatives of the applicant who defend the application should be in the same hearing room as the presiding officer to provide the most efficient and effective hearing, whenever possible. (Ex. 204 at 17.)
- 367. Nevada Power states further that NV Energy is a statewide operation, with employees located throughout the state, and it argues that, as such, employee travel to meet in person is valuable and a normal cost of doing business. (*Id.* at 18.)

Commission Discussion and Findings

368. The Commission appreciates that both NV Energy and the Commission are statewide operations which may require its employees to travel throughout the state. The Commission also recognizes the benefits of being present in the same hearing room as the presiding officer for regulatory proceedings and the value of in-person communication. At the same time, the Commission does have offices north and south to meet the needs for efficiency and flexibility, and the Commission supports Nevada Power utilizing its discretion in determining which participants need to travel to appear in person for hearings and other proceedings. In this instance, the Commission rejects Staff's proposed adjustment related to travel costs to attend regulatory proceedings as the Commission finds that these costs were reasonably incurred to facilitate Nevada Power's participation in regulatory matters.

U. Invoices in the 2023 GRC Regulatory Asset

Staff's Position

- 369. Staff states that it has identified issues with some invoices that Nevada Power has recorded in the 2023 GRC regulatory asset, including notes that not all the work was performed for the 2023 GRC and legal invoices that were not provided or were so redacted that Staff could not verify that the work performed was properly classified. (Ex. 303 at 12-13.)
- 370. Staff recommends that the Commission disallow recovery of those invoices included in the 2023 GRC regulatory asset. (*Id.* at 13.) Staff states that the disallowance results in a reduction to rate base of \$221,939 and amortization expenses of \$73,980. (*Id.*)

Nevada Power's Position

- 371. Nevada Power states that it will remove \$70,173 for invoices that should have been recorded in the Sierra 2024 GRC regulatory asset or even the Nevada Power 2025 GRC regulatory asset. (Ex. 199 at 9.)
- 372. Nevada Power argues that the 2023 invoices from Lancaster Technical are valid expenses from the 2023 GRC. (*Id.*)
- 373. Nevada Power also argues that the invoices of \$107,415 from Wilkinson Barker Knauer LLP are valid but redacted due to attorney-client privilege and the attorney work-product doctrine. (*Id.*)

Commission Discussion and Findings

374. The Commission accepts Staff's proposed adjustment to rate base of \$221,939 and amortization expenses of \$73,980 for various invoices charged to the 2023 GRC regulatory asset. As indicated in the previous section, the Commission supports the ability of Nevada Power to utilize outside resources, and costs for some outside resources are currently in rates, but

Nevada Power is responsible for providing clear, accurate and un-redacted supporting documentation for costs it is seeking to recover from customers. As this is a recurring issue, the Commission suggests Nevada Power provide guidance for external vendors and internal approvals for these types of invoices of minimum required documentation to ensure future cost recovery. As a regulated monopoly electric utility, Nevada Power is also in the record-keeping business. The Commission finds Nevada Power failed to meet its burden of support for the costs identified by Staff.

V. Charges in the 2023 NDPP Regulatory Asset

Staff's Position

375. Staff recommends that the Commission deny recovery of Nevada Power's portion of legal fees and Applied Analysis charges incurred in 2024 for the 2023 NDPP filing, Docket No. 24-03006. (Ex. 303 at 19.) Staff states that this denial results in a reduction of \$224,272 from rate base and \$74,757 from amortization expense. (*Id.*)

Nevada Power's Response

376. Nevada Power recognizes that the Order from the 2023 NDPP filing, Docket No. 24-03006, only specified the 2023 legal fees to be recorded in the regulatory asset. (Ex. 199 at 10.) Nevada Power also recognizes that amended NDPP regulations mandate that, after March 2, 2025, NDPP cost recovery must be requested in a GRC. (*Id.*) Nevada Power states that, going forward, it intends to incorporate this type of expense into its O&M revenue requirement. (*Id.*) Nevada Power states further that, however, the amended regulations did not appear to permit it to reflect NDPP legal costs incurred in the fourth quarter of 2024 in O&M expense, and these legal costs also were incurred outside of the test period of this GRC. (*Id.*) Nevada Power states that

the most reasonable method to bring forward NDPP legal costs in a GRC was to include the 2024 legal fees in the 2023 NDPP regulatory asset in this GRC. (*Id.*)

Commission Discussion and Findings

377. The Commission rejects Staff's proposed adjustment to the NDPP regulatory asset for legal and consulting fees. The NDPP cost-recovery transition issues noted by Nevada Power could render certain charges identified by Staff from 2024 as reasonable but not able to be recovered. A transition from one form of cost recovery to another is not a basis for finding a reasonably-incurred cost ineligible for recovery.

W. Establishment of Extended Day Ahead Market ("EDAM") Regulatory Asset Nevada Power's Position

- 378. Nevada Power proposes a regulatory asset for EDAM implementation costs, to perform an analysis necessary for fulfilling the requirements to apply to join EDAM. (Ex. 162 at 9-10.) Nevada Power proposes including costs paid to the California Independent System Operator for the Implementation Agreement, to Utilicast for consulting, and for software, metering, and telecommunications. (*Id.* at 10.)
- 379. Nevada Power states that the costs would be allocated 75 percent to Nevada Power and 25 percent to Sierra. (*Id.* at 11.)

Staff's Position

380. Staff recommends that the Commission deny the request for an EDAM regulatory asset now and defer the request until an application to join EDAM has been submitted and approved by the Commission. (Ex. 303 at 24.)

Nevada Power's Rebuttal Position

- 381. Nevada Power states that it seeks to record costs that reflect mandates from the Commission for what must be evaluated in an application to join the EDAM. (Ex. 203 at 20.) Nevada Power states that costs are being incurred that reflect a Commission requirement. (*Id.*)
- 382. Nevada Power argues that it is being proactive in seeking approval for regulatory asset treatment of appropriately incurred costs consistent with the Commission's order in the 2024 Sierra GRC, Docket No. 24-02026. (*Id.*)
- 383. Nevada Power argues that denying regulatory asset treatment at this stage would discourage prudent market participation by introducing financial uncertainty. (Ex. 193 at 4.)
- 384. Nevada Power notes that in Docket No. 22-09006 the Commission has previously approved a regulatory asset for costs related to joining an RTO. (*Id.* at 3.) Nevada Power argues that the same rationale should apply to costs related to joining EDAM. (*Id.*)

Commission Discussion and Findings

385. The Commission approves Nevada Power's request to establish a regulatory asset to record EDAM implementation costs consistent with the Commission's order in the 2024 Sierra GRC Docket No. 24-02026, and the Commission's prior approval in Docket No. 22-09006 of a regulatory asset for costs related to joining an RTO. The Commission directed NV Energy's consideration of day-ahead market options, costs for which could be included in this regulatory asset. The Commission notes that this approval does not determine the type or amount of costs appropriate for inclusion in the regulatory asset, the prudence of such costs, or the appropriate allocation of costs between Nevada Power and Sierra, all of which the Commission will determine in future proceedings.

X. Invoices in the 2024 Consolidated IRP

Staff's Position

- 386. Staff states that it has been unable to verify some of the invoices recorded in the 2024 Consolidated IRP. (Ex. 303 at 14.)
- 387. Staff recommends that the Commission disallow recovery of those invoices from current recovery. (*Id.* at 15.) Staff states that the disallowance results in a reduction to rate base of \$1,086,082 and amortization expenses of \$362,027. (*Id.*)

Nevada Power's Position

- 388. Nevada Power agrees that an invoice from Kiewit for \$77,650 was not allocated properly, and that it will move 50 percent of that invoice to Sierra in Compliance. (Ex. 199 at 9.)
- 389. Nevada Power states that it will supplement its responses to Staff's DRs to provide all invoices, and Nevada Power maintains that those charges are valid and prudent. (*Id.* at 9-10.)
- 390. Regarding items that Staff questions as accounts payable accruals, Nevada Power argues that those items are just accounts payable corrections, not accruals. (*Id.* at 10.) Nevada Power argues that accounts payable corrections are part of the process and indicate there are proper controls in place. (*Id.*)

Commission Discussion and Findings

391. The Commission accepts Staff's proposed adjustment for various invoices charged to the consolidated 2024 IRP regulatory asset subject to Nevada Power's re-allocation of an invoice from Kiewit for \$77,650 that was not allocated properly. The Commission remains concerned, as highlighted in the last section, about Nevada Power's failure to provide clear, accurate, and un-redacted documentation supporting costs for which it is seeking recovery from

customers. Nevada Power's efforts in rebuttal testimony or post-hearing to present accurate documentation are generally too late for the information to be reviewed.

Y. Projects Lacking an Approved Supplemental Authorization for Expenditures Staff's Position

- 392. Staff states that Nevada Power is requesting recovery for 17 different projects, 16 distribution-related and 1 apparently transmission-related. (Ex. 306 at 6.) Staff states further that all projects exceeded their original authorizations for expenditures ("AFEs"). (*Id.*)
- 393. Staff states that the additional costs for these projects were not correctly presented, reviewed, and vetted by Nevada Power's senior management. (*Id.* at 8.) Staff states further that Nevada Power completed or spent the additional capital for these projects without having a signed and approved supplemental AFE. (*Id.*) Staff argues that Nevada Power thus cannot prove, and Staff cannot agree, that these additional costs were incurred prudently. (*Id.*)
- 394. Staff notes that as of May 22, 2025, Nevada Power provided six supplemental AFEs. (*Id.* at 12.) Staff notes further that five of the supplemental AFEs lack the management sign-off page that shows exactly when the project was signed off. (*Id.*) Staff notes further that each supplemental AFE is dated months after the project's in-service date. (*Id.*)
- 395. Staff recommends that the Commission reject cost recovery for each project that is missing a supplemental AFE. (*Id.* at 12-13.) Staff states that this would result in the removal of \$22.112 million from rate base, and the associated accumulated depreciation, depreciation expense, and ADIT. (Ex. 311 at 6.)
- 396. Staff also recommends that the Commission direct Nevada Power to perform a review to determine why the supplemental AFE process is not being followed for many projects, and to provide a copy of that review prior to its next GRC. (Ex. 306 at 13.)

Nevada Power's Rebuttal Position

- 397. Nevada Power does acknowledge that a handful of projects lacked approved supplemental AFEs prior to completion of the projects. (Ex. 184 at 6.) Nevada Power states, however, that this does not amount to mismanagement or lack of prudence. (*Id.*) Nevada Power states further that the Transmission and Distribution ("T&D") Projects team follows robust project management practices and principles, using portfolio project management tools to manage the business case. (*Id.* at 7.)
- 398. Nevada Power states that the T&D Projects team goes through a rigorous monthend routine that reviews each active project. (*Id.*) Nevada Power states further that these updates are consolidated into a portfolio level review where any significant changes on a month-to-month or budget-to-forecast basis are reported on by the assigned project manager and business analyst. (*Id.*)
- 399. Nevada Power states that of the sixteen projects, fourteen exceeded the \$1 million threshold, triggering a more extensive executive approval chain, up to the CEO. (*Id.* at 9.)

 Nevada Power states further that approvals can take months, so projects are allowed to continue while the supplemental AFE is approved. (*Id.*)
- 400. Nevada Power states that, except for the supplemental AFEs, all the project binders were complete with costs that were being requested for recovery. (*Id.*) Nevada Power states further that it also provided through four separate DR responses the justification for the cost differential for four of the projects. (*Id.*) Nevada Power states further that in hindsight, Nevada Power could have also provided the remaining supplemental variance justifications for the remaining projects. (*Id.* at 10.)

401. Nevada Power argues that making the plant adjustments based on the delta as identified in Staff's testimony is inappropriate. (*Id.*) Nevada Power notes that some of those costs are future costs to be presented in future rate cases. (*Id.*)

Commission Discussion and Findings

- 402. The Commission rejects Staff's recommended adjustment to deny cost recovery of \$22.112 million from rate base for each project that is missing a supplemental AFE. Nevada Power provided a reasonable explanation of the review process for these projects. The Commission finds the projects represent reasonable costs for used and useful facilities providing service to ratepayers.
- 403. The Commission acknowledges that project activities generally continue during the supplemental AFE process to avoid additional delays. Nevada Power provided the project binders complete with costs as well as justification for the cost differential for four projects requested through data requests. The Commission believes Nevada Power acted prudently to continue project activity during the supplemental AFE process. However, Staff's concerns regarding the unapproved or incomplete supplemental AFEs for the 17 projects highlight that the AFE process is a critical internal prudency check for Nevada Power.
- 404. As the Commission has noted elsewhere in this Order, Nevada Power bears the responsibility not just to make reasonable decisions, but to ensure adequate documentation is available and presented for review to defend those decisions. Again, as a monopoly regulated electric utility, Nevada Power must be in the record-keeping business. This case included multiple instances of incorrect or missing information for which disallowances are directed in some cases. This is a serious matter which requires Nevada Power to allocate meaningful resources to improve processes, documentation, and regulatory presentation.

405. The Commission orders as a compliance for Nevada Power to submit the signed and fully approved supplemental AFEs related to the 17 projects identified by Staff. If for any reason, a fully-approved supplemental AFE cannot be provided, Nevada Power must identify in the compliance filing the additional costs associated with the change in scope driving the requirement for the supplemental AFE.

Z. Jean Airport Flow Battery Project

Staff's Position

- 406. Staff states that Nevada Power has taken the salvage value of a replacement battery and warranty from the failed Jean Airport Flow Battery project, \$200,529 and applied it to the Clark Flow Battery project. (Ex. 309 at 4-5.)
- 407. Staff argues that Nevada Power ratepayers should not be held responsible to pay for those costs again. (*Id.* at 6-7.)

Nevada Power's Rebuttal Position

- 408. Nevada Power argues that the warranty has value to Nevada Power's customers in the event something happens with the new Clark Flow Battery. (Ex. 183 at 6.)
- 409. Nevada Power argues that the salvaged costs have not yet been recovered as it had a NBV of \$381,774 at retirement in August 2023. (*Id.* at 7.) Nevada Power states that it wrote off the Jean Airport Flow Battery costs in August 2023 when transitioning to the Clark Flow Battery project. (*Id.*) Nevada Power states further that it retired the original project costs and wrote off all costs that were not salvageable. (*Id.*) Nevada Power states further that it recorded the salvage value for the remaining life of the warranty for \$200,529 and wrote off the remaining balance below the line to FERC Account 421. (*Id.*)

Commission Discussion and Findings

410. The Commission finds that the Jean Airport Flow Battery costs were appropriately discharged and that the salvageable warranty costs associated with the Jean Airport Flow Battery were appropriately applied to the Clark Flow Battery project. The Commission rejects the recommendation to remove \$200,529 from rate base.

AA. Undergrounding Management Plan ("UMP")

Staff's Position

- 411. Staff argues that the Commission should order Nevada Power to record the costsharing allocation by the appropriate local jurisdiction as a regulatory liability with carry once payments are made pursuant to the UMP. (Ex. 309 at 12.)
- 412. Staff argues further that, as a directive, Nevada Power should be required to demonstrate that such payments offset the full costs of each UMP project when it files its next general rate case or explain why no such payments have been collected. (*Id.*)

Nevada Power's Rebuttal Position

413. Nevada Power states that it generally agrees with this recommendation. (Ex. 186 at 2.) Nevada Power states further that, except in extenuating circumstances, UMP projects normally follow Rule 9 guidelines where payments for estimated costs are made prior to the start of construction, ensuring that all jurisdictional contributions or payments are accounted for when the project becomes used and useful. (*Id.*) Nevada Power states further that in the instances where this does not occur, NV Energy intends to record the cost-sharing allocation by the appropriate local jurisdiction as a regulatory liability. (*Id.*)

Commission Discussion and Findings

- 414. The Commission accepts Staff's recommendation as agreed to by Nevada Power, and the Commission orders Nevada Power to record the cost-sharing allocation by the appropriate local jurisdiction as a regulatory liability with carry once payments are made pursuant to the UMP.
- 415. The Commission finds that costs associated with the UMP being sought for recovery are for facilities that are in service and used and useful. However, the Commission also recognizes that those facilities are currently underutilized as additional load has yet to materialize. The Commission recognizes that the full build-out of certain projects can occur within an uncertain timeframe and that such uncertainty presents risk. In this instance, the Commission is faced with balancing the risks to Nevada Power and its customers with encouraging reasonable infrastructure investments that support the growing energy needs of Nevada.
- 416. To limit existing customers' responsibility for paying the costs of the UMP-related facilities at issue, the Commission orders Nevada Power to establish a regulatory liability account, with carry, to capture Base Tariff General Rate ("BTGR") and BSC revenues associated with new incremental customers and load for the UMP projects. The Commission finds that this arrangement is investment-supportive and mutually beneficial to Nevada Power and its customers, both existing and future. The Commission finds that Nevada Power has the opportunity to be made whole for its investment as it relates to the rate-effective period of this general rate case, and the arrangement will ensure that existing and future customers are appropriately credited for any incremental revenues.

417. As a directive, the Commission requires Nevada Power to demonstrate that such payments offset the full costs of each UMP project upon filing its next general rate case. If the payments have not been collected or do not fully offset the cost of each UMP, Nevada Power must provide explanation for the lack of payment or under-collection.

BB. Violation of Commission Order in Docket No. 23-08006

Staff's Position

- 418. Staff notes that in Docket No. 23-08006, the Commission accepted a stipulation regarding violations of Nevada's One Call Law by Nevada Power, in which Nevada Power agreed to refrain from seeking recovery of the costs of repair associated with two separate damage incidents that had occurred in 2022 and agreed to remove all such costs from its next GRC. (Ex. 309 at 13.)
- 419. Staff notes that Nevada Power again has not kept track of the costs associated with one of the two damage incidents and included a portion of those costs in this GRC. (*Id.*)
- 420. Staff notes further that Nevada Power has removed those costs in its certification filing. (*Id.* at 14.)
- 421. Staff recommends that the Commission take notice of another violation of a Commission Order by Nevada Power relating to excavation damages. (*Id.*)

Nevada Power's Rebuttal Position

422. Nevada Power states that it has removed the costs of the dig-in stipulated in Docket No. 23-08006. (Ex. 192 at 3.) Nevada Power states further that it had included the costs of the dig-in due to a typographical error in the dig-in's project identification number. (*Id.* at 2.) Nevada Power states further that it is investigating how to prevent a typographical error from

resulting in the inadvertent inclusion in a general rate case of costs that should be excluded. (*Id.* at 3.)

Commission Discussion and Findings

423. The Commission takes note of the inclusion of costs related to Docket No. 23-08006. Part of the Stipulation that was approved by the Commission placed the burden and responsibility upon Nevada Power to ensure the costs noted in the Stipulation were not requested for recovery from ratepayers. The costs have been removed from this case, and the Commission takes no further action in this order.

CC. Uncompensated Claims Work Order 3012385771

Staff's Position

- 424. Staff argues that the Commission should disallow \$340,630 in costs related to uncompensated claims Work Order 3012385771. (Ex. 309 at 19.)
- 425. Staff is concerned that this work order does not meet certification rules for inclusion in this GRC, because certification projects are supposed to be known and measurable with reasonable accuracy at the end of the test period. (*Id.* at 17.)
- 426. Staff notes that this work order was not included in the original filing and was only brought forward during certification. (*Id.*)
- 427. Staff states that the certification process is not meant as an avenue to include new projects or provide Nevada Power with the opportunity to include costs it "inadvertently" excluded. (*Id.*)
- 428. Staff states that because Nevada Power recorded the uncompensated costs to plant in January 2025 before it filed its general rate case, the most appropriate action would have been

for Nevada Power to file an amendment or an erratum to testimony when the mistake was realized rather than waiting until certification. (*Id.*)

Nevada Power's Rebuttal Position

- 429. Nevada Power states that the costs remain uncollected because the driver's insurance coverage limits are not enough to cover the full amount. (Ex. 192 at 6.) Nevada Power states further that the limited insurance coverage that is available will be split between Nevada Power and another affected party on a pro rata basis. (*Id.*)
- 430. Nevada Power states that its claims group will closely monitor all incidents involving million cable and transmission facilities. (*Id.*) Nevada Power states further that the log of the events will be reviewed and reconciled at the time for future GRC direct filings. (*Id.*)

Commission Discussion and Findings

431. The Commission approves Staff's recommendation to disallow \$340,630 in costs related to uncompensated claims Work Order 3012385771. Nevada Power's failure to timely or properly identify these costs for recovery is the cause of the disallowance.

DD. LZ PB2 SCR Catalyst, Replace and Other Erroneously-Closed Projects Staff's Position

- 432. Staff recommends that the Commission remove \$467,433 from plant in service for costs associated with the LZ PB2 SCR Catalyst, Replace project because that project never was constructed or completed. (Ex. 301 at 9.)
- 433. Staff recommends that the Commission remove \$467,000 from distribution plant and \$467,000 from transmission plant for costs associated with potential other projects that NV Energy refused to say were also not erroneously closed to plant in service as part of a computer glitch. (*Id.* at 12-14.)

434. Staff recommends that the Commission order an audit regarding how the LZ PB2 SCR Catalyst, replace project was erroneously closed to plant without the project ever being completed. (*Id.* at 14-15.) Staff further recommends that this audit should also explore whether other uncompleted projects were also inadvertently closed in prior GRCs going back to 2018. (*Id.*)

Nevada Power's Rebuttal Response

- 435. Nevada Power states that it agrees with Staff to remove the \$467,433 from plant in service for costs associated with the LZ PB2 SCR Catalyst, Replace project. (Ex. 187 at 2.) Nevada Power states further that the work order status was changed inadvertently from suspended to closed when the Generation Department was migrating from the Passport work management system to the Maximo work management system. (*Id.* at 2-3.)
- 436. With respect to Staff's request to remove \$467,000 each from distribution plant and transmission plant, Nevada Power states that T&D did not use Passport, were not involved in the transition from Passport to Maximo, and thus a similar error would not have occurred in those areas. (*Id.* at 3.)
- 437. Nevada Power argues that a wide-ranging audit is not necessary but that it welcomes audits to help continuously improve processes. (*Id.* at 3-4.)
- 438. Nevada Power states that NV Energy has completed a review of every generation project from 2018 to date and audited any project that did not have project completion forms included in the project management records. (*Id.* at 4.) Nevada Power states further that the review resulted in a list of 28 projects, 3 of which were mistakenly included in plant. (*Id.*) Nevada Power states further that the first project is the project at issue. (*Id.*) Nevada Power states further that the other two were projects that were intended to be closed and costs moved to

O&M. (*Id.*) Nevada Power states further that these two projects, CL236-LZ PB1 MOVs and CL237-LZ PB2 MOVs were included in Plant in this filing with total costs of \$84,386 and \$5,329. (*Id.*) Nevada Power states further that it intends to remove these project costs from the final revenue requirement calculations. (*Id.*) Nevada Power states further that the two projects were in a suspended state through the transition to Maximo. (*Id.*) Nevada Power states further that a member of the Plant management team completed these reviews and mistakenly closed the projects to Plant instead of moving them to O&M. (*Id.* at 5.)

439. Nevada Power states that it is going through an extensive project management training program with all project managers as part of Wave 3. (*Id.*) Nevada Power also states that its generation department has reinforced the policy that a project cannot be closed without a review of the project completion forms. (*Id.*)

Commission Discussion and Findings

- 440. The Commission accepts Nevada Power's agreement to remove the \$467,433 from plant in service for costs associated with the LZ PB2 SCR Catalyst, Replace project. The Commission also accepts Nevada Power's offer to remove the project costs from the final revenue requirement calculations for two additional projects, CL236-LZ PB1 MOVs and CL237-LZ PB2 MOVs with total costs of \$84,386 and \$5,329, respectively.
- 441. The Commission shares Staff's concerns about the multiple errors by Nevada Power uncovered in this rate case and has discussed that concern elsewhere in this Order. Based on the representations by Nevada Power that it has completed a review of every generation project from 2018 to date, the Commission is not directing an audit at this time.

EE. EARNINGS-SHARING MECHANISM ("ESM")

BCP's Position

442. BCP notes that in Nevada Power's 2023 GRC, Docket No. 23-06007, the Commission set Nevada Power's return on equity at 9.5 percent. (Ex. 407 at 3.) BCP notes further that the Commission directed that, for any earnings more than 9.8 percent, Nevada Power would need to share those earnings equally between itself and its customers. (*Id.*)

Nevada Power's Rebuttal Position

443. Nevada Power does not object to BCP's recommendation to continue the ESM. (Tr. Vol 3. at 770.)

Commission Discussion and Findings

444. The Commission finds that the ESM shall be continued for Nevada Power under the current methodology incorporating the ROE as approved by this Order. As such, earnings calculated in accordance with the methodology presented in the annual Deferred Energy Accounting Application ("DEAA") shall be split 50 percent to ratepayers and 50 percent to shareholders for earning more than 30 basis points over the approved ROE of 9.50 percent, or 9.80 percent.

VI. MOTION FOR PROTECTIVE ORDER RE: I-CERT-22 AND H-CERT-22 NV Energy's Position

445. NV Energy filed a motion for a protective order (the "Motion") after it determined that a confidential schedule was publicly filed with the Application. (Mot. at 1.) Specifically, NV Energy states that H-CERT-22 in Volume 3 of the Application, H-CERT-22 executable workpapers, and I-CERT-22 executable workpapers were inadvertently publicly filed and then subsequently refiled confidentially. (*Id.* at 1-2.) NV Energy claims that the I-CERT-22 and H-

CERT-22 workpapers should be confidential to protect NV Energy's ability to negotiate reasonable insurance rates and premiums. (*Id.* at 2.) NV Energy argues that, in the absence of confidentiality protections for these workpapers, the public and others in the insurance industry can identify commercially sensitive and uniquely negotiated insurance terms and premiums. (*Id.* at 3.) NV Energy claims that, because its market for insurance is not truly competitive, insurance providers may not provide competitive pricing if they are aware of what NV Energy already pays to another insurance provider. (*Id.* at 5.)

BCP's Position

446. BCP opposes NV Energy's Motion. (BCP's Resp. to Mot. at 1.) BCP argues that NV Energy has failed to demonstrate that the confidentially claimed information in I-CERT-22 and H-CERT-22 is confidential commercial information under Nevada law. (*Id.* at 2.) BCP further argues that, because NV Energy failed to demonstrate that I-CERT-22 and H-CERT-22 should be entitled to confidential protection, this information should be subject to public disclosure. (*Id.* at 4.)

Staff's Position

A47. Staff opposes NV Energy's Motion. (Staff Resp. to Mot. at 1.) Staff notes that NV Energy's request for confidentiality protection for I-CERT-22 and H-CERT-22 is unprecedented as this information has not been previously claimed confidential by NV Energy. (*Id.* at 2.) Staff claims NV Energy has failed to provide any evidence that disclosing the information in I-CERT-22 and H-CERT-22 would place NV Energy at a competitive disadvantage. (*Id.* at 2-3.) Staff asserts that, if NV Energy customers are being asked to pay for insurance premium costs, then that insurance information should be available for public review. (*Id.* at 3-4.)

Commission Discussion and Findings

- 448. The Commission denies the Motion and finds that H-CERT-22, the H-CERT-22 executable workpapers, and the I-CERT-22 executable workpapers are not entitled to confidential protection. A Nevada regulated utility has discretion over what it may seek confidentiality protections for, and the Commission endeavors to protect the legitimate interests of Nevada regulated utilities from financial harm.
- 449. Here, the primary argument by Staff and BCP against NV Energy's confidentiality request is that NV Energy has not made a sufficient evidentiary showing demonstrating that the requested information is entitled to confidential protection. The Commission disagrees.
- 450. The Commission finds that NV Energy voluntarily publicly disclosed the information that it now seeks to designate as confidential. NV Energy, like the Commission or any other party who is granted access to confidential materials, has a duty to protect confidential information in its possession.
- 451. NV Energy did not meet this duty by failing to take reasonable steps to protect this information from disclosure that it now seeks to designate as confidential. Importantly, NV Energy did not meet its duty to take prompt corrective action to protect their confidential information. While NV Energy did notify the Commission on February 18, 2025, that NV Energy determined a confidential schedule was publicly filed with its Application on February 14, 2025; it was not until June 24, 2025, that NV Energy rectified its error and refiled certain workpapers as confidential. Similarly, after filing its Revenue Requirement Certification on April 28, 2025, NV Energy waited until June 5, 2025 to then designate publicly-filed information as confidential. Allowing a significant amount of time to elapse—well over a month or more—to attempt to claw back publicly-available information and redesignate it as confidential does not

comport with NV Energy's duty to protect information that it claims as confidential and further interferes with other parties' and the public's ability to conduct their investigations. As such, NV Energy waived its privilege to claim this information as confidential.

- 452. Certainly, it is not the Commission's position that NV Energy or any other utility cannot make mistakes and seek to correct an inadvertent disclosure of material that NV Energy or the utility claims is confidential. The Commission welcomes and encourages utilities to correct such mishaps. However, a utility will not be given carte blanche to re-designate information as confidential, particularly when the utility allows this information to languish with public access for months. A utility must act reasonably and promptly to protect its confidential information.
- 453. Finally, the Commission notes that the circumstances surrounding this collateral issue highlights a potential need for better resources and supervision at NV Energy.

VII. RATE DESIGN

A. Legality of Proposed 15-Minute Netting for NEM Customers

Applicable Law

- 454. NRS 704.769 provides that "[n]et metering' means measuring the difference between the electricity supplied by a utility and the electricity generated by a customer-generator which is fed back to the utility over the applicable billing period."
 - 455. NRS 704,775 provides, in relevant part:
 - 1. The billing period for net metering must be a monthly period.
 - 2. The net energy measurement must be calculated in the following manner:
 - (a) The utility shall measure, in kilowatt-hours, the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

Background

- 456. In response to concerns raised by several parties challenging the lawfulness of NV Energy's proposal to measure the net electricity produced or consumed by a NEM system on a 15-minute basis, the Presiding Officer issued Procedural Order No. 2. Procedural Order No. 2 requested any interested party to provide legal arguments in response to the following question:
 - (a) "Does Nevada law allow [NV Energy⁶] to measure the net energy electricity produced or consumed by a net metering system on a 15-minute basis, or should the measurement of net energy be performed on a monthly basis?" (Procedural Order No. 2 at 4.)
- 457. NSA, SEIA, Vote Solar, BCP, and Staff (the "Opposing Parties") each filed an opening legal brief and a reply legal brief providing arguments in opposition to the legality of NV Energy's 15-minute netting proposal. NV Energy filed an opening legal brief and a reply legal brief arguing that its 15-minute netting proposal is allowed under Nevada law.

NV Energy's Position

458. NV Energy argues that Nevada law permits NV Energy to measure the net electricity produced or consumed by a NEM system on a 15-minute basis. (NV Energy Opening Brief at 1; NV Energy Reply Brief at 3, 8-11.) NV Energy asserts that objectives of NRS 704.7732, which requires crediting and properly valuing each kilowatt-hour ("kWh") of excess electricity generated by a NEM customer-generator, is best achieved through 15-minute netting. (NV Energy Opening Brief at 4.) NV Energy further argues that nothing in the plain language of NRS 704.769, 704.771, or NRS 704.775 mandates that NV Energy measure the net electricity produced or consumed by a NEM system in monthly netting increments only. (*Id.* at 9.) Finally, NV Energy argues that 15-minute netting is supported by the legislative intent behind Assembly

⁶ While the question posed in Procedural Order No. 2 asked whether the proposal was lawful for Nevada Power specifically, the arguments made by the parties and the Commission's determination on the legality of the proposal are equally applicable to Sierra.

Bill 405 (2017) and is consistent with NRS 701.540, Nevada's Renewable Energy Bill of Rights. (*Id.* at 11-13.) NV Energy additionally asserts that 15-minute netting does not violate NRS 704.766 and NRS 704.773. (NV Energy Reply Brief at 15-17.)

NSA's Position

A59. NSA generally argues that 15-minute netting measurements are inconsistent with Nevada law and the legislative intent of Assembly Bill 405 (2017). (NSA Opening Brief at 1-3.) NSA also points to other examples from different jurisdictions to highlight its concerns. (*Id.* at 4.) NSA interprets NV Energy's proposal to measure the net energy electricity produced or consumed by a net metering system on a 15-minute basis as an attempt to redefine the statutory "billing period" in the NRS. (NSA Reply Brief at 3.) NSA asserts that this attempt to redefine "billing period" must be accompanied by notice and comment procedures under NRS 233B.060. (*Id.*)

SEIA's Position

460. SEIA argues that measuring net excess electricity on a 15-minute basis is not permitted under Nevada law. (SEIA Opening Brief at 1.) SEIA asserts that the plain meaning of Nevada's NEM statutes, specifically NRS 704.769 and 704.775, clearly requires monthly netting. (*Id.* at 2-3; SEIA Reply Brief at 4-5.) SEIA further argues that the legislative history of Assembly Bill 405 (2017) does not support 15-minute netting measurements and that monthly netting is consistent with the Nevada Renewable Energy Bill of Rights. (SEIA Reply Brief at 5-6, 8-9.)

Vote Solar's Position

461. Vote Solar argues that Nevada law does not permit NV Energy to measure net metering on a 15-minute basis. (Vote Solar Opening Brief at 1; Vote Solar Reply Brief at 4-8.)

BCP's Position

462. BCP argues that measuring net electricity on a 15-minute basis is inconsistent with Nevada law and that NEM measurements should be conducted on a monthly basis. (BCP Opening Brief at 1; BCP Reply Brief at 2-3.) BCP asserts that the plain meaning and legislative intent of Nevada's NEM statutes, specifically NRS 704.769, NRS 704.7732, and NRS 704.775, support monthly netting. (BCP Opening Brief at 3-4.) BCP further argues that the legislative history of Assembly Bill 405 (2017) does not support measuring net excess electricity on a 15-minute basis. (BCP Reply Brief at 3-4.)

Staff's Position

463. Staff argues that Nevada law requires that the measurement of net electricity produced or consumed by a NEM system be conducted monthly. (Staff's Opening Brief at 4; Staff's Reply Brief at 4.) Staff points to the plain language of NRS 704.773 and NRS 704.775 as prohibiting any deviation from monthly measurements. (Staff's Opening Brief at 4.) Staff further argues that NV Energy's 15-minute netting proposal violates NRS 704.7732 and NRS 704.776. (Staff's Opening Brief at 7-8; Staff's Reply Brief at 7-9.) Staff further argues that even if Nevada's NEM statutes were ambiguous, the legislative history behind them supports Staff's interpretation that only monthly netting measurements are permitted. (Staff's Opening Brief at 4.)

Commission Discussion and Findings

- 464. The Commission finds that measuring the net electricity produced or consumed by a net metering system on a 15-minute basis is permitted under Nevada law.
- 465. Many of the Opposing Parties cite a previous Commission order, which determined that monthly netting was the appropriate methodology for NV Energy's NEM

customers at that time, as support for their legal interpretations. The Opposing Parties' reliance on previous Commission orders is misplaced. As many of the Opposing Parties themselves point out, the Commission is not bound by *stare decisis*, and thus, any prior Commission order holds no precedential value in the Commission's analysis here. The Commission makes its legal determination *de novo*.

- 466. Many of the Opposing Parties read NRS 704.769 and NRS 704.775 jointly to determine that only monthly netting measurements are permitted under statute. Generally, the Opposing Parties argue that NRS 704.775(1)'s definition of the "billing period" for NEM as a "monthly period" and that NRS 704.769's stipulation that the measurements of "the difference between the electricity supplied by a utility and the electricity generated by a customergenerator...over the applicable billing period" require monthly measurements only because the "billing period" is a "monthly period" under NRS 704.775(1).
- 467. The Opposing Parties' interpretation of NRS 704.769 and NRS 704.775 is misguided. The frequency or granularity of netting measurements is not contemplated by the NRS. The applicable statutes simply contemplate the timeframe during which such netting practice must occur; the statutes do not dictate the frequency of the netting measurements during this timeframe. In other words, the "billing period," which is defined as a "monthly period" under statute, plainly means that bills must be furnished monthly. Nevada's statutes are silent on whether the netting measurements, that are only statutorily mandated to be conducted within this monthly billing period, are to be conducted monthly, in 15-minute increments, or within any other timeframe. Further, it is reasonable to assume that the plain meaning of the timeframe "billing period" applies only to *billing* and not the frequency of netting measurements.

- 468. Instead, the Nevada Legislature has given utilities the discretion to conduct their netting measurements "in accordance with normal metering practices." (NRS 704.775(2)(a).) Without specifying what "normal metering practices" are, the Legislature left the determination of what constitutes "normal metering practices" to the Commission, likely because "normal metering practices" for utilities are dynamic, highly technical, and rapidly evolving.
- 469. NV Energy represents that the current "monthly netting framework...perpetuates a revenue shortfall associated with NEM, ultimately increasing costs for non-NEM customers." (NV Energy Opening Brief at 2.) The Commission discusses this fact-based argument below.

B. Merits of Proposed 15-Minute Netting for NEM Customers NV Energy's Position⁷

- 470. NV Energy states that under the current NMR-405 tariff, it compiles both the energy that it delivers to a NEM customer and the energy that it receives from that customer. (Ex. 238 at 33.) NV Energy states further that at the end of each monthly billing cycle it nets the delivered energy and the received energy. (*Id.*) NV Energy adds that if the energy it received exceeds the energy it delivered, then it gives the NEM customer a monetary credit equal to 75 percent of the full retail rate that NV Energy would have charged. (*Id.* at 33-34.) NV Energy states that if the energy it delivered exceeds the energy it received, then it will bill the NEM customer at the full retail rate for the net energy delivered to the NEM customer. (*Id.* at 34.)
- 471. NV Energy proposes to close the NMR-405 tariff to new customers and open a new NMR-2025 tariff that will change from monthly netting to 15-minute netting. (*Id.* at 35.)

⁷ The request to shift to 15-minute netting for NEM customers is an issue in Nevada Power's GRC, Docket No. 25-02016. It is the sole issue in Sierra's advice-letter filing, Docket No. 25-03006. The Commission will address both requests together and will refer to the companies collectively as "NV Energy." NV Energy witness Jeffrey Bohrman filed direct testimony in both dockets. His testimony in the Sierra docket, Ex. 239, is identical to his testimony on the 15-minute netting issue in the Nevada Power GRC, Ex. 238, except for the name of the company at issue and quantifications. Therefore, the Commission will cite only to his Nevada Power testimony except when quantities differ.

Under this proposal, in each 15-minute increment, NV Energy will charge a NEM customer for the net electricity it has delivered to that customer, at the applicable rate, or NV Energy will credit a NEM customer for the net electricity it has received from that customer, at the statutory 75 percent of the applicable rate. (*Id.*)

- 472. NV Energy states that this proposal will not affect existing customers who participate in NEM through the NMR-405 tariff. (*Id.* at 43.)
- 473. NV Energy states further that the proposed change will take effect for all new NEM applications received on or after October 1, 2025. (*Id.*)
- 474. For Nevada Power's service area, NV Energy estimates that a new NMR-2025 customer would receive \$136 less annually, or \$11 less per month, than they would have received under monthly netting. (Ex. 238 at 43-44.) For Sierra's service area, NV Energy estimates that a new NMR-2025 customer would receive \$102 less annually, or \$8.53 less per month, than they would have received under monthly netting. (Ex. 239 at 16.)
- 475. NV Energy states that with monthly netting, most energy fed into the grid is netted against a customer's electricity usage at the end of the billing cycle, effectively valuing it at 100 percent of the full retail rate of electricity. (Ex. 238 at 37.) NV Energy states further that the quantity of excess electricity remaining and applicable to the 75-percent credit rate is very small. (*Id.* at 37.)
- 476. NV Energy states that, for Nevada Power, in the twelve months ending March 31, 2024, the Tier 4 NEM customers fed 320.6 million kWh onto the grid, but only 48.7 million kWh, or 15 percent, were compensated at Tier 4's 75 percent of the full retail rate. (*Id.* at 37-38.)

- 477. NV Energy states further that, for Sierra, in the 12 months ending September 30, 2023, the Tier 4 NEM customers fed 32.3 million kWh onto the grid, but only 5.6 million kWh, or 17 percent, were compensated at Tier 4's 75 percent of the full retail rate. (Ex. 239 at 10.)
- 478. For Nevada Power's service area, NV Energy states that under current monthly netting, the average NEM customer shows an excess energy of 578 kWh. (Ex. 238 at 40.) NV Energy states that under 15-minute netting, that same average NEM customer would show an excess energy of 4,937 kWh. (*Id.*) For Sierra's service area, NV Energy states that under current monthly netting, the average NEM customer shows an excess energy of 573 kWh. (Ex. 239 at 13.) NV Energy states that under 15-minute netting, that same average NEM customer would show excess energy of 4,187 kWh. (*Id.* at 13.)
- 479. NV Energy states also that it has compared the price that it pays to NEM customers for excess energy with the actual value of that excess energy, as measured by market prices. (Ex. 238 at 41.) NV Energy states that, for Nevada Power's service area, when compared with the price that Nevada Power pays for energy from solar-only projects, which is \$0.03528 per kWh, NEM customers are receiving a premium of 223 percent for each kWh that is valued at 100 percent of full retail rate, or \$0.11392 per kWh, and a premium of 142 percent for each kWh that is valued at 75 percent of full retail rate, or \$0.08544 per kWh. (*Id.* at 41-42.)
- 480. NV Energy states further that, for Nevada Power's service area, when compared with the weighted average value based upon Nevada Power's long-term avoided costs ("LTAC"), *i.e.*, what Nevada Power would have paid for energy had the NEM customers not fed energy into the grid, or \$0.02063 per kWh, NEM customers are receiving a premium of 452 percent for each kWh that is valued at 100 percent of full retail rate, or \$0.11392 per kWh and a premium of 314

percent for each kWh that is valued at 75 percent of full retail rate, or \$0.08544 per kWh. (*Id.* at 41-42.)

- 481. NV Energy states that, for Sierra's service area, when compared with the price that Sierra pays for energy from solar only projects, which is \$0.03528 per kWh, NEM customers are receiving a premium of 221 percent for each kWh that is valued at 100 percent of full retail rate, or \$0.11329 per kWh, and a premium of 141 percent for each kWh that is valued at 75 percent of full retail rate, or \$0.08497 per kWh. (Ex. 239 at 13-14.)
- 482. NV Energy argues that the amounts that it pays to the NEM customers is treated as a fuel and purchased power cost that flows through the Base Tariff Energy Rate ("BTER") mechanism, meaning that all customers pay for the additional premium that NEM customers receive for each kWh that NV Energy purchases from them. (Ex. 238 at 42.) NV Energy argues further that this impact on rates is isolated to all customers that pay the BTER and DEAA rate components on a dollar-for-dollar basis. (*Id.* at 42-43.) NV Energy argues further that this impact does not affect its own bottom line because it cannot profit from the energy that it purchases to deliver to customers. (*Id.* at 43.)

Vote Solar's Position

- 483. Vote Solar recommends that the Commission reject NV Energy's proposal, arguing that it is inconsistent with Nevada law and that the proposal would have negative effects on the solar industry in Nevada. (Ex. 1300 at 14.)
- 484. Vote Solar also recommends that the Commission order NV Energy to provide long-term cost-benefit analyses and projected changes in customer adoption rates for solar with any future proposal to change rate designs affecting residential and general service customers. (*Id.* at 5.)

SEIA's Position

- 485. SEIA recommends that the Commission reject NV Energy's proposal to shift to 15-minute netting. (Ex. 1200 at 4.)
- 486. SEIA notes that NV Energy's argument that NEM customers effectively receive 100 percent credit on most of their energy is at odds with its own definition of the "Excess Energy Credit" in its NMR-405 tariff. (*Id.* at 5.) SEIA notes further that once the netting calculation is completed, NEM customers properly receive the 75-percent credit for the excess energy that they provide to NV Energy. (*Id.*)
- 487. SEIA disagrees with NV Energy's comparison of distributed energy resources ("DER") with utility-scale solar projects to determine the fair value of exported energy, because NV Energy has not quantified the additional benefits of exported energy from NEM systems. (*Id.* at 6.)
- 488. SEIA argues that the reduction in costs to serve customers after DER adoption outweighs the bill savings that NEM customers receive. (*Id.*)
- 489. SEIA argues that NV Energy's cost-shift claims rely upon an imputed load profile of NEM customers that is more than 150 percent of the actual delivered load that NV Energy was responsible for providing to those customers. (*Id.* at 7.)
- 490. SEIA argues that if the Commission determines that further investigation into NEM is appropriate, then the Commission should open an investigatory docket in which it can fully investigate the comprehensive benefits and costs of NEM along with the statutory requirements. (*Id.* at 8-9.)

NSA's Position

491. NSA opposes the change to 15-minute netting for new NEM customers. (Ex. 700 at 2.) First, NSA argues, the proposal conflicts with Nevada's NEM statutes and regulations. (*Id.* at 2-3.) Second, NSA argues, the proposal undermines the legislative intent to restore and stabilize monthly net metering in Nevada. (*Id.* at 3.) Third, NSA argues, 15-minute netting would devalue the electricity that NEM customers export to the grid. (*Id.*) Fourth, NSA argues, the proposal would make customer bills unnecessarily complex. (*Id.*) Fifth, NSA argues, the change to 15-minute netting would create a significant barrier to the continued adoption of rooftop solar. (*Id.*)

BCP's Position

492. BCP argues that NV Energy's proposal is inconsistent with Nevada law and should be rejected. (Ex. 415 at 35.)

Staff's Position

- 493. Regarding the technical ability to implement 15-minute netting, Staff recommends that the Commission find that NV Energy has not provided any evidence that its Advanced Metering Infrastructure (AMI) system is able to properly bill future NEM customers using a 15-minute netting period under NV Energy's new proposed Net Metering Rider 2025 Schedule No. NMR-2025. (Ex. 327 at 9. *See also* Ex. 328 at 29-30, Ex. 323 at 6-7.)
- 494. Regarding NV Energy's 15-minute netting proposal in general, Staff recommends that the Commission reject it. (Ex. 328 at 27.)
- 495. Staff argues that under NRS 704.775(1), the net-metering billing period must be monthly. (*Id.* at 28.)

- 496. Staff argues further that only the Legislature can change the netting process, compensation for excess energy, or other legislatively mandated NEM provisions. (*Id.* at 29.)
- 497. Staff argues that NV Energy's proposal would not address any NEM revenue shortfall that currently exists because the proposal applies only to new NEM customers. (*Id.* at 30.)

NV Energy's Rebuttal Position

- 498. NV Energy states that in any large-scale dataset derived from complex operational metering systems, occasional gaps in interval data are common. (Ex. 244 at 3.) NV Energy states further that data availability exceeded 97 percent about 93 percent of the time, with a cumulative availability rate of 98.6 percent over a 7-year period. (*Id.* at 4-5.)
- 499. NV Energy argues that adding more generation meters would come at a cost that likely outweighs the benefits at this time. (*Id.* at 6.) NV Energy states that Nevada Power maintains actual generation data from more than 33,000 single-family residential customers from the total number of approximately 109,000 single-family NEM customers. (*Id.*)
- 500. NV Energy notes that out of 136,181 active NEM meters in both service territories, less than 0.3 percent of the meters required meter technicians to manually collect data reads. (Ex. 241 at 2.)
- 501. NV Energy notes that its Meter Data Management System ("MDMS") Validation, Editing and Estimation ("VEE") processes apply uniformly to all smart meters, regardless of the customer class. (*Id.* at 3.) NV Energy notes further that instituting a 15-minute NEM netting would thus be based on the same metering and billing platform used today for all customer premises with smart meters. (*Id.*)

- 502. NV Energy states that its advanced metering infrastructure ("AMI") system is by and large already designed and set up to accommodate implementation of a 15-minute netting, and thus it is confident in its ability to bill new NEM customers using 15-minute netting. (*Id.* at 9.)
- 503. NV Energy states that in response to Procedural Order No. 4, it estimated the implementation costs for 15-minute netting to be \$715,000. (*Id.* at 9-10.) NV Energy states further that, after further development of its implementation plan, it estimates the implementation costs to be \$713,700. (*Id.* at 11-12.)
- 504. NV Energy clarifies that it is not proposing an inflow/outflow credit mechanism. (Ex. 243 at 24.) NV Energy argues further that it is proposing for new AB 405 customers to net delivered and received energy on a 15-minute basis instead of the current monthly netting. (*Id.*)
- 505. NV Energy adds that its proposal is for new NEM customers only and would not change the current excess energy compensation for existing NEM customers. (*Id.*)
- 506. In addressing arguments that adoption of 15-minute netting would stop customers from adopting NEM, NV Energy notes that even though NEM regulations changed in Utah and California, NEM adoption continued in those states following the regulatory changes. (*Id.*) NV Energy anticipates that if the Commission adopts the 15-minute netting proposal that NEM installations will continue at a pace similar to the recent past in Nevada. (*Id.* at 25.)
- 507. NV Energy disagrees that another investigatory docket is needed. (Ex. 249 at 3.) NV Energy argues that the Commission has all the evidence that it needs to make a decision on this issue. (*Id.*) NV Energy states that NSA's concerns about potential impacts to viability of the rooftop solar industry should not influence decisions regarding NEM-related adjustments. (Ex. 245 at 7.)

- 508. NV Energy argues that monthly netting obscures critical operational details by aggregating vastly different time periods when a NEM customer's solar generation and a NEM customer's receipt of energy from the utility have dramatically different grid impacts and costs. (*Id.* at 9.)
- 509. NV Energy disagrees with SEIA's argument that it has not considered the full benefits of DERs. (*Id.* at 10.) NV Energy argues that while DERs certainly provide some benefits to the grid, they do not inherently nor universally provide more or equivalent benefits on a per-unit basis than utility-scale resources of the same type. (*Id.*)

Commission Discussion and Findings

- 510. The Commission declines to adopt the 15-minute netting proposal for Nevada Power but approves the 15-minute netting proposal for Sierra at this time. The Commission finds that the daily demand charge is the appropriate change for Nevada Power to create rates that are more reflective of cost of service for the NEM-eligible rate classes. Given that for Sierra only the 15-minute netting proposal is under consideration, the Commission finds that its adoption for Siera is appropriate to address the NEM cost-shifting concern. Both proposals would bring NEM-eligible residential customers' rates closer to reflecting the cost of service, but the daily demand charge will be introduced for all residential ratepayers, whereas existing NEM ratepayers would be grandfathered and therefore exempted from the 15-minute netting proposal.
- 511. As discussed above, the Commission rejects the argument that Nevada law requires the billing period to match the netting period for NEM ratepayers. The Commission also rejects the argument that the Commission does not have authority to modify the tariffs applicable to NEM ratepayers.

- 512. Consistent with the Commission's Order in Docket No. 23-06007, here, the Commission again disallows the NEM regulatory asset. The Commission previously required Nevada Power to explore other options for addressing the unrecovered costs associated with the NEM regulatory asset. In this docket, the Commission directed the parties to provide information quantifying the cost that NEM ratepayers were not paying, and only Nevada Power provided relevant data.
- Some parties in this case argue that the Legislature passed AB 405 to restore and 513. stabilize the rooftop solar industry, so therefore, the Commission should not adopt a rate design that reduces financial benefits to NEM customers. As noted above, between October 7, 2024, and March 3, 2025, an additional 32.66 MW of NEM systems were installed in the combined Nevada Power and Sierra service territories; that equates to approximately 6.5 additional MW each month. It appears the change in law in 2017 in AB 405 has succeeded in restoring and stabilizing the rooftop solar industry. To address this policy question, the Commission also invited parties to provide information about the rooftop solar industry and the impact that a change in NEM billing might have on the industry. No party provided data upon which the Commission could rely to support the argument advanced by parties in this case that a change in the NEM tariff would have detrimental effects on the rooftop solar industry. Only Nevada Power quantified the expected change in a NEM ratepayer's bill under the daily demand charge or the 15-minute netting proposal. Similarly, no party supplied the quantification or evidence requested by the Commission in Procedural Order No. 4 to support the argument that the reduction in costs to serve NEM ratepayers exceeds the bill savings that NEM ratepayers receive.
- 514. Accordingly, the Commission is challenged to determine the most reasonable way to limit the extent to which the growing cost of NEM adoption is borne by the 90 percent of

residential customers without rooftop solar. What is unreasonable is the notion that the Commission should not reduce the amount of a benefit that a subset of residential and small business ratepayers, *i.e.*, NEM ratepayers, receive through avoiding the cost to serve them. Bringing the NEM customers' rates closer to cost-of-service-based rates is a reasonable next step toward maintaining fair and just rates for all ratepayers in an evolving energy environment.

- 515. Some parties recommend the Commission open an investigatory docket to consider how to address this problem. The Commission rejects this suggestion. Through several litigated GRCs, the Commission has considered options to limit the growth of the calculated NEM cost shift. The evidentiary record is adequate in this case for the Commission to determine whether and how to modify the tariff for NEM ratepayers.
- Power residential customers and the monthly demand charge for Nevada Power GS customers, with the delayed implementation and education component. The decision to adopt the daily demand charge and monthly demand charge is discussed in the section below. In the interest of gradualism for the ratepayer, for the utility, and for the rooftop solar industry, the Commission declines to adopt the 15-minute netting proposal for Nevada Power at the same time. Although Nevada Power currently receives metering data from these ratepayers in 15-minute increments, the Commission is cognizant of Staff's implementation concerns.
- 517. The Commission does approve the revised NEM tariff with 15-minute netting for Sierra ratepayers. *This change will take effect for all new NEM applications that Sierra receives on or after October 1, 2025.* Sierra has a slower rate of NEM adoption in its service territory and fewer overall residential customers than Nevada Power. NV Energy quantified the potential loss of revenue for an average new Sierra NEM ratepayer bill, \$8.53 per month, as less

than a similar potential loss of revenue for an average new Nevada Power NEM ratepayer bill, \$11 per month. Further, Sierra is anticipated to file a general rate case next, at which time the Commission can evaluate the data regarding the implementation of the new NEM 15-minute netting tariff. Accordingly, the Commission finds the 15-minute netting proposal lawful and consistent with the State policy to reimburse Sierra's NEM ratepayers for their excess energy at 75 percent of the retail rate.

C. Residential Daily Demand and Small Commercial Monthly Demand Charges Nevada Power's Position

- 518. Nevada Power states that residential and GS customer classes currently have a two-part rate structure: the BSC and flat, or, optionally, TOU, volumetric dollar-per-kilowatt-hour charge. (Ex. 238 at 13.)
- 519. Nevada Power proposes a demand charge for residential customers based upon each residential customer's daily maximum demand. (*Id.*)
- 520. Nevada Power also proposes a demand charge for small commercial customers, rate class GS, based upon each commercial customer's monthly maximum demand. (*Id.*)

 Nevada Power states that the proposal for the monthly commercial demand charge is to treat the GS class consistently with the rate classes for larger commercial customers, which already have monthly demand charges. (*Id.*)
 - 521. Nevada Power proposes that the residential daily demand charge be:
 - (a) \$0.18 per kW for rate class RS, residential service;
 - (b) \$0.10 per kW for rate class RM, multi-family residential service; and

- (c) 0.20 per kW for rate class LRS, large residential service. (Ex. 101 at 101.)
- 522. Nevada Power proposes that the monthly demand charge for rate class GS be \$0.48 per kW, and, if the Commission approves the ECIC, \$0.62 per kW. (Ex. 101 at 102, 223.)
- 523. Nevada Power notes the distinction between a customer's demand and energy usage. Nevada Power states that a customer's demand is the maximum amount of strain that the customer puts onto the utility's grid at any time during the relevant recording period. (Ex. 238 at 13.) Nevada Power states further that a customer's energy usage is the total amount of energy that the customer has used over the period that is reflected on their monthly bill. (*Id.*)

NCARE's Position

- 524. NCARE argues that a mandatory demand charge is inappropriate. (Ex. 1700 at 6.)
- 525. NCARE states that Nevada Power would be the first investor-owned utility to feature a mandatory demand charge. (*Id.* at 22.)
- 526. NCARE notes that the examples of demand charges that Nevada Power have provided either are voluntary or come from cooperative or municipal utilities that a state agency does not regulate. (*Id.* at 22 n.30.)
- 527. NCARE argues that Nevada Power's proposal does not have a logical cost-causation foundation because it is not designed to shift power away from system peak hours to lower-cost, cleaner hours of the day, in the way that TOU rates are designed to shift. (*Id.* at 23.)
- 528. NCARE argues further that the proposed demand charge is agnostic to system cost factors. (*Id.*) NCARE notes that each customer can trigger a higher demand charge at any

Nevada Power also proposes different daily demand charges for myriad optional residential rate classes, which are too numerous to list here.

⁸ All citations to Exhibit 101 in this section are to the page numbers of the PDF file.

time of the day. (*Id.*) NCARE notes further that while this sends a signal to that customer to spread usage, that customer might spread that usage into system peak hours. (*Id.*) NCARE notes further that the proposed charge thus does not adhere to cost-causation principles because the proposed charges are not aligned with the system's peak. (*Id.*) NCARE notes further that only those customers whose highest 15-minutes of usage correspond with the system peak are directly responsible for driving incremental costs to the grid. (*Id.*) NCARE concludes that the proposed demand charge is purely a cost recovery mechanism that benefits Nevada Power. (*Id.*)

- 529. NCARE argues that demand charges are not well understood by customers, and that such charges introduce the complexity of timing energy use to avoid a high 15-minute demand charge into a household's already full day. (*Id.* at 12-13.)
- 530. NCARE argues that Nevada Power's customer education plan is inadequate, and that Nevada Power has not provided any concrete and comprehensive education plan or materials. (*Id.* at 20.)
- 531. NCARE argues further that recent events related to customer bills and overcollection by NV Energy underscores the importance of uncomplicated rate structures that customers can understand. (*Id.* at 17.)
- 532. NCARE argues further that implementing a mandatory demand charge subjects captive customers to a larger, mostly unavoidable monthly cost. (*Id.* at 8-9.)
- 533. NCARE notes that Nevada Power currently offers to residential customers 18 voluntary tariffs that feature demand charges. (*Id.* at 9.) NCARE notes further that the primary feature of 3 of those tariffs—one each for single-family, multi-family, and large residential—is the daily demand charge; the other 15 tariffs offer a daily demand charge along with other optional pricing like TOU, NEM, electric vehicle recharge, etc. (*Id.*) NCARE notes further that

none of Nevada Power's residential customers take service under the voluntary rates that feature demand charges. (*Id.* at 10.) NCARE argues that Nevadans have already spoken through their actions and do not want demand charges. (*Id.* at 10-11.)

- 534. NCARE argues that the proposed demand charge undermines the benefits of load management when applied to TOU rates. (*Id.* at 13-14.) NCARE notes that for TOU to work, customers must be able to control their bills by changing their behavior in response to time-based price signals. (*Id.*) NCARE argues that implementing a demand charge that would be applicable during non-peak hours effectively punishes TOU customers for shifting load, making the price differential between on- and off-peak hours less effective. (*Id.* at 14.)
- 535. NCARE argues that other utilities in nearby states, such as Colorado and Arizona, found that customers did not demonstrate understanding of the need to stagger usage to control their bills. (*Id.* at 15.) In the case of Arizona, NCARE notes, Arizona Public Service's implementation of a voluntary demand charge led to customer complaints and a Commission investigation into the effectiveness of the company's customer outreach and education plan. (*Id.* at 18.)
- 536. NCARE argues that Nevada Power does not have systems and services in place for customers to timely track their usage and respond to the proposed demand charge. (*Id.* at 21.)

NSA's Position

- 537. NSA argues that a demand charge can be unduly punitive to residential customers (including rooftop solar customers) and is not easily understood or managed by the average homeowner. (Ex. 700 at 11-12.)
- 538. NSA argues that a mandatory demand charge functionally operates as involuntary time-based rates in violation of NRS 704.085. (*Id.* at 12.)

- 539. NSA argues that a mandatory demand charge could lead to solar customers facing unexpectedly high bills despite their investment in solar generation, diminishing the value of their systems. (*Id.* at 13.)
- 540. NSA argues that for a solar customer who has invested in a photovoltaic system, a new demand charge can feel like a penalty. (*Id.* at 16.)
- 541. NSA argues that its own surveys, and surveys conducted by other organizations, show that residential customers have limited ability to manage household energy usage to avoid coincident peak demand charges. (*Id.* at 14.) NSA argues further that predictable routines, which often result in multiple appliances running simultaneously, drive household energy use. (*Id.*) NSA argues further that customers cannot easily shift those routines without significant lifestyle disruptions. (*Id.*)
- 542. NSA argues that low-income households and larger families face disproportionate financial penalties under the proposed mandatory demand charges. (*Id.*)
- 543. NSA argues that most homeowners are not accustomed to actively monitoring and managing their instantaneous power demand throughout the day, and that such monitoring would be unrealistic for many families. (*Id.* at 14-15.) NSA also argues that educational materials can be helpful, but they do not eliminate the inherent complexity and potential for bill shock associated with residential demand charges. (*Id.* at 15.)

Vote Solar's Position

- 544. Vote Solar argues that the proposed demand charge does not satisfy rate design policy objectives of customer acceptance, equity, and price response. (Ex. 1300 at 16.)
- 545. Regarding customer acceptance, Vote Solar argues that there is no evidence that residential and small business customers understand and accept demand charges. (*Id.*)

- 546. Regarding equity, Vote Solar argues that there is no evidence that demand charges are better connected to cost causation than volumetric charges for residential and general service classes. (*Id.*)
- 547. Regarding price response, Vote Solar argues that there is little actual connection between the demand charge Nevada Power proposes and causation for the demand costs it claims to collect with the charge. (*Id.*) Vote Solar also argues that there is no evidence that customers can response to and manage their bills under a demand charge. (*Id.*)
- 548. Vote Solar notes that independent regulatory commissions have soundly rejected mandatory residential demand charges. (*Id.* at 18.)
- 549. Vote Solar notes further that the Arizona Corporation Commission rejected a mandatory residential demand charge because (1) customers were antipathetic to demand charges; (2) the public did not understand demand charges; and (3) mandatory residential charges were not in the public interest. (*Id.*)
- 550. Vote Solar notes further that Massachusetts rejected a proposed mandatory demand charge because (1) no other state utility commission has approved a mandatory residential demand charge anywhere in the country; (2) residential and small commercial customers are unable to feasibly monitor and adjust their consumption on a real-time basis; and (3) demand charges do not meet the goals of simplicity and efficiency in rate design. (*Id.*)
- 551. Vote Solar states that Nevada Power acknowledges that it has not completed any study of residential and small commercial customers' response to and/or acceptance of demand charges. (*Id.* at 19.) Vote Solar states further that Nevada Power also has not analyzed or investigated residential customers' ability to reduce overall maximum daily demands for managing their bills under Nevada Power's proposal. (*Id.*)

- 552. Vote Solar states that the Commission has recognized that demand charges are designed to recover costs based on a ratepayer's unique maximum load to collect costs directly caused by an individual customer's peak demand. (*Id.* at 30.)
- 553. Vote Solar argues that a residential customer's inability to adjust consumption based on demand charges effectively turns the demand charge into a fixed charge which makes it inappropriate for residential customers. (*Id.*)
- 554. Vote Solar argues that no correlation exists between the individual customer peak demands that set the demand charge and the individual contribution to cost causation for distribution demand costs that would be collected through the demand charge. (*Id.* at 32.) Vote Solar argues further that individual peaks occur at different times than the coincident peaks on the system that cause costs. (*Id.* at 32-33.)
- 555. Vote Solar argues that the proposed demand charge is inconsistent with NRS 704.085, which prohibits mandatory TOU rates, and NRS 704.7732 and 704.775, which requires Nevada Power to charge NEM customers on the net electricity, defined as kWh, that it supplies to those customers. (*Id.* at 39.) Vote Solar argues that there is no explicit statutory authority to bill NEM customers on anything other than net kWh, including a demand charge based upon peak kW. (*Id.* at 39-40.)

SEIA's Position

556. SEIA argues that the Commission should reject the demand charge proposal, because it is not cost based, not aligned or designed to meaningfully impact the growing peak demand, and cannot be reasonably adapted to or easily understood by customers. (Ex. 1200 at 16.)

- 557. SEIA notes that the proposed demand charge is a non-coincident peak charge, is not cost based, and does not accurately reflect the costs a NEM customer or non-NEM customer places on the system. (*Id.* at 12.)
- 558. SEIA argues that Nevada Power has not demonstrated its ability to prepare all residential customers and small commercial customers by the proposed April 1, 2026, effective date. (*Id.* at 14.)
- 559. SEIA argues that Nevada Power's system assets designed to serve customers are sized, and thus costed, based upon the diversified demand of the customers served by these assets, not the individual peak loads of any particular customer. (*Id.*)
- 560. SEIA notes that in any hour other than the system's peak hour, the system necessarily has spare capacity. (*Id.*) SEIA argues that this means that the peak load that individual and small commercial customers were placing on the system thus were not causing incremental demand that would drive system upgrade needs. (*Id.*)
- 561. SEIA argues that Nevada Power has not taken any meaningful steps to prepare customers for the new demand charge. (*Id.*) SEIA argues further that Nevada Power has completely oversimplified the education required to inform customers about a daily demand based on a 15-minute increment that a customer has no insight into in real-time. (*Id.* at 14-15.)
- 562. SEIA argues that it is unreasonable and incorrect to require customers to note each appliance's flat maximum demand, keep a log of each appliance's run history, and then reverse-engineer the maximum daily demand charge after receiving a bill to understand how to accurately account for and manage demand going forward. (*Id.* at 15.)

BCP's Position

- 563. BCP argues that the Commission should reject Nevada Power's proposed residential demand charges. (Ex. 415 at 34.) BCP argues further that Nevada Power's proposal has the potential to significantly increase the already high rate burden placed on low-income customers. (*Id.*)
- 564. BCP notes that throughout the United States, there are only 15 tariffs offered by investor-owned utilities to residential customers that include demand charges. (*Id.* at 33.) BCP notes further that none of these tariffs are mandatory, in contrast to Nevada Power's proposal. (*Id.*)
- 565. BCP argues that the proposed demand charge will lead to customer confusion, unless accompanied by a well-designed educational program. (*Id.*)
- 566. BCP states that it estimated the potential impact on different customer groups from the proposed residential demand charge. (*Id.* at 32.) BCP states that it found that a customer using one-third less energy than the system average would have an average increase in the monthly bill of 18.0 percent, a customer using the system's average amount of energy would have an average increase in the monthly bill of 11.6 percent, and a customer using one-third more energy than the system average would have an average increase in the monthly bill of 8.0 percent. (*Id.*)
- 567. BCP argues that, assuming that low-usage customers also are low-income customers, the demand charge will cause a greater proportional increase to low-income customers' bills than it will to high-income customers.

Staff's Position

- 568. Staff recommends that the Commission reject Nevada Power's proposal to implement a demand charge for all residential and small commercial classes. (Ex. 328 at 20.)
- 569. Staff states that the proposed demand charge does not represent the actual costs of providing service because it is not based on the time of day or time of year. (*Id.* at 21-22.)
- 570. Staff further states that the proposed demand charge, at best, sends a weak price signal to customers due to residential customers' lack of knowledge and access to information in real time regarding the effect on their bills of usage decisions. (*Id.* at 22-23.)

Nevada Power's Rebuttal Position

- 571. Nevada Power states that its proposal is based on the cost to serve residential customers. (Ex. 248 at 27.) The proposed daily demand charge is designed to recover the portion of distribution costs not covered in a customer's basic service charge. (*Id.*)
- 572. Nevada Power argues that BCP's analysis relies on highly selective evidence. (Ex. 243 at 14-15.) Nevada Power argues further that BCP's bill comparisons (1) are incomplete because they do not include a comparison between present rates and a flat rate; (2) utilizes present rates which are not Nevada Power's proposed rates with a demand charge; (3) does not use the certification average daily peak demand; (4) does not provide load factors; and (5) includes public policy adders which are not generally considered when setting the BTGR. (*Id.* at 15-16.)
- 573. Nevada Power argues that TOU customers are able and willing to shift loads in response to higher cost periods, and thus all customers can shift loads to minimize their daily demand charges. (*Id.* at 29.)

- 574. Nevada Power argues that its proposed residential daily demand charge is based on the cost to serve residential customers. (Ex. 248 at 27.) Nevada Power argues further that the residential daily demand charge is designed to recover the portion of distribution costs that it does not recover in the BSC. (*Id.*)
- 575. Nevada Power argues that one purpose of the proposed demand charge is to reduce the cost-shift in rates from NEM customers to non-NEM customers. (Ex. 243 at 10.)
- 576. Nevada Power notes that an overwhelming majority of Vote Solar's informal online poll respondents indicated that they are currently engaged in energy saving activity. (*Id.* at 20-21.) Nevada Power argues that this result undermines NCARE's argument that even sophisticated energy users will struggle to adapt to a demand charge. (*Id.*)
- 577. Nevada Power disagrees with NCARE's interpretation of the results of the Colorado Public Service Company's pilot program. (Ex. 245 at 19.) Nevada Power notes that NCARE focuses on the fact that 33 percent of participants comprehended the program and 49 percent of participants dropped out. (*Id.*) Nevada Power notes, however, that 77 percent of customers were likely to recommend the program to family and friends, with 56 percent indicating a high likelihood of recommendation. (*Id.*) Nevada Power argues that those results contradict any claim of customer dissatisfaction. (*Id.*)
- 578. Nevada Power argues that NSA provides no evidence to support its claim that a demand charge would be unduly punitive to residential customers. (*Id.* at 18.) Nevada Power notes that NSA relies instead upon results from a fundamentally flawed survey that Vote Solar conducted. (*Id.* at 3-5, 18.) Nevada Power thus argues that NSA's claims lack sufficient foundation to warrant serious consideration in this proceeding. (*Id.* at 18.)

- 579. Nevada Power states that NEM customers do not pay for all of the costs associated with the distribution facilities that have been installed to serve them and that they utilize. (Ex. 248 at 28-29.) Nevada Power argues further that the residential daily demand charge prevents NEM customers from avoiding payments for the costs of distribution facilities borne by 90 percent of Nevada Power's customers who do not have NEM systems. (*Id.* at 29.)
- customers, for multiple reasons. (*Id.* at 30.) Nevada Power argues first that the daily demand charge is revenue neutral, and that the average customer will not see any difference in the bill. (*Id.* at 30.) Nevada Power argues second that NEM customers will appropriately pay their share of the costs of the system built to serve them, which in turn means that a majority of Nevada Power's customers will experience lower bills when compared to the current rate structure. (*Id.*) Nevada Power argues third that the daily demand charge is more lenient to customers because it resets each day so customers are not punished for a high peak at any single point in a month. (*Id.* at 31.) Nevada Power argues fourth that costs recovered through the daily demand charge are removed from the volumetric rate, which provides benefits to customers. (*Id.*) Finally, Nevada Power argues fifth that the daily demand charge provides customers with ways to further control their bills by shifting their usage of high usage appliances throughout the day. (*Id.*)
- 581. Nevada Power states that no Nevada statutes preclude the Commission from approving, and Nevada Power from implementing, a daily demand charge. (*Id.* at 29-30.)
- 582. Nevada Power argues that, today, far more tools are available to customers for managing residential energy use. (Ex. 245 at 16.) Nevada Power notes that, increasingly, new technologies, such as smart programmable appliances, smart thermostats, and energy

management applications, make demand charges manageable and practical for customers to be active participants in their energy management. (*Id.*)

- 583. Nevada Power argues that Vote Solar's argument that mandatory demand charges should not be implemented because they have not already been widely adopted suggests that utility rate design should be constrained by the status quo instead of evolving to meet changing grid conditions and customer needs. (*Id.* at 16-17.)
- 584. Nevada Power states that mandatory residential demand charges are being implemented across various utility types. (*Id.* at 18.) Nevada Power argues that specific structures, mechanisms, and customer qualifications may differ, but the fundamental principle is being successfully applied. (*Id.*)
- 585. Nevada Power states that it is fully aware of the importance of implementing a communication plan. (Ex. 248 at 31-32.) Nevada Power states further that it is committed to providing educational materials and tools to communicate to customers what the demand charge means, how it will impact them, and how they can take advantage of the more advanced rate structure. (*Id.*)
- 586. Nevada Power argues that SEIA underestimates customers' ability to understand and manage their energy consumption patterns. (Ex. 245 at 15.) Nevada Power argues further that the growing adoption of TOU rates provides clear evidence that residential and commercial customers can effectively manage their energy consumption and reduce their impact on system demand. (*Id.*) Nevada Power notes that under TOU rates, customers routinely shift their usage patterns and timing major appliance use to avoid expensive rate periods. (*Id.*) Nevada Power argues that these behavioral changes show customers inherently understand the concept of managing simultaneous energy demands without needing to become energy experts. (*Id.*)

587. Nevada Power argues that as distribution facilities narrow down onto an individual customer, the facilities and line extension with corresponding costs to serve that customer are increasingly reflective of that customer's individual peak load. (Ex. 243 at 9.)

Nevada Power argues further that it is appropriate to institute a demand charge, which recovers distribution investments, based on the customer's maximum demand, which drives distribution investment. (*Id.*)

Commission Discussion and Findings

- 588. The Commission supports a moderate demand charge for Nevada Power residential customers to provide the ability for customers to lower their bills by managing their usage and to ensure that all residential customers are reasonably contributing to cover the cost of service. The calculated RS-NEM subsidy, estimated by Nevada Power at \$47.165 million, represents a cost to serve NEM customers that NEM customers are not paying due to the NEM customers' reduced billing determinants. (Ex. 248 at 11-12 and Table Bohrman Rebuttal-2.)
- 589. The Commission notes Nevada Power's stated benefits to the majority of its customers stemming from the proposed demand charge. Specifically, Nevada Power presented evidence that the proposed demand charge will (1) reduce the calculated RS-NEM subsidy; (2) enable the majority of Nevada Power's customers to experience lower bills; and (3) provide another way for customers to lower their monthly energy payments even without using less energy. (Ex. 248, at 30-31; Tr. Vol. 4 at 999.) Further, Nevada Power provided evidence that the average non-NEM customer need not do anything and will still see lower total bills from a rate design that includes the proposed demand charge. (Tr. Vol. 4 at 986, 1001, 1002, 1011.) To the extent that some customers do change their behavior to spread out usage and reduce their peak demand on the electric system, there may be cost savings to other customers long-term from the

resulting reduction in the peak demand that drives the need for Nevada Power to spend more money on infrastructure and power purchases.

- 590. NV Energy provided evidence that the calculated RS-NEM subsidy is currently estimated to affect roughly 90 percent of Nevada Power's residential customers who do not have NEM systems. (Ex. 248 at 29.) Absent a demand charge, NEM customers will avoid paying for the cost of distribution facilities installed to serve them and that they utilize. (Ex. 248 at 28.) Instead, these costs would be shifted to the vast majority of Nevada Power's residential customers who do not have NEM systems, as well as non-residential customers as proposed through the IRR.
- 591. Nevada Power presented evidence that the calculated RS-NEM subsidy will correspondingly increase with continued customer adoption of NEM systems. Between October 7, 2024, and March 3, 2025, an additional 32.66 MW of NEM systems were installed in the combined Nevada Power and Sierra service territories; that equates to approximately 6.5 additional MW each month. (Docket No. 17-07026.) The challenge of correctly assigning the costs to serve NEM customers is not slowing. The Commission shares NV Energy's concern of the increasing under-recovered costs and is supportive of seeking a balanced solution.
- 592. The Commission notes that multiple parties pointed out that no other investorowned utilities have a mandatory residential demand charge. (Exhibit 415 at 33; Exhibit 1300 at
 18; and Exhibit 1700 at 22.) The Commission also notes that none of the parties identified any
 other states with a similar statutory framework to Nevada's that restricts rate design options for
 NEM customers. Ratemaking tools that have been applied in other jurisdictions to address this
 issue are not available in Nevada given our state's statutorily restrictive framework for
 compensating NEM system generation and the requirement to charge residential NEM customers

rates that are identical to the rates charged to other residential customers. As such, the Commission believes that the uniqueness of the circumstances in Nevada warrants seeking rate design alternatives reflective of the legal and regulatory framework specific to Nevada. The status quo is unsustainable and unfair to the vast majority of customers, so it is necessary for the rate design to evolve.

- relating to the daily demand charge. (Exhibit 328 at 22-23; Exhibit 1300 at 16; Exhibit 1700 at 6.) There are many competing interests that the Commission must evaluate and balance with rate design. In this instance, the evidence indicates that the design of the proposed demand charge, which employs a daily peak-usage calculation to avoid punishing customers for high usage at a single point during a month, ensures that the majority of residential ratepayers will see limited change to their bills with no change to their behavior. This renders the price-signal concerns largely moot as to the majority of residential ratepayers. Moreover, the criticisms, which focus primarily on the demand charge not being calculated based on the time of peak usage, ignore the fact that Nevada statutes prohibit mandatory time-of-use-based rates for residential customers. The proposed demand charge may not be a perfect solution, but it is a reasonable solution to adopt at this time.
- 594. The evidence suggests that NEM ratepayers will see a change to their bills. It is not disputed that some costs to serve NEM customers are currently being paid by other customers. The amount of the subsidy, and the reasonableness of the subsidy, are disputed. As such, NEM customers are not properly allocated their cost of service. The size of this cost shift is growing and must be addressed. By asking all residential customers to pay for the cost of the

distribution system constructed to serve them, the daily demand charge is a reasonable tool to limit the growth of this calculated subsidy.

- 595. The Commission hereby approves a residential demand charge for the RS, RM, and LRS rate classes and a monthly demand charge for the GS rate class for Nevada Power. The Commission further approves Nevada Power's request to implement the demand charge beginning on April 1, 2026. Because this is Nevada Power's initial implementation of a demand charge and its applicability affects Nevada Power's largest customer class, Commission approval is accompanied with safeguards to protect the public from unintended consequences. These safeguards include informational filings and a series of other directives further described below.
- 596. The Commission hereby directs that Nevada Power shall make annual informational filings, with the first filing due no later than February 19, 2027.
- 597. In the initial informational filing, Nevada Power is directed to address the following:
 - (a) Reporting Period: The reporting period shall be from the demand-charge implementation date through the balance of calendar year 2026;
 - (b) NEM Subsidy: Nevada Power shall track and report a monthly breakdown of the calculated NEM subsidy by rate class from the calendar year prior to the start of the demand charge implementation through the reporting period;
 - (c) Impact to non-NEM Customers: Nevada Power's existing TOU program includes a demand charge. Nevada Power implemented a "best bill" concept in which it compares the customer's actual bill in the first year of service under that TOU rate to what the customer would have otherwise been charged. For the informational filing, Nevada Power shall randomly select 100 non-NEM customers from each of the RS, RM, and GS classes for which it will perform the "best bill" comparison of service without the demand charge. For each rate class, Nevada Power shall perform evaluations in the following groupings: (1) 25 customers using less than 50 percent of the class average monthly kWh usage; (2) 25 customers using between 50 and 100 percent of the class average monthly kWh usage; (3) 25 customers using between 100 and 150 percent of the class average monthly kWh usage and (4) 25 customers exceeding 150 percent of the average monthly kWh usage. Nevada Power shall report the results in the informational filing (for each individual masked customer, for each aggregated

grouping of 25 customers within each rate class, RM, RS, and GS, and for each aggregated total rate class, RM, RS, and GS);

- (d) Impacts to Low-Income Customers: Nevada Power shall perform the above-described "best bill" calculations for 100 low-income customers;
- (e) Billing Accuracy: Nevada Power shall track and report billing accuracy related to the demand charge. Information shall include monthly reporting on: total number of customers; number of customers billed in error involving demand charge calculation; types of errors; cause(s) of errors; and number of customers for which Nevada Power performed estimated billing due to demand-charge calculation errors;
- (f) Billing Issue Resolution: Nevada Power shall track and report billing issue resolution related to the demand charge. Information shall include monthly reporting on: total number of billed customers; number of customers with billing issues that required resolution beyond 30 days. For those customers with billing resolutions beyond 30 days, Nevada Power shall report the underlying issue(s); and the length of time to resolve each issue. For customers with billing-issue resolutions beyond 30 days, Nevada Power shall indicate the number of customers with issue resolutions still pending and identify the underlying issue(s);
- (g) Meter Accuracy: Nevada Power shall track and report meter accuracy related to the demand charge with separate distinctions for customers with analog meters and for customers with non-analog meters. Information shall include monthly reporting on: total number of billed customers; number of customers with missing or inaccurate meter data; number of customers for which Nevada Power performed estimated billing due to missing or inaccurate meter data; underlying cause(s) of the missing or inaccurate meters; and any outstanding issues related to meter accuracy;
- (h) For items (e) through (g) above, Nevada Power shall include process flow diagrams illustrating the communication and information exchanges between its business units and key personnel; and
- (i) Nevada Power shall report the following metrics related to the demand charge: the maximum and minimum demand charge billed for each customer class, and the average demand charge billed for each customer class.
- 598. The first informational filing will be followed by a workshop. At the workshop, Nevada Power will perform a walk-through of the informational filing for the Commission, the Commission's Regulatory Operations Staff, the Bureau of Consumer Protection, and any other interested parties. The intended outcomes of the workshop are to assess the effectiveness of the

demand charge in reducing the calculated NEM subsidy, review any implementation challenges, identified, resolved and/or on-going, and to discuss any unintended consequences related to demand-charge implementation, *e.g.* negative impacts on residential customer bills including low income.

- 599. Prior to the Workshop, the Commission will set a procedural schedule for formal comments by the public and any interested parties on Nevada Power's Informational Filing, and for reply comments by Nevada Power to aid in the discussion at the Workshop.
- 600. The Commission's approval of a residential demand charge should not be interpreted as a finding that this rate-design mechanism is a long-term adoption. Following the Commission's investigation into the items discussed above, it may be prudent to remove or adjust the demand charge in a future general rate case.
- 601. The Commission notes Nevada Power's commitment to educating and proactively communicating with its customers about the demand charge in advance of its implementation.

 The Commission is supportive while also recognizing that such communication efforts are NV Energy's responsibility and obligation.

D. NSMO-1 Tariff

Nevada Power's Position

- 602. Nevada Power states that the majority of customer usage is measured with smart meters, which allows Nevada Power to collect 15-minute interval data for each customer. (Ex. 234 at 53.)
- 603. Nevada Power states further that customers may pay an additional monthly charge, currently \$8.83 under the NSMO rider to have a non-standard meter that does not allow collection of 15-minute interval data. (*Id.* at 53-54.) Nevada Power states further that it cannot

bill those customers for the proposed demand charge because it has no 15-minute interval data for them. (*Id.* at 53.)

604. Nevada Power proposes increasing the additional monthly charge from \$8.83 to \$29.60 for RS customers, \$19.77 for RM customers, and \$214.53 for LRS customers. (*Id.* at 53-54.) Nevada Power states that this increase keeps a revenue-neutral rate design for customers on the standard residential rates and customers on the NSMO rider. (*Id.* at 53.)

Staff's Position

- 605. Staff recommends that the Commission deny Nevada Power's request to modify the NSMO-1 tariff. (Ex. 320 at 2.)
- 606. Staff states that its first reason for recommending denial of the request is that Staff also is recommending denial of Nevada Power's request for a demand charge. (*Id.*) Staff states further that if the Commission denies the request for a demand charge, then the request to increase the NSMO additional charge becomes moot. (*Id.*)
- 607. Staff states that its second reason for recommending denial of the request is that Nevada Power provided no evidence, calculations, or workpapers to support its request. (*Id.*) Staff argues that Nevada Power has the responsibility to support its requests, and that Staff has nothing to review for this request. (*Id.* at 3.)

Nevada Power's Rebuttal Position

- 608. Nevada Power states that it proposes to increase the NSMO-1 monthly fee amount by the exact dollar value that the proposed residential demand charge is designed to recover. (Ex. 246 at 40.)
- 609. Nevada Power states further that it provided its calculations in its direct testimony and in its workpapers. (*Id.* at 40-41.)

Commission Discussion and Filings

610. The Commission rejects Nevada Power's request to modify the NMSO-1 tariff. As highlighted by Staff, Nevada Power provided no evidence, calculations, or workpapers to support its request. Accordingly, the Commission is unable to verify the reasonableness of the requested revised rate.

E. Alternative Request for Increase to BSC

Nevada Power's Position

- 611. If the Commission denies Nevada Power's request for a demand charge, then Nevada Power requests an increase in the BSC. (Ex. 121 at 22.)
- 612. Nevada Power suggests that the Commission could appropriately increase the BSC for rate class RS residential service customers from \$18.50 to \$24.00. (*Id.*)

NCARE's Position

- 613. NCARE argues that the BSC should include only costs that historically have been recovered to serve individual customers, such as the service line drops to the residence, the meter, and the billing and accounting services for that customer. (Ex. 1700 at 32.) NCARE argues further that fixed costs for distribution and transmission, costs for Rule 9 facilities, and uncollectible costs should be recovered in the volumetric charge. (*Id.*) NCARE argues further that this rate structure gives customers the ability to respond to price signals and to conserve energy. (*Id.*)
- 614. NCARE argues that an increase in the BSC would reduce the customers' ability to respond to price signals, inhibit energy efficiency and conservation, increase subsidies for high-usage residential customers, and possibly adversely affect Nevada Power's demand-side management ("DSM") programs. (*Id.*)

Vote Solar's Position

- 615. Vote Solar recommends that the Commission reject Nevada Power's alternative proposal to increase the BSC. (Ex. 1300 at 42.)
- 616. Vote Solar notes that in Sierra's 2024 GRC, Docket No. 24-02026, the Commission rejected a similar proposal because the increased BSC would disproportionately affect low-usage customers, would not send proper price signals to customers, would discourage energy efficiency and conservation, would likely cause rate shock, and would not be in the public interest. (*Id.*) Vote Solar also notes that the Commission also rejected the notion that the BSC should include distribution costs because that never had been approved in Nevada and was not normal in the industry. (*Id.*)
- 617. Vote Solar argues that the Commission's findings in Sierra's 2024 GRC are equally applicable to this docket. (*Id.* at 43.)

Staff's Position

- 618. Staff recommends that the Commission reject Nevada Power's alternative proposal to increase the BSC. (Ex. 328 at 26-27.)
- 619. Staff argues first that an increase is unnecessary because Nevada Power has demonstrated that the average bill for each customer class with a proposed BSC increase will remain the same. (*Id.* at 25.)
- 620. Staff argues secondly that an increase is unnecessary because Nevada Power had received an increase in the BSC less than two years ago. (*Id.*)
- 621. Staff argues third that under the current economic climate, maintaining the current BSC would give customers a better ability to control their bills. (*Id.*)

Nevada Power's Rebuttal Position

- 622. Nevada Power disagrees with the arguments that an increased BSC removes the financial incentive to conserve energy. (Ex. 246 at 7.) Nevada Power argues that even with the increased BSC, the majority of a residential customer's bill still would be recovered through volumetric rates. (*Id.*)
- 623. Nevada Power argues that, if the daily demand charge is not approved, increasing the BSC reduces the amount of distribution costs that NEM customers are able to avoid and thus reduces the shifting of those costs to the fully bundled residential customers. (*Id.* at 8.)
- 624. Nevada Power notes that it did not propose a specific amount to increase the BSC, but it argues that any increase would have the effects described above. (*Id.* at 9-10.)

Commission Discussion and Findings

- 625. The Commission is approving the daily demand charge and therefore rejects Nevada Power's alternative request to increase the basic service charge.
- amount of distribution costs that NEM customers can shift to fully-bundled residential customers, which includes low-income customers. The Commission is approving a daily demand charge to address that issue. The record in this case includes evidence that a higher BSC may negatively impact low-income customers. The Commission is not approving a low-income program in this case given the overall cost of Nevada Power's proposed program, which could result in increased costs for all customers. As such, to provide some limited relief to low-income customers at this time, the Commission reduces the Nevada Power rate class RS residential BSC from \$18.50 to \$18.00.

627. The Commission's adjustment of the BSC should not be interpreted as a finding that a certain percentage of fixed costs should be included in the BSC. Following the Commission's investigation discussed in the low-income program section, it may be prudent to again adjust the RS residential service BSC in a future general rate case.

F. BCP's Proposed BSC Reduction

BCP's Position

628. BCP recommends that the Commission reduce the current residential BSC to reflect BSC levels established before Nevada Power's last GRC because those levels are more reflective of appropriate cost of service and regional utility-adopted customer charges. (Ex. 415 at 3.) To that end, BCP recommend a BSC of \$12.50 for the RS rate class, \$7.70 for the RM rate class, and \$70.70 for the LRS rate class. (*Id.*)

Nevada Power's Rebuttal Position

629. Nevada Power argues that reducing the BSC, or keeping it unchanged, while maintaining a two-part rate structure moves costs further from cost-based levels and increases the current NEM shortfall. (Ex. 246 at 6-7.)

Commission Discussion and Findings

630. The Commission has addressed the BSC in the section above regarding Nevada Power's alternative proposal for the BSC. In that section, the Commission approved lowering the BSC from \$18.50 to \$18.00 for residential customers.

G. Residential Assistance Rider ("RAR") (Low-Income Proposal)

Nevada Power's Position

- 631. Nevada Power proposes a low-income discount rate by providing a 100-percent discount on qualifying customers' BSC for a 12-month period, pursuant to the Commission's directive in its 2023 GRC, Docket No. 23-06007. (Ex. 238 at 27.)
- 632. Nevada Power proposes that the qualification threshold be to include customers whose income falls under 150 percent of the Federal Poverty Level. (*Id.*)
- 633. Nevada Power states that the discount will appear as a separate line item on a customer's bill, with a credit equal to the full BSC of that customer's rate class. (*Id.*)
- 634. Nevada Power states that customers may reapply every year in which they qualify for the program. (*Id.*)
- 635. Nevada Power estimates that, at 100 percent participation, the discount would be provided to approximately 154,000 qualifying customers, for a total bill savings for those customers of approximately \$28.2 million per year. (*Id.* at 28.)
- 636. Nevada Power further estimates that the cost to administer the program would be approximately \$2 million per year. (*Id.*)
- 637. Nevada Power states that it is not seeking recovery of the low-income program in this GRC, but is seeking approval of a regulatory asset, for which it will seek recovery of costs in a future GRC. (Ex. 232 at 15.)
- 638. Nevada Power proposes starting the low-income program beginning on April 1, 2026. (Ex. 232 at 17.) Nevada Power states that this will give it six months to inform customers of the new program and to implement the Commission's order in its billing system. (*Id.*)

639. Nevada Power proposes a two-month enrollment period that begins on February 1, 2026. (*Id.*)

NCARE's Position

- 640. NCARE recommends that the Commission approve the RAR as presented. (Ex. 1700 at 33.)
- 641. NCARE suggests in the alternative that if the Commission is concerned about cost shifts, then the Commission could approve the RAR as a pilot program with capped participation. (*Id.* at 35.)

Vote Solar's Position

- 642. Vote Solar agrees in part with Nevada Power's proposal. (Ex. 1300 at 75.)
- 643. Vote Solar argues that the Commission should direct Nevada Power to revise their proposed program to expand eligibility, to do extensive outreach and education, and to report back metrics related to their low-income customers. (*Id.* at 77-79.)

BCP's Position

644. BCP argues that the Commission should reject the proposal because it is deficient, not well researched, and could potentially result in substantial cross subsidies due to the proposal lacking any caps on program participation. (Ex. 415 at 39.)

Staff's Position

645. Staff recommends that the Commission deny the proposal for four reasons. (Ex. 321 at 4.) First, Staff argues that it is unclear if the proposal was well thought out, or if Nevada Power presented the proposal solely to satisfy a prior directive and for no other reason. (*Id.*) Second, Staff argues that Nevada Power should not purposefully create a program that makes it undercollect its revenue requirement and create lost revenues. (*Id.*) Third, Staff argues that the

RAR undermines the economic principle that costs should be allocated to the customer classes based on cost causation. (*Id.*) Fourth, Staff argues that the RAR as proposed has a stringent special condition that any customer who fails to make timely payments towards his or her bill twice in any 12 month period is no longer eligible for service under RAR. (*Id.*)

- 646. Staff also notes that the State of Nevada currently has several public assistance programs that are intended to help people afford their utility bills, (*Id.* at 4, 12-13.)
- 647. Staff also recommends that the Commission reject Nevada Power's request to establish a regulatory asset with carry for both under-recovery of costs and program expenses related to the RAR. (Ex. 322 at 2.)
- 648. Staff argues that Nevada Power has designed the RAR such that customers on the RAR would not pay their full cost of service while at the same time Nevada Power would not take steps to mitigate this potential issue prior to implementation. (*Id.*)
- 649. Staff argues further that if the Commission permits Nevada Power to establish a regulatory asset, then it should be without carry and not included in rate base. (*Id.* at 3.)
- 650. Staff argues that although RAR customers would not need to pay one element of the BTGR, the Commission should not assume that Nevada Power would under collect dollar-for-dollar by that amount for each RAR customer. (*Id.*) Staff notes, for example, that an RAR customer's usage of electricity might increase, having been relieved from paying the BSC, and thus Nevada Power would recoup some of the discounted BSC through an increased volumetric charge. (*Id.*) Staff also notes that Nevada Power has not accounted for any growth of load on the system, which would provide Nevada Power with increased BSC and volumetric revenue. (*Id.* at 4.) Staff argues that Nevada Power has not attempted to account for such situations. (*Id.*)

651. Staff argues that all program related costs would be classified as O&M, which would not earn a rate of return. (*Id.* at 7.) Staff thus argues that if the Commission does allow some of the costs to be recorded and recovered through a regulatory asset, then it should not allow carry to accrue on these costs or to be included in rate base during recovery. (*Id.*)

Nevada Power's Rebuttal Position

- 652. Nevada Power states that it reviewed low-income tariff sheets from other utilities and created the draft RAR tariff with the knowledge that it had gained from implementing assistance programs. (Ex. 243 at 27.)
- 653. Nevada Power supports the regulatory-asset treatment as most appropriate for this new program, but Nevada Power notes that it might be appropriate to consider future transitions to more real-time recovery as the program evolves. (Ex. 249 at 4.)
- 654. Nevada Power notes that Staff's argument that potential future load growth can pay for under-recovery of costs in the present is like the arguments, made in the NRS Chapter 704B dockets, that load growth would resolve the underpayment for impact fees by departing customers. (*Id.*) Nevada Power notes further that that growth never came to fruition as anticipated. (*Id.*)

Commission Discussion and Findings

655. The Commission does not approve the RAR proposed by Nevada Power. As noted, in Docket No. 23-06007, the Commission directed Nevada Power to propose a low-income program in this rate case as a new opportunity to address concerns about the electric service cost burden for low-income customers. The Commission agrees with Staff and BCP that the proposed program requires additional work. The proposed program is projected to create a substantial subsidy due to the nature of its design.

- 656. Many jurisdictions of electric utilities have low-income programs; therefore, the Commission believes an opportunity exists for additional investigation on a more targeted program. In addition, the Commission agrees with Staff that there are multiple existing assistance programs for struggling low-income customers, including the Energy Assistance Program administered by the State and funded in part by the Universal Energy Charge.
- 657. The Commission directs Nevada Power to evaluate the various existing programs in Nevada available to provide energy assistance to Nevada electric ratepayers and file a report with the Commission within 150 days of issuance of this Order. The report should include all programs of which Nevada Power is aware, including government, private, and non-profit. The Commission Secretary shall open an investigatory docket to receive this report and allow for additional input by interested persons.

H. Statement O and Class Cost-of-Service Study ("CCOSS")

Nevada Power's Position

- 658. Nevada Power states that it includes a CCOSS using Staff's model with its certification filing. (Ex. 231 at 11.)
- 659. Nevada Power states that it is uncomfortable with supporting Staff's model of a CCOSS. (Ex. 240 at 12.)

NCARE's Position

660. NCARE argues that the Commission should reject Nevada Power's marginal CCOSS. (Ex. 1702 at 4.) NCARE argues that instead the Commission should rely on a CCOSS that allocates generation and transmission costs partially using an energy allocator to better reflect cost causation, and NCARE thus supports Staff's CCOSS model. (*Id.* at 16.)

Walmart's Position

661. Walmart does not oppose Nevada Power's proposed embedded CCOSS with marginal cost responsibility factors based on Nevada Power Stand Alone Dispatch. (Ex. 801 at 4.)

FEA's Position

662. FEA states that it performed a 4P CCOSS, and it recommends that the RS NEM rate class and other rate classes exhibiting a below-average rate of return receive an increase of up to 1.25 times the overall system average increase. (Ex. 2001 at 20.)

BCP's Position

663. BCP notes that, over the past several GRCs, the Commission has expressed a preference for a modified embedded CCOSS known as an HCOSS. (Ex. 415 at 13.) BCP recommends that the Commission adopt the HCOSS as an appropriate initial starting point for the development of just and reasonable rates. (*Id.*)

Staff's Position

- 664. Staff recommends that if, in the future, Nevada Power chooses to file a version of Staff's CCOSS model, then the Commission should order Nevada Power to provide detailed documentation supporting the choice of inputs and to describe any and all changes in architecture. (Ex. 328 at 17-18.)
- 665. Staff also recommends that the Commission order Nevada Power to utilize Staff's CCOSS model, included in Staff Witness Macatangay's testimony, to allocate costs to the various customers classes in this filing. (*Id.* at 19.)
- 666. Staff recommends that the Commission find that the concepts and calculations underpinning Staff's proposal for Nevada Power's CCOSS are reliable and valid. (Ex. 325 at 5.)

Nevada Power's Rebuttal Position

- 667. Nevada Power states that Staff did not provide it with a Nevada Power version of its model that could be used for rate design before the direct filing. (Ex. 242 at 4.) Nevada Power states further that Staff provided a Sierra version on January 8, 2025, and that Staff did not provide a Nevada Power version until March 20, 2025. (*Id.*) Nevada Power states further that Staff also did not include the eight supporting files that were necessary for Nevada Power to update Staff's allocation model in its original filing, and that Nevada Power did not receive all eight files until April 9, 2025. (*Id.* at 4-5.)
- 668. Nevada Power states that it intended to file the Staff cost-allocation model along with its GRC filing on February 14, 2025. (Ex. 248 at 33.) Nevada Power states further that the differences between the Sierra CCOSS, which it received on January 8, 2025, and the Nevada Power CCOSS did not allow it simply to update the Sierra CCOSS with input files for Nevada Power. (*Id.*) Nevada Power states further that it was unable to file the Staff allocation model with its GRC filing. (*Id.* at 33-34.)
- 669. Nevada Power states that while Staff is technically correct that information could be linked, or hardcoded, into Staff's model, that ignores the crux of Nevada Power's concerns. (Ex. 246 at 12.) First, Nevada Power states that Staff did not update its model to include information from Nevada Power's CCOSS. (*Id.*) Second, Nevada Power notes that both Staff's model and Nevada Power's completed CCOSS must be linked into Statement O, meaning that Staff's model cannot be used as a stand-alone model. (*Id.*)
- 670. Nevada Power argues that all hours of the day do not drive the need for incremental capacity additions. (Ex. 242 at 18.) Nevada Power argues further that these costs are

driven by a small number of peak hours throughout the year that are identified as the system needing additional capacity. (*Id.*)

Commission Discussion and Findings

- 671. The Commission approves Staff's CCOSS and resultant Statement O as provided in Prest Workpaper 25 Nevada Power Rebuttal Statement O, as adjusted by this Order. The Commission finds that this combination most reasonably allocates revenues to customer classes and results in just and reasonable rates. The Commission recognizes that this change in methodology creates significant change for some rate classes, and, accordingly, the Commission sets a cap on the rate increases not to exceed 1.25 percent for the residential class and ten percent for other specified classes above the system average increase. The rate cap is discussed in a separate section of this Order.
- 672. The Commission also recognizes that Staff's CCOSS is not perfect. No CCOSS is. However, the Commission is persuaded by Staff's arguments with respect to the use of the Probability of Peak ("POP") and Loss of Load Probability ("LOLP") in allocating revenue requirement between rate classes. The Commission agrees that *solely* using these factors in the allocation is inappropriate in that it results in allocation of costs which are incurred throughout each hour in the yearthe day to rate classes for power provided throughout the day based upon the peak hours, which are ten percent to twenty percent of the total hours in the yearusage for that day. This outweighs the argued flaws of Staff's CCOSS, and the alleged flaws are further mitigated by establishing a rate cap.
- 673. The Commission also notes the disparity between Nevada Power's CCOSS,
 Staff's CCOSS, and Staff's CCOSS as modified by Nevada Power. First, as stated, the
 Commission agrees with Staff that allocating costs based upon 10 percent to 20 percent of hours

in the yearin the day using the POP and LOLP demand peak calculations is problematic. The rates set in a GRC recover costs that occur in every hour of the day, and the allocation to the rate classes should reflect that, not an allocation based on an extremely limited period of timethe day. Nevada Power discusses the allocation methodology in Ex. 230 at 11-12. Distribution demand costs are allocated using the distribution POP, transmission demand costs are allocated using the transmission POP, and generation demand costs (comprising all generation costs) are allocated using the LOLP. These three cost categories comprise \$1.1 billion of \$1.3 billion of revenue requirement. (Ex. 231 at 6.) The Customer Expenses category is also allocated using marginal cost aspects. (Ex. 230 at 11.)

- 674. The significant difference in class revenue allocations from using the two methodologies demonstrates the fallacy of marginal costing when time-of-use rates are not required for the largest rate class; a cost-shift occurs towards the residential ratepayers. No price signal is sent if the rate is equal for all times of the day, eliminating any need to allocate costs at the peak time differently. It is a stark contrast and brings into question the purported residential subsidy which was calculated for years prior to the NEM issues.
- 675. The proposed demand charge is different; there is no specific time frame that it applies to and could actually be incurred by a ratepayer outside of the POP and LOLP hours. In fact, a customer could have higher usage spread throughout the day and a lower overall bill. (Tr. at 1326-1327.) Under Staff's CCOSS, the calculated NEM subsidies are absorbed 100-percent into the respective rate classes. There is no IRR related to NEM. Both Staff and Nevada Power acknowledged at hearing that the source of the difference between Nevada Power's CCOSS and Staff's CCOSS versions were the hourly cost-allocation methodology. (Tr. at 1142-1143; 1271.)

- 676. An additional concern of the Commission is with the modifications made to Staff's CCOSS by Nevada Power. As noted by Staff at hearing, Nevada Power made a number of adjustments to Staff's CCOSS in preparing the Statement O, reflecting that CCOSS filed as Ex. 236 Exhibit-Prest-Cert-10. Staff could not verify the accuracy of some of these adjustments as the figures were hard-coded into the electronic executables. (Tr. Vol. 5 at 1144.) Accordingly, the Commission finds that the CCOSS as originally generated by Staff is appropriate for use in Statement O.
- with Nevada Power and other interested parties. (*Id.* at 1139-1140.) However, the Commission finds that more communication and coordination is necessary. Accordingly, the Commission directs Staff, Nevada Power, and any interested parties to participate in an informal workshop to be facilitated by the staff of the Commission's Policy Analysis division on February 13, 2026, for the purpose of continuing discussion on refining and using Staff's CCOSS. The Commission additionally orders Nevada Power to file a CCOSS and Statement O consistent with Staff's CCOSS model in future general rate case applications. Nevada Power may file other CCOSSs as it would like, but at least one must be provided using Staff's CCOSS model.

I. Cap Methodology

NV Energy's Position

678. Nevada Power proposes a cap that limits the highest change that a class will experience on its electricity bill, excluding BTER, taxes, and surcharges. (Ex. 238 at 8.) Nevada Power notes that required revenue above the capped level will be shifted to other classes to ensure that the overall total revenue requirement is recovered through rates. (*Id.* at 8.)

679. Nevada Power proposes that the RS class percent change is proposed to equal the system average BTGR increase of 19.1 percent plus 1.25 percent. (*Id.* at 8-9.) Nevada Power states that the proposed RS cap remains 1.25 percent, but the increase in BTGR has increased such that the combined increase is 21.36 percent, which in turn will result in an overall increase to an average RS customer's total bill of 10.64 percent. (Ex. 236 at 9-10.)

SNGG's Position

680. SNGG argues that the Commission should deny Nevada Power's proposed single family residential (RS) cap methodology because it is arbitrary. (Ex. 1100 at 3.) SNGG suggests that, as an objective alternative, the Commission adopt an allocation of the NEM revenue support in proportion to the CCOSS results for the rate class. (*Id.*) SNGG states that under that methodology, the subsidy paid by non-RS customers to NEM customers would be \$23.96 million instead of the \$34.81 million that Nevada Power proposes. (*Id.* at 5.)

FEA's Position

681. FEA recommends that the RS-NEM class, and other classes exhibiting a below-average rate of return receive an increase of up to 1.25 times the overall system average increase. (Ex. 2001 at 9-10.)

CMSNWA's Position

682. CMSNWA argues that the Commission should reject Nevada Power's proposed residential customer rate increase at 1.25 percent above the system average BTGR. (Ex. 1600 at 12.) CMSNWA instead proposes a rate cap of 5 percent for single-family residential customers. (*Id.*)

BCP's Position

683. BCP recommends that the Commission cap the increase to the RS rate class at the system average increase and that the Commission reject Nevada Power's proposal to increase the RS rate class rates by greater than the system average. (Ex. 415 at 21.)

Nevada Power's Rebuttal Position

on standard RS customers but still make a measured movement towards the combined cost-based levels. (Ex. 246 at 24.) Nevada Power argues that as the cap is moved to stricter levels, such as the 0 percent that BCP proposes, then more of the NEM shortfall will be placed into the IRR revenue and shifted toward non-RS customers. (*Id.*) Nevada Power argues, conversely, that as the cap is moved to less-strict levels, as the other parties on this issue have proposed, then more of the NEM shortfall is recovered through the fully-bundled RS customers. (*Id.*) Nevada Power notes that it has proposed to cap only the RS class, not the RS-NEM class, meaning the IRR is 100 percent attributable to the RS-NEM shortfall. (*Id.* at 27.)

Commission Discussion and Findings

685. The Commission finds that the use of caps in setting rate design class revenue requirements is a reasonable approach to addressing changes in rate methodologies by gradually implementing these updates and mitigating rate shock. The Commission has adopted Staff's CCOSS as noted above and Staff's Model Statement O in Prest Rebuttal Workpaper 25. In doing so, the Commission also orders that caps be applied to all rate classes except those relating to Water Pumping and any Private Area Lighting or Street Lighting. The cap is set such that the rate increase is not to exceed 1.25 percent for the RS class and 10 percent above the average system cost for classes for all other classes except water pumping and street lighting. DOS

classes are also not capped. Water pumping and street lighting classes are smaller, and the percentage fluctuations are not representative of the revenue requirement impacts. DOS class revenues are not calculated similarly and do not qualify for a cap.

686. It should also be noted that in Staff's unmodified CCOSS, before any other adjustments, the calculated NEM subsidy is 100 percent allocated to the applicable rate classes, i.e., RS, RM, LRS, GS and LGS-1, and are not part of the IRR calculation.

J. Interclass Rebalancing rate

Wynn-SEA's Position

- 687. Wynn-SEA argue that the Commission should not apply an IRR charge to DOS customers, because the IRR charge is not tied to a component of service that DOS customers purchase from Nevada Power. (Ex. 901 at 1.)
- 688. Wynn-SEA argues alternatively that if the Commission does assess an IRR charge upon DOS customers, then DOS customers should pay only the distribution portion of the IRR charge of the otherwise applicable rate schedule ("OARS"). (*Id.* at 2.)

Walmart's Position

689. Walmart argues that if the Commission accepts the stipulation of May 23, 2025, then the Commission should apply half of any reduction in the revenue requirement only to customer schedules that are proposed to pay subsidies to other classes through the IRR and apply the other half of the reduction on a pro rata basis to all customer classes. (Ex. 801 at 10-11.)

CMSNWA's Position

690. CMSNWA recommends that the Commission allocate the IRR residential subsidy funding solely upon each rate class's cost-based revenue, without consideration of the proposed cost-based rate increase. (Ex. 1600 at 4.)

- 691. CMSNWA recommends further that the Commission modify the IRR charge calculation to ensure that charges are sufficient to fund the residential subsidies, but do not result in an unnecessarily large over-recovery of IRR revenues from non-residential classes. (*Id.*)
- 692. CMSNWA recommends further that the Commission assign the same IRR charge to rate class DOS: LGS-2T-WP that it assigns to rate classes DOS: LGS-2T and LGS-2T, and that the Commission assign the same IRR charge to rate class DOS: LGS-3T-WP that it assigns to rate classes DOS: LGS-3T and LGS-3T. (*Id.* at 5.)

Nevada Power's Rebuttal Position

- 693. Nevada Power disagrees with arguments that DOS customers should not be required to pay the IRR. (Ex. 246 at 35.) Nevada Power states that the IRR is a result of legislative and Commission policy decisions to set a specific class's revenue requirement at a level that is different than the revenue they would receive using their cost-of-service results. (*Id.*) Nevada Power states that the IRR is applied to DOS customers and their fully-bundled OARS equally to maintain rate neutrality between each customer group. (*Id.*)
- 694. Nevada Power disagrees with Wynn-SEA's proposal to limit the DOS IRR only to distribution cost components. (*Id.*) Nevada Power reiterates that the IRR results from legislative and Commission policy decisions to set total class revenue away from cost-based levels. (*Id.*) Nevada Power thus argues that the IRR should not be split into different cost-of-service components. (*Id.*)
- 695. Nevada Power agrees with CMSNWA's proposal to set the DOS IRR charges for the DOS: LGS-2T-WP and DOS: LGS-3T-WP rate classes equal to the IRR charges for the LGS-2T-WP and LGS-3T-WP rate classes. (*Id.* at 6.)

Commission Discussion and Findings

- 696. The Commission finds that the IRR is applicable to all rate classes. The Commission finds that all customers pay this rate based on their otherwise applicable rate class. The IRR is a rate design construct that serves to implement just and reasonable rates by allocating revenue imbalances to all rate classes. In Nevada Power's case, the IRR arises from use of cap(s) in determining the final rate class revenues for rate design. These cap(s) are calculated based upon each rate class's total contribution to revenue requirement and are not a function of a specific allocation of distribution, transmission, or generation revenue requirements or what service is being taken by what rate class. The methodology for calculating the IRR is transparent and fair.
- 697. The Commission declines to adopt Wal-Mart's, Wynn-SEA's, or CMSNWA's proposals to apply any rate reduction to customers based on certain customer-specific variables. As stated before, the IRR is not a result of any specific adjustment, and it would create additional rate class distortions if the proposal were attempted.

K. Rule 15

Nevada Power's Position

- 698. Nevada Power proposes increasing the application fee for NEM systems from \$119 to \$189. (Ex. 163 at 16.)
- 699. Regarding refunds of the NEM application fee that Nevada Power has been unable to deliver, Nevada Power proposes to use those funds to offset the amount of under-collection of NEM application fees as of September 30, 2025. (*Id.* at 14.) Nevada Power suggests in the alternative that it issue the aggregate amount of the unpaid refunds to the

Commission under NRS 703.375, and then the Commission would turn those funds over to the State at the expiration of the prescribed two-year period. (*Id.*)

Staff's Position

- 700. Staff recommends that the Commission approve Nevada Power's proposed increase of the Rule 15 Interconnection Application Fee ("IAF") from \$119 to \$189. (Ex. 319 at 2.) Staff notes that the Commission recently approved Sierra's proposed increase of the IAF to \$184 in Sierra's 2024 GRC, Docket No. 24-02026. (*Id.*)
- 701. Staff notes that the Commission ordered Nevada Power to refund over-collected IAFs. (*Id.* at 3.) Staff further notes that some of those refunds are undeliverable because applicants moved without forwarding addresses, applicants' representatives have gone out of business, or some other reason that makes delivery impossible. (*Id.* at 3-4.) Staff recommends that the Commission order Nevada Power to continue maintaining and tracking undeliverable Rule 15 refunds and unused administrative costs in a balancing account. (*Id.* at 5.)

Commission Discussion and Findings

- 702. The Commission agrees with Staff and Nevada Power that raising the application fee under Rule 15 from \$119 to \$189 is reasonable. The cost of administration of the program has increased, so the cost for application should increase as well.
- 703. The Commission supports Nevada Power maintaining and tracking the over-collected IAF in a balancing account as requested. These funds were collected from ratepayers for utility service and, therefore, are better used for similarly-situated utility customers than reverting to the State.

L. Applicability of RS and LRS Rate Schedules to Places of Worship

Nevada Power's Position

704. Nevada Power notes that it has been a long-standing policy, not formally written down, to include places of worship other than wedding chapels and religious schools in the RS and LRS schedules, as applicable. (Ex. 121 at 28-29.) Nevada Power proposes to change the RS and LRS schedules to memorialize that policy. (*Id.*)

Staff's Position

705. Staff recommends that the Commission approve the proposed changes to the language in the RS and LRS schedules. (*Id.* at 5-6.)

Commission Discussion and Findings

706. The Commission approves the proposed change to the applicability of these schedules to align tariff language with existing practice.

M. High Load Factor Customer Class

NCARE's Position

707. NCARE recommends that the Commission assess the reasonableness of creating a new high load factor customer class for customers exceeding 25 MW, or any other threshold for this new customer class as may be supported by evidence in the record. (Ex. 1702 at 33.)

Nevada Power's Position

708. Nevada Power recommends that the Commission not consider this proposal in this docket. (Ex. 249 at 5.) Nevada Power argues further that the proposal is more suited for the current Rule 9 workshops being held in response to directives 9 and 10 from NV Energy's 2024 Jointed Integrated Resource Plan, Docket No. 24-05041. (*Id.*)

Commission Discussion and Findings

709. The Commission agrees with Nevada Power that it is more efficient to consider NCARE's proposal in the context of the existing discussions about service to large customers.

N. Line Extensions and Connection Pathways

NCARE's Position

- 710. NCARE recommends that the Nevada Power's line extension tariffs be revised to recover costs for network transmission upgrades. (Ex. 1702 at 28.)
- 711. NCARE also recommends that Nevada Power file a flexible import and export roadmap to begin the development of flexible connection options for large customers. (*Id.*)

Nevada Power's Position

712. Nevada Power argues that the Commission should not consider this proposal in this docket. (Ex. 249 at 5.) Nevada Power argues further that the proposal is more suited for the current Rule 9 workshops being held in response to directives 9 and 10 from NV Energy's 2024 Jointed Integrated Resource Plan, Docket No. 24-05041. (*Id.*)

Commission Discussion and Findings

713. The Commission agrees with Nevada Power that it is more efficient to consider NCARE's proposal in the context of the existing discussions about service to large customers.

O. LGS-2S Rate Tilt

Kroger's Position

714. Kroger argues that the proposed LGS-2S rate schedule understates demand-related charges while overstating the energy charges relative to the underlying cost components. (Ex. 1800 at 3.)

- 715. Kroger argues further that, specifically, Nevada Power's proposed rate design for the LGS-2S class would only recover 79 percent of BTGR revenues through demand-related changes, even though 98.4 percent of BTGR costs are demand-related. (*Id.* at 4.)
- 716. Kroger recommends an increase to the demand charges that would recover 86.3 percent of the BTGR revenues. (*Id.*)

Walmart's Position

- 717. Walmart argues that the shift of demand costs to the volumetric energy charges results in a shift of transmission and generation demand cost responsibility from lower-load-factor customers to higher-load-factor customers and results in a subsidy from high-load-factor customers to low-load-factor customers. (Ex. 801 at 13.)
- 718. Walmart states that if the Commission approves Nevada Power's proposed revenue requirement, then, for the purposes of this docket, Walmart does not oppose the proposed rate tilt in Nevada Power's certification filing. (*Id.*)
- 719. Walmart argues that if the Commission approves a lower revenue requirement, then the Commission should direct Nevada Power to apply the reduction in revenue requirements entirely to energy charges. (*Id.*)

Nevada Power's Rebuttal Position

- 720. Nevada Power states that its rate design includes an aspect of rate tilt in order to reflect the interrelated nature between capacity and volumetric generation costs across a class of customers. (Ex. 246 at 36.)
- 721. Nevada Power states further that it previously provided a tilt analysis, most recently completed in its 2020 GRC, Docket No. 20-06003, that further details the logic and results of the analysis used to support rate-tilt design presented in this case. (*Id.* at 37.) Nevada

Power states further that, as presented in the rate-tilt analysis, an appropriate amount of rate tilt for classes with transmission and generation demand charges is around 50 percent to treat all customers within the class fairly. (*Id.*)

- 722. Nevada Power argues that Kroger's proposal to increase the LGS-2S summer onpeak demand rate to \$17.19 results in a 58-percent increase for these customers, is a more significant change, and would disproportionately burden low-load-factor customers in the class. (*Id.* at 37-38.)
- 723. Nevada Power argues that Walmart's proposal to apply any revenue-requirement reduction to only the kWh rates for the LGS-2S class would decrease the class rate tilt even further than Nevada Power's proposed reduction. (*Id.* at 38.)
- 724. Nevada Power argues that neither Kroger nor Walmart offers a compelling justification for departing from Nevada Power's more gradual changes to proposed rates for the LGS-2S class. (*Id.* at 39.)

Commission Discussion and Findings

725. The Commission agrees that rate tilt is a consistent and long-standing feature of Nevada Power's rate design across many classes, including LGS-2S. (Ex. 246 at 36-37.) The Commission believes that the rate-tilt analysis that Nevada Power performed in the 2020 GRC, Docket 20-06003, Exhibit Pollard Direct 26, still holds merit. As presented in that analysis, to treat all customers reasonably within the class, an appropriate amount of rate tilt for classes with Transmission and Generation demand charges is around 50 percent. (Ex. 246 at 37.) Proposals by Kroger and Walmart would result in more significant changes than Nevada Power's proposal, disproportionately burdening low-load-factor customers in the rate class. (*See* Ex. 1800 at 3, Ex.

801 at 11.) The Commission finds that Nevada Power's proposal is reasonable because it is gradual and maintains a consistent approach for all customer classes.

P. Electric Vehicle ("EV") Charging Rate

Walmart's Position

- 726. Walmart notes that Nevada Power offers an EV commercial charging rider ("EVCCR-TOU"), with a discounted demand charge and an incremental energy charge, to customers that are on specific large general service schedules. (Ex. 801 at 14.) Walmart notes further that the rider will end on April 1, 2029, and has a 500-station cap. (*Id.*)
- 727. Walmart recommends that the Commission require Nevada Power to initiate a stakeholder process to create a successor permanent standalone cost-based commercial EV charging rate. (*Id.*)

Nevada Power's Rebuttal Position

728. Nevada Power disagrees with Walmart. (Ex. 246 at 42.) Nevada Power states that the goal of the EVCCR-TOU tariff was to encourage the development of EV charging infrastructure across the state by discounting the customer's demand charges during a ten-year transition period. (*Id.*) Nevada Power states further that as adoption of EVs increased and the infrastructure was used more, the need for a reduction in the demand charge for these customers would also be reduced. (*Id.*) Nevada Power notes that Walmart already has announced that it plans to install EV chargers at its locations. (*Id.*) Nevada Power argues that it is unclear why there is a need to design a permanent tariff intended to incentivize an activity that is already occurring. (*Id.*)

Commission Discussion and Findings

729. The Commission agrees with Nevada Power that the goal of the EVCCR-TOU tariff was to encourage the development of EV charging infrastructure across the state.

However, the Commission has no objection to Walmart's suggestion that Nevada Power have a stakeholder process to examine a cost-based commercial EV charging rate.

Q. Virtual Power Plant ("VPP") Program

SEIA's Position

730. SEIA recommends that the Commission direct Nevada Power to develop a VPP program. (Ex. 1200 at 21.)

Nevada Power's Rebuttal Position

731. Nevada Power notes that VPP aggregation involves complex, utility-specific integration challenges that have never been tested on its system. (Ex. 245 at 13.) Nevada Power argues that a VPP program proposal is best suited for consideration in an IRP. (Ex. 249 at 5.)

Commission Discussion and Findings

732. The Commission agrees with Nevada Power that a VPP Program is better suited for consideration in an IRP.

R. Market Price Energy ("MPE") Credit

Staff's Position

733. Staff believes that the MPE credit is a value that is the difference between what the MPE customer would have paid under its OARS compared to the rate that the customer pays under its MPE energy supply agreement ("ESA"). (Ex. 328 at 33.) Staff notes that it is a discount of the BTGR that Nevada Power is giving to the MPE customer. (*Id.*) Staff notes

further that Nevada Power requests that the MPE credit of \$14,209,140 be spread back to all remaining customer classes for recovery.

- 734. Staff states that it does not support this shifting of costs from MPE customers to all other customers. (*Id.* at 35.) Staff recommends that Nevada Power shareholders, and not other ratepayers, absorb this cost-shift because Nevada Power created this cost-shift through the ESAs that it has executed with the MPE customers. (*Id.* at 36.)
- 735. Staff recommends alternatively that the Commission spread those costs to the OARS instead of all customers. (*Id.*)

Nevada Power's Rebuttal Position

- 736. Nevada Power states that revenue adjustments included in Statement O account for the fact that Nevada Power considers these customers as if they were paying the same class-level generation rates as their OARS through the COSS, when these customers are instead paying a customer-specific generation rate. (Ex. 246 at 18.) Nevada Power states further that when these customer loads are included in a cost study, it increases the allocation of revenue to their OARS and in turn reduces the allocated costs to the remaining customer classes such as the residential class. (*Id.*)
- 737. Nevada Power disagrees with Staff to contain the revenue adjustment within the OARS. (*Id.* at 20.) Nevada Power argues that Staff's proposed alternative is potentially illogical depending on the type of resource contained in the ESA. (*Id.*)

Commission Discussion and Findings

738. The Commission finds that the allocation of the MPE credit should mirror the allocation of the revenues from the underlying ESAs. The relevant revenues are applied to the deferred energy accounts, which are recovered in rates as a flat per-kWh for both the residential

and the non-residential rate classes. Because the ESA revenues are recorded to the non-residential deferred energy account balance, then the MPE generation credit revenue should be allocated to the non-residential rate classes on a flat per-kWh basis for all non-residential rate classes. In addition, this per-kWh rate shall be excluded from the capping mechanism discussed further in this Order. This is a separate component of the BTGR rates that is intended to match the revenues received under the respective ESAs.

VIII. CONCLUSION

Therefore, it is ordered:

- 1. The stipulation filed by Nevada Power Company d/b/a NV Energy, Walmart Inc., Wynn Las Vegas, LLC, Boyd Gaming Corporation, Station Casinos LLC, Venetian Gaming Las Vegas, LLC, MGM Resorts International, Caesars Enterprise Services, Southern Nevada Water Authority, Federal Executive Agencies, the Nevada Bureau of Consumer Protection, and the Regulatory Operations Staff of the Public Utilities Commission of Nevada, attached hereto as Attachment A, is accepted.
- 2. The application of Nevada Power Company d/b/a NV Energy, designated as Docket No. 25-02016, for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto is granted in part and denied in part consistent with this Order.
- 3. The application of Sierra Pacific Power Company d/b/a NV Energy, designated as Docket No. 25-03006, filed under Advice Letter No. 680-E, to implement Net Metering Rider-2025 Schedule No. NMR-2025 and to close Net Metering Rider-405 Schedule No. NMR-405 to new customers is granted in part and denied in part consistent with this Order.

Compliances:

- 4. Nevada Power Company d/b/a NV Energy shall file the rates and supporting workpapers in the instant dockets, in executable form with formulas and links intact, within ten business days of the issuance of this Order. The new rates will become effective following Staff's review.
- 5. Nevada Power Company d/b/a NV Energy shall submit the signed and fully approved supplemental Authorization for Expenditures related to the 17 projects identified by the Regulatory Operations Staff. If for any reason, a fully-approved supplemental Authorization for Expenditures cannot be provided, Nevada Power Company d/b/a NV Energy must identify in the compliance filing the additional costs associated with the change in scope driving the requirement for the supplemental Authorization for Expenditures.

Directives:

- 6. Nevada Power Company d/b/a NV Energy shall record the cost-sharing allocation by the appropriate local jurisdiction as a regulatory liability with carry once payments are made pursuant to the Undergrounding Management Plan. Nevada Power Company d/b/a NV Energy shall demonstrate that such payments offset the full costs of each Undergrounding Management Plan project upon filing its next general rate case. If the payments have not been collected or do not fully offset the cost of each Undergrounding Management Plan, Nevada Power Company d/b/a NV Energy must provide explanation for the lack of payment or under-collection
- 7. Nevada Power Company d/b/a NV Energy shall provide a schedule of the allocation and any other corrections made to the Transportation Electrification Plan and Economic Recovery Transportation Electrification Plan regulatory asset balances in its next general rate case.

- 8. Nevada Power Company d/b/a NV Energy, the Regulatory Operations Staff of the Commission and any interested parties shall participate in an informal workshop to be facilitated by the staff of the Commission's Policy Analysis division on February 13, 2026, for the purpose of continuing discussion on refining and using Regulatory Operation Staff's Class Cost of Service Study.
- 9. Nevada Power Company d/b/a NV Energy shall file a Class Cost of Service Study and Statement O consistent with the Regulatory Operations Staff's Class Cost of Service Study model in future general rate case filings. Nevada Power Company d/b/a NV Energy may file other Class Cost of Service Studies as it would like, but at least one must be provided using the Regulatory Operation Staff's Class Cost of Service Study model.
- 10. Sierra Pacific Power Company d/b/a NV Energy shall record the revenue requirement reduction resulting from Nevada Power Company d/b/a NV Energy's wildfire insurance as described in this Order in a regulatory asset, without carrying charges, for consideration in Sierra Pacific Power Company d/b/a NV Energy's next general rate case application.
- 11. Nevada Power Company d/b/a NV Energy shall close Schedule No. OFP (FlexPay) to new customers as of the date of this Order; and shall transition all existing FlexPay customers to their otherwise applicable rate schedules within 18 months from the close of this docket. Nevada Power Company d/b/a NV Energy shall begin providing timely notice to all customers currently enrolled in FlexPay of the program's closure and their required transition, including clear information on any rate impacts that may result from switching to the otherwise applicable rate schedule.

- 12. Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a/ NV Energy shall track:
 - (a) The set-aside capacity used in both operational and planning horizons by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy;
 - (b) Actual costs associated with the set-aside capacity, by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy;
 - (c) Reconciliation of the set-aside capacity and contractual obligations, by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy with the underlying obligation associated with each individual customer;
 - (d) Explanation(s) of any differences between the set aside capacity and the contractual obligations;
 - (e) Associated Federal Energy Regulatory Commission revenues by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy, for providing Open Access Transmission Tariff service schedules 5 and 6 to those customers with which there is a contractual obligation;
 - (f) Allocation of those Federal Energy Regulatory Commission revenues to Nevada jurisdictional customers; and
 - (g) Differences between incurred costs and the revenues allocated to Nevada customers for the applicable Open Access Transmission Tariff contracted services.
- 13. Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy shall provide the above-listed tracking information in the next and future annual Deferred Energy Accounting Adjustment filings along with sponsored testimony to explain the findings and provide detailed descriptions of the methodologies used to determine costs, revenues, and allocations.
- 14. Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy shall provide sponsored testimony in support of any request for cost recovery for the under-collection of revenue associated with the capacity set aside for Federal Energy Regulatory Commission Open Access Transmission Tariff customers.

- 15. Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy shall perform a detailed analysis of the masked individual and aggregated Federal Energy Regulatory Commission Open Access Transmission Tariff and Distribution Only Service customers' hourly imbalances during the current year summer peak period, June through September 2025, and explain what, if any, remedial actions were taken if customers were utilizing their resources, and what internal threshold(s) Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a/ NV Energy utilize in deciding when remedial actions are appropriate.
- 16. Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a/ NV Energy shall include this information in the next Deferred Energy Accounting Adjustment filing along with sponsored testimony to explain in detail the findings, applicable policies, and any related efforts, going forward, to prevent Open Access Transmission Tariff customers from relying on NV Energy's system to the detriment of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy fully bundled retail customers.
- 17. Nevada Power Company d/b/a NV Energy shall make annual informational filings related to the demand charge with the first filing due no later than February 19, 2027. In the initial informational filing, Nevada Power Company d/b/a NV Energy is directed to address the following:
 - (a) Reporting Period: Shall be from the demand-charge implementation date through the balance of year (2026);
 - (b) NEM Subsidy: Nevada Power Company d/b/a NV Energy shall track and report a monthly breakdown of the calculated NEM subsidy by rate class from the calendar year prior to the start of the demand charge implementation through the Reporting Period;

- (c) Impact on non-NEM Customers: Nevada Power Company d/b/a NV Energy shall randomly select 100 non-NEM customers from each of the RS, RM and GS classes for which it will perform the "best bill" comparison of service without the demand charge. For each rate class, Nevada Power Company d/b/a NV Energy shall perform evaluations in the following groupings: (1) 25 customers using less than 50 percent of the class average monthly kWh usage; (2) 25 customers using between 50 and 100 percent of the class average monthly kWh usage; (3) 25 customers using between 100 and 150 percent of the class average monthly kWh usage and (4) 25 customers exceeding 150 percent of the average monthly kWh usage. Nevada Power Company d/b/a NV Energy shall report the results in the Informational Filing, for both each individual masked customer, for each aggregated grouping of 25 customers within each rate class, RM, RS, and GS and for each aggregated total rate class, RM, RS, and GS;
- (d) Impacts to Low-Income Customers: Nevada Power Company d/b/a NV Energy shall perform the above-described "best bill" calculations for 100 low-income customers;
- (e) Billing Accuracy: Nevad Power Company d/b/a NV Energy shall track and report billing accuracy related to the demand charge. Information shall include monthly reporting on: total number of customers; number of customers billed in error involving demand charge calculation; types of errors; cause(s) of errors; and number of customers for which Nevada Power Company d/b/a NV Energy performed estimated billing due to demand-charge calculation errors;
- (f) Billing Issue Resolution: Nevada Power Company d/b/a NV Energy shall track and report billing issue resolution related to the demand charge. Information shall include monthly reporting on: total number of billed customers and number of customers with billing issues that required resolution beyond 30 days. For those customers with billing resolutions beyond 30 days, Nevada Power Company d/b/a NV Energy shall report the underlying issue(s) and the length of time to resolve the issue. For customers with billing issues resolutions beyond 30 days, Nevada Power Company d/b/a NV Energy shall indicate the number of customers with issue resolutions still pending and identify the underlying issue(s);
- (g) Meter Accuracy: Nevada Power Company d/b/a NV Energy shall track and report meter accuracy related to the demand charge with separate distinctions for customers with analog meters and for customers with non-analog meters. Information shall include monthly reporting on: total number of billed customers, number of customers with missing or inaccurate meter data, number of customers for which Nevada Power Company d/b/a NV Energy performed estimated billing due to missing or inaccurate meter data, underlying cause(s) of the missing or inaccurate meters, and any outstanding issues related to meter accuracy;
- (h) For items (e) through (g), above, Nevada Power Company d/b/a NV Energy shall include process flow diagrams illustrating the communication and information exchanges between its business units and key personnel; and

- (i) Nevada Power Company d/b/a NV Energy shall report the following metrics related to the demand charge: The maximum and minimum demand charge billed for each customer class and the average demand charge billed for each customer class.
- 18. Nevada Power Company d/b/a NV Energy shall perform a walkthrough of the above-described informational filing for the Commission, the Commission's Regulatory Operations Staff, the Bureau of Consumer Protection, and any other interested parties at a workshop to be scheduled by the Commission.
- 19. Nevada Power Company d/b/a NV Energy shall evaluate the various existing programs in Nevada available to provide energy assistance to Nevada electric ratepayers and file a report with the Commission within 150 days of the issuance of this Order. The report should include all programs of which Nevada Power Company d/b/a NV Energy is aware, including government, private, and non-profit programs. The Commission Secretary shall open an investigatory docket to receive this report and allow for additional input by interested persons.
- 20. In the next general rate case filed by Nevada Power Company d/b/a NV Energy, it shall:
 - (a) File a witness-sponsored schedule, by affiliate, delineating affiliate transactions clearly stating the total affiliate charge, Federal Energy Regulatory Commission ("FERC") account number, dollar amount requested for recovery, and a general description of the charge;
 - (b) File a witness-sponsored schedule, by affiliate, delineating affiliate investor or shareholder charges clearly stating the total amount of the charge, FERC account number, dollar amount requested for recovery, and a general description of the charge; and
 - (c) Include affiliate compensation, by affiliate, on Schedules H-17 and I-17 as a separate and identifiable portion of those schedules.

By the Commission,

HAYLEY WILLIAMSON, Chair

TAMMY CORDOVA, Commissioner and Presiding Officer

RANDY J. BROWN, Commissioner

Attest:

TRISHA OSBORNE, Assistant Commission Secretary

Dated: Carson City, Nevada

(SEAL)

ATTACHMENT A

Nevada Power Company and Sierra Pacific Power Company d/b/a NV Energy

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy for authority to adjust its annual revenue requirement for general rates charged to all classes of electric customers and for relief properly related thereto.

Docket No. 25-02016

STIPULATION

Pursuant to Nevada Administrative Code ("NAC") § 703.845, Nevada Power Company d/b/a/ NV Energy ("Nevada Power"); the Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission"); the Bureau of Consumer Protection ("BCP"); Walmart Inc. ("Walmart"); Wynn Las Vegas, LLC ("Wynn"); Boyd Gaming Corporation ("Boyd"), Station Casinos LLC ("Station"), and Venetian Gaming Las Vegas, LLC ("Venetian" and, collectively with Boyd and Station, "SNGG"); MGM Resorts International ("MGM"); Southern Nevada Water Authority ("SNWA"); Caesars Enterprise Services ("Caesars"); and Federal Executive Agencies ("FEA") each individually a "Signatory" and together, the "Signatories," enter into this Stipulation to resolve all issues related to the Cost of Capital phase of Docket No. 25-02016.¹

SUMMARY OF STIPULATION

The Signatories agree that this Stipulation provides a reasonable resolution of issues raised in the Cost of Capital phase of this proceeding and that the Stipulation is in the public interest. The Stipulation only seeks relief that the Commission is empowered to grant. Accordingly, the Signatories recommend that the Commission accept the Stipulation and grant requests for relief made in the Application pertaining to the Cost of Capital phase of this proceeding, as modified by this Stipulation.

¹ Nevada Workers for Clean and Affordable Energy ("NWCAE") and Google LLC ("Google") indicated their support for the Stipulation; Smart Energy Alliance ("SEA") and Nevadans for Clean Affordable Renewable Energy take no position on the Stipulation.

Nevada Power Company and Sierra Pacific Power Company d/b/a NV Energy

RECITALS

- 1. On February 14, 2025, Nevada Power filed with the Commission an application pursuant to Nevada Revised Statutes ("NRS") §§ 704.110(3) and (4) addressing its annual revenue requirement for general rates charged to all classes of electric customers. The Commission designated the proceeding as Docket No. 25-02016.
- 2. On February 25, 2025, the Commission issued a Notice of Application for Authority to Adjust Annual Revenue Requirement for General Rates Charged to All Classes of Electric Customers and Notice of Prehearing Conference.
- 3. Pursuant to NRS §§ 703.301 and 228.360, Staff and BCP participate as a matter of right.
- 4. On February 27, 2025, the Commission issued Procedural Order No. 1 and BCP filed Notice of Intent to Intervene.
- 5. On March 5, 2025, Nevada Cogeneration Associates #1 and #2, Limited Partnerships ("NCA") and Google filed petitions for leave to intervene ("PLTIs").
 - 6. On March 6, 2025, Nevada Solar Association ("NSA") filed a PLTI.
 - 7. On March 10, 2025, Walmart filed a PLTI.
 - 8. On March 11, 2025, Wynn and SEA filed PLTIs.
- 9. On March 12, 2025, Boyd, Station, and Venetian filed a joint PLTI, and Solar Energy Industries Association ("SEIA") filed a PLTI.
- 10. On March 13, 2025, Nevada Power filed a Response in Partial Opposition to Petition for Leave to Intervene as to NSA's PLTI, and Vote Solar filed a PLTI.
- 11. On March 18, 2025, MGM, SNWA, Caesars, and NCARE filed PLTIs, and the Commission issued an order granting the PLTIs of NCA and Google.

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- 12. On March 19, 2025, NWCAE and The Kroger Company ("Kroger") filed PLTIs, and Nevada Power filed responses to the PLTIs of SEIA and Vote Solar.
- 13. On March 20, 2025, FEA late-filed a PLTI, NSA filed a reply to Nevada Power's response to NSA's PLTI, and the Commission issued an order granting the PLTIs of Walmart, Wynn, and SEA.
- 14. On March 21, 2025, Vote Solar filed a reply to Nevada Power's response to Vote Solar's PLTI, the Commission issued an order granting SNGG's PLTI, Kroger filed a notice of association of counsel and a motion for admission pro hac vice, and the Presiding Officer held a prehearing conference. Nevada Power, Staff, BCP, Google, Walmart, NCA, NSA, SEA, Wynn, SEIA, SNGG, Vote Solar, NCARE, Caesars, MGM, SNWA, NWCAE, FEA, and Kroger made appearances at the prehearing conference.
- 15. On March 25, 2025, the Commission issued an order granting, with conditions, the PLTIs of Vote Solar, NSA, and SEIA, which included limiting participation to the Rate Design phase.
 - 16. On March 27, 2025, the Commission issued Procedural Order No. 2.
- 17. On March 31, 2025, the Commission issued an order granting the PLTIs of MGM, SNWA, Caesars, NCARE, Kroger, and FEA.
 - 18. On April 1, 2025, NWCAE filed a supplement to its PLTI.
- 19. On April 4, 2025, Nevada Power filed its Cost of Capital Certification, and the Commission issued a Notice of Consumer Sessions.
- 20. On April 9, 2025, the Presiding Officer held a continued prehearing conference. Nevada Power, Staff, BCP, Google, Walmart, NCA, NSA, SEA, Wynn, SEIA, SNGG, Vote Solar, NCARE, Caesars, MGM, SNWA, and FEA made appearances.
 - 21. On April 22, 2025, SEIA filed a notice of association of counsel.

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- 22. On May 2, 2025, the Commission issued a Notice of Hearings.
- 23. On May 9, 2025, Staff, BCP, Walmart, Wynn, FEA, MGM, SNGG, and SNWA filed prepared direct testimony in the Cost of Capital phase of this case.
 - 24. On May 15, 2025, the Commission issued an Amended Notice of Hearings.
- 25. On May 19, 2025, Caesars, MGM, and SNWA filed a notice of association of counsel.

<u>AGREEMENT</u>

NOW THEREFORE, in light of the foregoing considerations, the Signatories agree and recommend the following:

- 1. Adopt a capital structure in which the ratio of debt to total capital is 47.34 percent and total equity to total capital is 52.66 percent, as depicted in Statement F for the Certification Period Ending February 28, 2025;
 - 2. Adopt an allowed return on equity ("ROE") of 9.50 percent;
 - 3. Adopt a cost of debt of 5.25 percent; and
 - 4. Adopt a resulting rate of return of 7.48 percent.
- 5. The Parties agree that, due to this Stipulation, Nevada Power will not file rebuttal testimony that is due May 23, 2025.

GENERAL PROVISIONS

- 6. This Stipulation represents a compromise of the positions of the Signatories. Except as specifically indicated, neither the Stipulation nor the Commission's acceptance of the Stipulation shall have any precedential effect in future proceedings.
- 7. This Stipulation represents a negotiated settlement. No provision of the Stipulation is severable. If the Commission does not accept the Stipulation in whole, then the Stipulation shall be withdrawn, without prejudice to any claims or contentions that may have

been made or are made in this docket; no part of the Stipulation shall be admissible in evidence; and no Signatory shall be bound by any of the provisions of the withdrawn Stipulation.

- 8. In accordance with NAC § 703.845, this Stipulation settles only issues relating to the present proceedings and seeks relief that the Commission is empowered to grant.
- 9. This Stipulation may be executed in one or more counterparts, all of which together shall constitute the original executed document. This Stipulation may be executed by Parties by electronic transmission, which signatures shall be as binding and effective as original signatures.

This Stipulation is entered into by each Signatory as of the date entered below.

		NEVADA POWER COMPANY, d/b/a NV Energy
Dated: <u>5/23/25</u>	Ву:	/s/ Deborah Bone Name: Deborah Bone Title: Deputy General Counsel
		REGULATORY OPERATIONS STAFF
Dated: <u>5/23/25</u>	Ву:	/s/ Donald Lomoljo Name: Donald Lomoljo Title: Staff Counsel
		BUREAU OF CONSUMER PROTECTION
Dated: <u>5/23/25</u>	Ву:	/s/ Michael Saunders Name: Michael Saunders Title: Senior Deputy Attorney General
		WALMART INC.
Dated: <u>5/23/25</u>	By:	/s/ Justina Caviglia

Name: Justina Čaviglia

Title: Attorney for Walmart Inc.