

Agenda 16-25; 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) 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 September 16, 2025

PRESENT: Chair Hayley Williamson
Commissioner Tammy Cordova
Commissioner Randy J. Brown
Assistant Commission Secretary Trisha Osborne

[PROPOSED] ORDER

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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 Statutes ("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 of 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.

75. Here, the evidence demonstrates that Nevada Power did not sufficiently support 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.

78. The existence of charges for services from a parent company is insufficient 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.

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.

107. During the hearing, Nevada Power's witness testified that a cursory review 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.

108. The Commission also believes that it is time for NV Energy to file a FERC rate case 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 Nevada-jurisdictional 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.)

173. Nevada Power argues that Staff calculated the vacancies as a percentage of 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 the related officer STIP expense inclusion in rates.

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 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

189. The Commission agrees with both of Staff's recommendations regarding the lead-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 Repaving 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.)³

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

³ This is a citation to the page number of the PDF file.

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 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.)⁴ 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.

⁴ Here, the Commission took notice of Docket No. 24-12016.

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 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 pre-enrollment amounts and considers only amounts collected or increases to the amounts post-enrollment. (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

356. The Commission approves Nevada Power's Wave 3 stranded asset regulatory 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 month-end 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 cost-sharing 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

447. 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 Energy⁵] 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 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.)

⁵ 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.

NSA's Position

459. 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 customer-generator...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 Position⁶

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.) 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

⁶ 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 Bohman 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.

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 Sierra 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.

513. Some parties in this case argue that the Legislature passed AB 405 to restore and 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.

516. At this time, the Commission adopts the daily demand charge for all Nevada 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. 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.)⁷

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

⁷ All citations to Exhibit 101 in this section are to the page numbers of the PDF file.

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

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 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 respond 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.)

580. Nevada Power argues that the daily demand charge is not punitive to residential 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 investor-owned 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.

593. Parties made several other arguments regarding price signals and cost causation 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.

626. Nevada Power made its alternative request to increase the BSC to reduce the 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 using these factors in the allocation is inappropriate in that it results in allocation of costs which are incurred through the day to rate classes for power provided throughout the day based upon ten percent to twenty percent usage 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 day using the POP and LOLP 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 the 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.

677. The Commission understands Staff's reluctance to continue informal meetings 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

684. Nevada Power states that the goal of its proposed cap is to limit the overall impact 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 on-peak 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: Nevada 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.

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)

DRAFT

ATTACHMENT A

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. /

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.

RECITALS

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2 1. On February 14, 2025, Nevada Power filed with the Commission an application
3 pursuant to Nevada Revised Statutes (“NRS”) §§ 704.110(3) and (4) addressing its annual
4 revenue requirement for general rates charged to all classes of electric customers. The
5 Commission designated the proceeding as Docket No. 25-02016.

6 2. On February 25, 2025, the Commission issued a Notice of Application for
7 Authority to Adjust Annual Revenue Requirement for General Rates Charged to All Classes of
8 Electric Customers and Notice of Prehearing Conference.

9 3. Pursuant to NRS §§ 703.301 and 228.360, Staff and BCP participate as a matter
10 of right.

11 4. On February 27, 2025, the Commission issued Procedural Order No. 1 and BCP
12 filed Notice of Intent to Intervene.

13 5. On March 5, 2025, Nevada Cogeneration Associates #1 and #2, Limited
14 Partnerships (“NCA”) and Google filed petitions for leave to intervene (“PLTIs”).

15 6. On March 6, 2025, Nevada Solar Association (“NSA”) filed a PLTI.

16 7. On March 10, 2025, Walmart filed a PLTI.

17 8. On March 11, 2025, Wynn and SEA filed PLTIs.

18 9. On March 12, 2025, Boyd, Station, and Venetian filed a joint PLTI, and Solar
19 Energy Industries Association (“SEIA”) filed a PLTI.

20 10. On March 13, 2025, Nevada Power filed a Response in Partial Opposition to
21 Petition for Leave to Intervene as to NSA’s PLTI, and Vote Solar filed a PLTI.

22 11. On March 18, 2025, MGM, SNWA, Caesars, and NCARE filed PLTIs, and the
23 Commission issued an order granting the PLTIs of NCA and Google.

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

3 8. In accordance with NAC § 703.845, this Stipulation settles only issues relating to
4 the present proceedings and seeks relief that the Commission is empowered to grant.

5 9. This Stipulation may be executed in one or more counterparts, all of which
6 together shall constitute the original executed document. This Stipulation may be executed by
7 Parties by electronic transmission, which signatures shall be as binding and effective as original
8 signatures.

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

11 NEVADA POWER COMPANY,
12 d/b/a NV Energy

13 Dated: 5/23/25

By:

/s/ Deborah Bone
14 Name: Deborah Bone
15 Title: Deputy General Counsel

16 REGULATORY OPERATIONS STAFF

17 Dated: 5/23/25

By:

/s/ Donald Lomoljo
18 Name: Donald Lomoljo
19 Title: Staff Counsel

20 BUREAU OF CONSUMER PROTECTION

21 Dated: 5/23/25

By:

/s/ Michael Saunders
22 Name: Michael Saunders
23 Title: Senior Deputy Attorney General

24 WALMART INC.

25 Dated: 5/23/25

By:

/s/ Justina Caviglia
Name: Justina Caviglia
Title: Attorney for Walmart Inc.

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WYNN LAS VEGAS, LLC

Dated: 5/23/25 By: /s/ Curt Ledford
Name: Curt Ledford
Title: Attorney for Wynn Las Vegas, LLC

BOYD GAMING CORPORATION, STATION
CASINOS LLC, VENETIAN GAMING LAS
VEGAS, LLC

Dated: 5/23/25 By: /s/ Lucas Foletta
Name: Lucas Foletta
Title: Attorney for Boyd, Station, and Venetian

CAESARS ENTERPRISE SERVICES,
SOUTHERN NEVADA WATER AUTHORITY,
MGM RESORTS INTERNATIONAL

Dated: 5/23/25 By: /s/ Laura Granier
Name: Laura Granier
Title: Attorney for Caesars, SNWA, and MGM

FEDERAL EXECUTIVE AGENCIES

Dated: 5/23/25 By: /s/ Leslie Newton
Name: Major Leslie Newton
Title: Attorney for Federal Executive Agencies