

-
-
-

Original Filing

Public Utilities Commission of Nevada
Electronic Filing

Submitted: 9/30/2016 4:09:58 PM

Fee Submitted: \$200.00

Echeck Transaction ID :4752768964446516703560

Reference: e337c4fe-9f53-4b35-bc8e-15c8fc5e8e59

Reference:

Filed For: Switch Ltd

In accordance with NRS Chapter 719,
this filing has been electronically signed and filed
by: /s JoshuaWeber

By electronically filing the document(s),
the filer attests to the authenticity of the electronic signature(s) contained therein.

This filing has been electronically filed and deemed to be signed by an authorized
agent or
representative of the signer(s) and
Switch Ltd

Davison Van Cleve PC

Attorneys at Law

TEL (503) 241-7242 • FAX (503) 241-8160 • jdw@dvclaw.com
Suite 400
333 SW Taylor
Portland, OR 97204

September 30, 2016

Trisha Osborne
Assistant Commission Secretary
Public Utilities Commission of Nevada
1150 E. William Street
Carson City, NV 89701

Re: Application of Switch, Ltd. for Approval of a Proposed Transaction with a
Provider of New Electric Resources
Docket No. 16-_____

Dear Ms. Osborne:

Enclosed for filing in the above-referenced matter, please find the Application of Switch, Ltd. for Approval of a Proposed Transaction with a Provider of New Electric Resources, including Exhibits A and B thereto. Also enclosed is a draft notice for your consideration.

Please note that Exhibit A includes commercially sensitive information that Switch Ltd. has designated confidential pursuant to NAC 703.5274. Once the Commission grants Switch Ltd.'s request for confidentiality, Switch Ltd. will provide the Secretary of the Commission with a complete, un-redacted version of Exhibit A, filed under seal and printed on pink paper in accordance with NAC 703.5274.

Thank you for your assistance. If you have any questions regarding the enclosed Application, please do not hesitate to contact me.

Letter to T. Osborne
September 30, 2016
Page 2 of 2

Sincerely,

/s/ Joshua D. Weber

Joshua D. Weber
Nevada State Bar No. 13983
Davison Van Cleve, PC
333 SW Taylor St., Suite 400
Portland, OR 97204
Tel: 503.241.7242
jdw@dvclaw.com
Of Attorneys for Switch Ltd.

Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the **Application of Switch, Ltd.**
for Approval of a Proposed Transaction with a Provider of New Electric Resources upon
the parties below via electronic mail.

Dated at Portland, Oregon, this 30th day of September, 2016

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch
Paralegal

Staff Counsel Division
Public Utilities Commission of Nevada
9075 West Diablo Drive, Suite 250
Las Vegas, NV 89148
pucn.sc@puc.nv.gov

Tammy Cordova
Staff Counsel
Public Utilities Commission of Nevada
1150 East William St
Carson City, NV 89701
tcordova@puc.nv.gov

Attorney General's Office
Bureau of Consumer Protection
100 N. Carson St.
Carson City, NV 89701
bcpserv@ag.nv.gov

Michael Greene
NV Energy
6100 Neil Rd
Reno, NV 89511
mgreene@nvenergy.com

NV Energy Regulatory Department
NV Energy
P.O. Box 10100
Reno, NV 89520-0024
regulatory@nvenergy.com

1 **PUBLIC UTILITIES COMMISSION OF NEVADA**
2 **DRAFT NOTICE**

3 **(Applications, Tariff Filings, Complaints, and Petitions)**

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

8 A title that generally describes the relief requested (see NAC 703.160(4)(a)):

9
10 **Application of Switch Ltd. for Approval of a Proposed Transaction with a Provider of New**
11 **Electric Resources**

12 The name of the applicant, complainant, petitioner or the name of the agent for the
13 applicant, complainant or petitioner (see NAC 703.160(4)(b)):

14 **Switch, Ltd.**

15 A brief description of the purpose of the filing or proceeding, including, without limitation, a
16 clear and concise introductory statement that summarizes the relief requested or the type of
17 proceeding scheduled **AND** the effect of the relief or proceeding upon consumers (see NAC
18 703.160(4)(c)):

19 **Switch Ltd. is requesting that the Public Utilities Commission of Nevada issue an order**
20 **approving the proposed transaction to allow Switch to be a direct access customer in**
21 **Northern Nevada for its Tahoe-Reno SUPERNAP development.**

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

24 **N/A**

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

27 **N/A**

28
29 ¹ NRS 704.069 states in pertinent part:

- 30 1. The Commission shall conduct a consumer session to solicit comments from the public in any
31 matter pending before the Commission pursuant to NRS 704.061 to 704.110 inclusive, in which:
32 (a) A public utility has filed a general rate application, an application to recover the increased
33 cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to
34 clear its deferred accounts; and
35 (b) The changes proposed in the application will result in an increase in annual gross operating
36 revenue, as certified by the applicant, in an amount that will exceed \$50,000 or 10 percent of the
37 applicant’s annual gross operating revenue, whichever is less.

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In the Matter of the Application of Switch)
Ltd., for a Proposed Transaction with a)
Provider of New Electric Resources) Docket No. 16-_____
)
)
_____)

APPLICATION OF SWITCH LTD.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19

Pursuant to the provisions of Chapter 704B of the Nevada Revised Statutes (“NRS”) and Chapter 704B of the Nevada Administrative Code (“NAC”), Switch, Ltd. (“Switch” or “Applicant”) makes application to the Public Utilities Commission of Nevada (“PUCN” or “Commission”) for Approval of a Transaction with a Provider of New Electric Resources (the “Application”). In support of the Application, Switch states as follows:

Switch is recognized as the world leader in mission critical data center ecosystem design, development, and operations. Central to Switch’s business are its patented and world-recognized SUPERNAP data centers (each a “SUPERNAP”).

Switch is currently constructing a SUPERNAP data center that will be located within the boundaries of NV Energy’s Northern Nevada service territory, where most other electric customers purchase electric energy from Sierra Pacific d/b/a NV Energy (“Sierra”). Even before choosing the final location for its Northern Nevada operations, Switch regularly communicated to Sierra, the PUCN, Regulatory Operations Staff, and the Bureau of Consumer Protection that it intended to purchase electrical energy as an unbundled retail customer in Sierra’s Northern Nevada operations. Moreover, Switch anticipates and has communicated to all interested parties, most notably on January 15th of 2015 and August 11th of 2016, that it is pursuing open market access for its Northern operations so that it might obtain access to innovative and competitively priced

1 renewable energy technologies. Switch reiterated on August 29, 2016 that Switch intends to fully
2 unbundle all facilities from NV Energy.

3 Unless otherwise noted, references herein to “Tahoe-Reno SUPERNAP” refer only to
4 the new data center development located in the certificated service area of Sierra, and do not
5 include the Switch facilities located in the certificated Southern Nevada service territory of Nevada
6 Power Company d/b/a/ NV Energy (“NPC”). The phrase “2014 Application,” on the other hand,
7 refers to the 704B Application Switch filed related to Southern Nevada on November 7, 2014.

8 Switch understands that, historically, parties to other 704B applications have used the
9 colloquial terms “exit application” and “exit fee” as shorthand to describe “applications for
10 approval of proposed transactions with providers of new electric resources”
11 (a “Proposed Transaction”). Nonetheless, Switch believes that the current PUCN and parties to
12 this proceeding are best served by recognizing that this is not an “exit application” and that the
13 statute does not entertain such a construct or idea. Instead, the statute provides the framework for
14 evaluating the *impact* of the Proposed Transaction.

15 As an initial matter, the statute and regulation are void of the word “exit.” Moreover, even
16 if the statute contained such a term or idea, the Tahoe-Reno SUPERNAP has never been a
17 permanent, fully bundled retail customer in Sierra’s service territory, and is, therefore, incapable
18 of “exiting.” Instead, the Tahoe-Reno SUPERNAP development will permanently *join* Sierra’s
19 system as a distribution only service (“DOS”) customer. As a result, the concept of an “exit” or
20 “exit fee” is wholly inappropriate in any 704B proceeding, where the PUCN is statutorily required
21 to consider the impact of a Proposed Transaction.

22 Additionally, Switch highlights that its SUPERNAP Tahoe-Reno development and
23 development of new renewable resources at a highly competitive cost will produce a significant

1 net benefit for the state and for ratepayers generally. Switch expects to benefit other customers by
2 undertaking to share in the cost of the Sierra transmission and distribution systems, and it will
3 promote a cleaner, renewable energy mix for the state, while adding jobs, community, and
4 opportunity in Northern Nevada. Switch's growth will also continue to elevate Nevada as the most
5 interconnected state in the U.S. As such, the impact of the Proposed Transaction will provide
6 significant benefit to the state and people of Nevada.

7 In support of its Petition, Switch states as follows:

8 **1. Name and Addresses of Petitioner**

9 SWITCH, LTD.
10 7135 South Decatur Blvd.
11 Las Vegas, NV 89118
12 Telephone: 702-444-4102

13 **2. Names and Addresses of Attorneys Representing Petitioner**

14 Joshua D. Weber
15 Davison Van Cleve, PC
16 333 SW Taylor Street, Suite 400
17 Portland, OR 97204
18 Telephone: 503-241-7242
19 Fax: 503-241-8160
20 jdw@dvclaw.com

21 Sam Castor
22 Associate General Counsel
23 Switch Ltd.
24 7135 S. Decatur Blvd.
25 Las Vegas, NV 89118
26 Telephone: 702-444-4102
regulatory@supernap.com

27 **3. Background**

28 Switch is committed to obtaining 100% green energy and supporting affordable renewable
29 energy innovation and technology in Nevada. Switch's data centers power, protect, cool and
30 provide security for the Internet. The SUPERNAP Tahoe-Reno development is the largest data

1 center development in the world. Recognizing the potential environmental impact of the world's
2 large data center project, Switch is dedicated to being a conscientious power consumer and
3 embracing renewable generation and innovation. Transformative technological innovation
4 provides the greatest promise for protecting our environment and powering the Internet of
5 tomorrow. Switch began pursuing a path to obtain 100% renewable generation and innovative
6 renewable technologies as early as 2011. Switch appreciates that data runs the planet and wants
7 to ensure data doesn't ruin the planet.

8 In pursuit of this goal, Switch filed its 2014 Application in Southern Nevada. A few months
9 after Switch began the process, other large energy users filed their own applications. Specifically,
10 on or around May 8, 2015, Las Vegas Sands Corp. ("Sands")^{1/} and Wynn Las Vegas, LLC
11 ("Wynn")^{2/} filed applications to unbundle from NV Energy pursuant to NRS Chapter 704B. On
12 or around May 12, 2015, MGM Resorts International ("MGM")^{3/} filed an application to unbundle
13 from NV Energy pursuant to NRS Chapter 704B.

14 Switch spent almost a year, and over \$1,000,000.00, pursuing the approval of its contract
15 with a new electric provider, under the belief that NRS 704B would allow Switch to obtain a 100%
16 renewable and innovative generation. The Commission heard Switch's 2014 Application on
17 June 10, 2015. The Commission issued a draft order denying the 2014 Application
18 (as approved, the "Denial Order") and held a hearing the next day.

19 On or around January 13, 2016, the PUCN issued final orders permitting Sands, Wynn,
20 and MGM to unbundle from the electric utility and utilize interstate direct access for their energy

^{1/} PUCN Docket No. 15-05002.
^{2/} PUCN Docket No. 15-05006.
^{3/} PUCN Docket No. 15-05017.

1 needs. Switch was given no answer as to why Switch was the only Nevada 704B application
2 the PUCN denied even though it approved the three southern Nevada casinos shortly
3 afterward.^{4/}

4 Switch recognizes that in the short time since it was denied, all three commissioners who
5 considered the 2014 Application have been replaced by the Governor. Switch is fully dedicated
6 to working with the new Commissioners to reach a result in our Applications as guided by and
7 consistent with the statute. Switch believes that its dedication to new, local, and renewable
8 resources will create significant benefits for the state of Nevada and its citizens and aid in the
9 review process.

10 In addition to providing uncontested public interest benefit, Switch was and is committed
11 to avoiding harm. In the 2014 Application, new to the process, Switch did not object to paying an
12 impact fee, if any fee was proven necessary, to ensure Switch’s proposed transaction did not
13 adversely affect other customers. At the conclusion of the 2014 Application, Switch was confident
14 that the process had revealed only positive public benefit and that there was no negative impact.
15 Even so, the 2014 Application process left Switch questioning NV Energy’s “impact analysis,”
16 which became an exercise in setting an “exit fee” rather than an analysis of the impact of the
17 proposed transaction and whether such would be inconsistent with the public interest, as the law
18 requires.^{5/}

19 As Switch noted in the 2014 Application proceeding, the concept of an “exit fee” is absent

^{4/} As former Commissioner Wagner stated, it was “fundamentally unfair for all of the parties that went through this, whether they supported it or not, to *not have some kind of outcome*”; and further that the PUCN’s Denial Order was “*changing the rules midstream...*”. An audio recording of this hearing is publicly available on the PUCN website for Docket No. 14-11007.

^{5/} NRS 704B.310 (NAC 704B.410)

1 from the statute and regulation.^{6/} In addition, during the 2014 Application proceeding, Switch
2 contested the process that only NV Energy, not the PUCN or its Regulatory Operations Staff, had
3 access to the software known as PROMOD used to evaluate the putative “exit fee.” Apparently,
4 because of the cost of the PROMOD software, Staff relegated the analysis responsibility to NV
5 Energy, the only entity wholly interested in making the construct of an “exit fee” as high as
6 possible. Switch itself was denied opportunity to access the PROMOD model.^{7/} As discussed
7 further below, this decision raises due process implications and was inconsistent with precedent
8 and practice in other jurisdictions.

9 Switch outlines these concerns not to seek redress regarding the 2014 Application at this
10 time. Rather, Switch highlights these items in the hope that doing so here, at the outset, will help
11 avoid leaning on the shortcuts and colloquial constructs that led to the highly contentious outcome
12 in the past case, which is still being litigated today. Switch believes that its dedication to new,
13 local, and renewable resources will create significant benefits for the state of Nevada and
14 Nevadans. **Switch anticipates that all parties look forward to maintaining proper substantive
15 and procedural due process and avoiding the errors of the past.**

16 **4. Legal Standard**

17 NRS 704B and NAC 704B set forth the standard for consideration of a Petition for
18 Approval of a Proposed Transaction with a Provider of New Electric Resources. NRS 704B.310

^{6/} Docket No. 14-11007, Switch Ltd. Petition for Reconsideration (June 25, 2016).

^{7/} The Presiding Officer issued an Order denying Switch’s discovery dispute on April 8, 2015
(see Docket 14-11007).

1 contains a presumption that an application will be granted absent a finding of harm and states in
2 relevant part:

3 The Commission *shall approve the application* of the eligible customer
4 *unless* the Commission finds that the proposed transaction:
5 (a) Will be contrary to the public interest; or
6 (b) Does not comply with the provisions of NRS 704B.320, if those
7 provisions apply to the proposed transaction.^{8/}
8

9 Here, the provisions of NRS 704B.320 do not apply because these provisions only
10 apply to “load(s) . . . in the service territory of an electric utility that primarily serves
11 densely populated counties.”^{9/} Sierra’s service territory does not include any counties that
12 meet the statutory definition of “densely populated counties;”^{10/} rather, under NRS 704B,
13 Sierra qualifies as an “Electrical Utility that Primarily Serves Less Densely Populated
14 Counties” because none of the counties served by Sierra has a population of 700,000
15 persons or more.^{11/} As a result, the Commission’s regulations pertaining to eligible
16 customers served by an electric utility that primarily serves less densely populated counties
17 must be exclusively applied. This means that a properly filed application for approval of
18 a proposed transaction is approved by default *unless* found contrary to the public interest
19 by the Commission.

20 Chapter 704B contains a non-exclusive list of factors that the Commission shall consider
21 in determining whether the Proposed Transaction is contrary to the public interest. These factors
22 include:

^{8/} NAC 704B.310(5) (emphasis added).

^{9/} NAC 704B.340(1), (1)(f).

^{10/} See NRS 704B.060, defining a densely populated county as a county with a population greater than 700,000.

^{11/} NRS 704B.070; According to the U.S. Census Bureau, Washoe County, Nevada, the most populous of the counties served by Sierra Pacific, has a current population estimated to be 446,903.
<https://www.census.gov/quickfacts/table/PST045215/32031>

- 1 (a) Whether the electric utility that has been providing electric service to the eligible
2 customer will be burdened by increased costs as a result of the proposed
3 transaction or whether any remaining customer of the electric utility will be
4 burdened by increased costs for electric service as a result of the proposed
5 transaction;
6 (b) Whether the proposed transaction will impair system reliability or the ability of
7 the utility to provide electric service to its remaining customers; and
8 (c) Whether the proposed transaction will add energy, capacity or ancillary services
9 to the supply in this state.^{12/}
10

11 The PUCN has recognized that “in considering whether approval of the proposed
12 transaction will be contrary to the Public interest, the Commission’s consideration is ‘without
13 limitation.’”^{13/} Therefore, the PUCN should consider any factors that may affect whether or not a
14 proposed transaction is in the public interest and not limit its analysis to those specifically listed
15 in the statute, especially including positive factors.

16 By way of illustration, when evaluating a potential merger, the PUCN has found that the
17 public interest standard which requires that the transaction “not harm the public interest . . . does
18 not mean that the proposed merger positively benefits or enhances the public interest.”^{14/} Nevada
19 law evaluating mergers under the public interest standard does not require the PUCN to find
20 specific positive benefit or enhanced public interest for a merger to be “in the public interest.” The
21 NRS 704B standard is lower, requiring the PUCN to grant a 704B application absent a finding that
22 the proposed transaction is “contrary to the public interest.” Therefore, the “contrary to public

^{12/} NAC 704B.310(6).

^{13/} Application of Wynn Las Vegas, LLC to purchase energy, capacity, and/or ancillary services from a provider of new electric resources, Docket No. 15-05006, 2015 WL 8105186 at ¶ 206 (Dec. 3, 2015); Application of Las Vegas Sands Corp. to purchase energy, capacity, and/or ancillary services from a provider of new electric resources, Docket No. 15-05002, 2015 WL 8105188 at ¶ 153 (Dec. 3, 2015); Application of MGM Resorts Int’l to purchase energy, capacity, and/or ancillary services from a provider of new electric resources, Docket No. 15-05017, 2015 WL 8105189 at ¶ 150 (Dec. 3, 2015).

^{14/} Re Joint Application of Nevada Power Co. (“NPC”) & Sierra Pacific Power Co. (“SPPC”) for approval of proposed methodology and standards for quantifying quality of service for NPC and SPPC, Docket No. 04-7009, 2005 WL 2303979 at ¶ 80 (Sept. 6, 2005).

1 interest” standard applied here is less burdensome than that placed on mergers, and is met and
2 exceeded if the proposed transaction benefits the public interest. And as Switch has demonstrated
3 and will demonstrate, the Proposed Transaction will materially benefit the public interest, create
4 jobs, improve the environment, and further Nevada’s position as a national leader in cloud,
5 telecommunication and colocation technologies.

6 **5. The Commission’s General Requirements for an Application**

7 NRS 704B.310 sets forth the minimum approval requirements for a proposed transaction
8 application. These requirements are restated through the Commission’s regulations contained in
9 NAC 704B. Section 704B.340 of the Commission’s regulations states that an application under
10 NRS 704B must include all of the information that was contained in the eligible customer’s letter
11 of intent, as well as any information “required to update or complete the information the eligible
12 customer included with the letter of intent.”^{15/} Pursuant to this requirement, Switch hereby
13 provides the following information, which restates and updates that information required by the
14 Commission and included in a letter of intent.

15 **(a) Information Regarding the Eligible Customer, and Demonstrating That**
16 **It Is an Eligible Customer.**

17
18 The name of the eligible customer is:

19 Switch, Ltd.
20 7135 SW Decatur Blvd.
21 Las Vegas, NV 98118
22 (702) 444-4000
23

24 As noted above, this Application seeks approval of a Proposed Transaction to support its
25 new SUPERNAP Tahoe-Reno development in Northern Nevada within the Tahoe Reno Industrial

^{15/} NAC 704B.340(1), (2)(d).

1 Center. Nevada regulation provides that an “eligible customer” may file an application for
2 approval of a proposed transaction with a provider of new electric resources, if it is, *inter alia*, a
3 non-governmental commercial “end use customer that has an average annual load of 1 megawatt
4 or more within the service territory of an electric utility”^{16/}

5 In the case of a new customer without load data for the previous 12 months, the
6 Commission may determine that a new load is eligible to submit an application for a proposed
7 transaction if it is reasonable to conclude the new customer will consume, during the 12 months
8 immediately following commercial operation, at least 8,760,000 kilo-Watt hours (“kWh”) of
9 electrical energy.^{17/} The Commission may determine whether an end use customer qualifies as an
10 eligible customer by analyzing the electric load of each individual “service location.”^{18/} In relevant
11 part, a service location is identified as: 1) a single point of delivery or, 2) multiple points of delivery
12 on a contiguous property.^{19/}

13 Here, the SUPERNAP Tahoe-Reno data center development will be the largest in the world
14 and Switch’s growth in the south demonstrates the development will consume a minimum of
15 8,760,000 kWh at its Service Location in Northern Nevada. Moreover, Switch’s patented
16 technologies allow desirous customers to consume 1 MW of power within 1,000 square feet of
17 data center space. This is discussed more fully in Section (6)(e), below. As a result, it is reasonable
18 to conclude the SUPERNAP Tahoe-Reno data center development should be found to be eligible
19 to submit this Application for approval of the Proposed Transaction.

^{16/} NRS 704B.300; 080.

^{17/} NAC 704B.300(1).

^{18/} NAC 704B.300(3).

^{19/} NAC 704B.300(4)(a)-(b).

1 **(b) Information Regarding the Proposed Provider of New Electrical**
2 **Resources.**

3 Switch is currently engaged in negotiations with multiple energy providers who act as
4 scheduling coordinators in other territories, each of which are qualified to do business as a provider
5 of new electric resources within the state of Nevada (once selected, the “Provider”). Because of
6 Switch’s adherence to the renewable principles of additionality and locality, and Switch’s faith in
7 innovative renewable technology, Switch will build enough energy generation in Northern Nevada
8 to support its load, and will continue to do so as that load grows in Northern Nevada.

9 In addition to selecting a Provider, Switch’s SUPERNAP Tahoe-Reno development load
10 will be initially supported by Switch Station 2, a First Solar photovoltaic generation project that
11 has yet to be constructed. This is the same project Switch was intending to contract for under its
12 2014 704B Application. In seeking initial approval of the Switch Station 2 project, Switch publicly
13 assured the Commission that if Switch were to unbundle via NRS 704B, Switch would continue
14 to be responsible for the cost of the project. In addition to the service to be provided by First Solar
15 via Switch Station 2, Switch will immediately inform the parties to this proceeding when the
16 Provider has been selected, and will provide information about any additional projects as these are
17 developed.

18 **(c) Information Regarding the Point(s) of Delivery**

19 Switch will provide the Commission with a copy of **Confidential Exhibit A**, which
20 provides detailed information regarding the point(s) of delivery requested in this Application.

21 **(d) A Description of the Proposed Transaction**

22 While the identity of the Provider who will manage the First Solar Switch Station 2 project
23 has yet to be confirmed, Switch can provide certain parameters that will define the Proposed

1 Transaction. Switch will purchase 100% renewable energy for the SUPERNAP Tahoe-Reno
2 development from the Provider that will source the energy from the First Solar Switch Station 2
3 facility and from outside of Sierra's offerings.

4 This Provider will be required by the contract to source the electric energy from renewable
5 resources that are not owned, operated, or contracted by Sierra. As noted below, the Provider of
6 New Electrical Resources will also be the scheduling coordinator, and will provide or obtain
7 Ancillary Services on behalf of Switch. In addition, because of Switch's dedication to local and
8 new renewable development, the contract will provide Switch with the ability to develop its own,
9 locally sourced energy to replace the energy that would otherwise be produced outside of Nevada.
10 Switch will require that such provisions meet the requirements of NRS 704B.325, or are otherwise
11 vetted and approved by the Commission as required.

12 **(e) Information Regarding Ancillary Services**

13 The Provider will act as Switch's scheduling coordinator and will provide load following,
14 firm energy supply service with energy imbalance, i.e., physical firm Western Systems Power Pool
15 Schedule C quality energy, to service Switch's hourly data center load. The Provider will
16 determine the day-ahead and hourly scheduled volumes, including energy imbalance resulting
17 from deviations between scheduled energy and actual load, using input from Switch's forecasting
18 tools. Switch will be an NV Energy network integrated transmission services customer and will
19 utilize the Provider as an agent to manage the network integrated transmission services to facilitate
20 the delivery of power from the Point of Receipt to Switch's SUPERNAP 704B Points of Delivery.

21 **(f) Information Regarding the Location of the New Electrical Resources**

22 Switch will initially acquire electricity via the Provider's services, until Switch Station 2
23 or other facilities are constructed. Regardless of the process for Switch Station 2 becoming fully

1 dedicated to the Tahoe-Reno development, or such assignment being delayed given the ongoing
2 lawsuit, Switch will develop its own facilities in Northern Nevada. Either way, Switch intends to
3 participate in the development of additional new renewable generation in Northern Nevada, which
4 would likely be located within Sierra’s certificated service territory.

5 **6. Specific Information Required by NAC 704B.340**

6 In addition to the general information required by NAC 704B.320, the Commission
7 requires other additional information specific to the circumstances of an eligible customer. Switch
8 offers the following information in accordance with NAC 704B.340:

9 **a. Information Demonstrating the Ability to Enter Into Necessary**
10 **Transmission Agreements**

11 Pursuant to NAC 704B.340(1)(a), Switch is an eligible customer under Section 1.14(ii) of
12 NV Energy’s Open Access Transmission Tariff. Switch has the ability to enter into all
13 transmission service agreements necessary for the delivery of energy from the Point of Receipt to
14 the Switch SUPERNAP 704B Points of Delivery set forth in **Confidential Exhibit A**. Switch will
15 enter into a Network Operating Agreement (“NOA”) with NV Energy in the form contained in NV
16 Energy’s Open Access Transmission Tariff, Attachment G, and file the executed NOA with the
17 Commission and all parties of record.

18 **b. Information Regarding Metering**

19 Switch has installed, or will complete the installation of time of use meters at the
20 SUPERNAP locations at each point of delivery. Information regarding these meters is available
21 in **Confidential Exhibit A**.
22

1 **c. Applicable System Impact Studies**

2 Because Switch is a new customer and has never taken permanent, fully bundled electric
3 service from Sierra, there will not be any impact to Sierra’s system. Moreover, Switch has
4 contracted for its own generation in the form of Switch Station 2. As such, it would have been
5 negligent and improper – if not intentionally self-serving – for NV Energy to plan additional
6 generation developments for the SUPERNAP Tahoe-Reno development. Additionally, Switch is
7 still finalizing the transmission and distribution pathways for the SUPERNAP Tahoe-Reno
8 development. If there are any transmission-related System Impact Studies that will be required
9 pursuant to the NITS Application that is currently being prepared, Switch is willing to discuss the
10 rationale for, scope of, and process of the same, if found necessary.

11 **d. Updates of the Information Provided in the Letter of Intent**

12 Section 5, above, restates and updates the information provided in Switch’s Letter of
13 Intent, originally filed on January 15, 2015, and which was filed again on August 11, 2016.

14 **e. Other Information Deemed Necessary by Staff**

15 During the initial meeting with the interested parties, held on August 24, 2016, Staff
16 indicated interest in information regarding how Switch’s existing contracts would or could impact
17 the Application for Approval of a Proposed Transaction with a Provider of New Electric
18 Resources. The contracts referenced by Staff are power purchase agreements between First Solar
19 and Sierra for the exclusive benefit and at the exclusive cost of Switch for the development of
20 Switch Station 2 (the “PPA”), located south of Sierra’s service territory. These contracts will
21 supply renewable resources to Switch SUPERNAP data centers in Northern and Southern Nevada.
22 These contracts were developed to allow Switch to adjust the flow between Northern Nevada,

1 where the SUPERNAP Tahoe-Reno facility is being developed, and the existing SUPERNAP data
2 centers located in the Las Vegas area.

3 Switch hopes to exercise the options available to it as the dedicated beneficiary of the PPA
4 to use the energy that First Solar will supply to power the SUPERNAP Tahoe-Reno development.
5 This assignment of the electrical energy, in conjunction with the approval of the current Proposed
6 Transaction, will bring Switch closer to its target of 100% renewable energy at its SUPERNAP
7 Tahoe-Reno operations.^{20/}

8 Additionally, Switch anticipates that Staff will appreciate evidence that supports Switch's
9 claim that it will use 8,760,000 kWh of electrical energy in the 12 months following
10 commencement of the transaction, as required of a new load that filed an application for approval
11 of a Proposed Transaction.^{21/} The fact that the SUPERNAP will consume the requisite amount of
12 energy to make it eligible to file this Application is primarily demonstrated by the patterns of
13 electrical use that have been seen at Switch's Southern Nevada locations. Upon completion of the
14 Tahoe-Reno SUPERNAP development, Switch will begin licensing space within the SUPERNAP
15 data center to its customers, whose equipment will increase Switch's electrical use. Switch's
16 customers are available online at <https://www.supernap.com/clients.html>. While these third
17 parties have entered into confidentiality agreements with Switch, if necessary, Switch can provide
18 a confidential affidavit assuring the Commission that existing contracts will support the threshold
19 requirement.

^{20/} Alternatively, Switch will either terminate, or seek a court finding, that such contracts were *void ab initio* due to the unlawful conduct discussed in Switch's federal lawsuit against former PUCN General Counsel, Carolyn Lina Tanner (aka @DixieRaeSparx) *et. al.* See Case No. 2:16-cv-01629 U.S. District Court, District of Nevada.

^{21/} NAC 704B.300(1).

1 **f. Densely Populated County Information**

2 Subsection (1)(f) of NAC 704B.340 requires additional information related to the
3 provisions of NRS 704B.320 if the eligible customer is located in a densely populated county. As
4 noted above, the SUPERNAP data centers identified in this Application will not be located in a
5 densely populated county, as defined by NRS 704B.070. As a result, Switch understands that NRS
6 704B.320 does not apply to this Application, and no additional information is required in this
7 section.

8 **7. Approval of Switch’s Contract for New Electric Resources Will Produce a Positive**
9 **Impact on other Customers and Will Be in the Public Interest**

10 NRS 704B requires the Commission to assess the impact of a contract for New Electric
11 resources on existing customers within the service territory of the electrical utility. As the
12 information presented in this Application demonstrates, the impact of the Proposed Transaction to
13 the electrical system and the state will be exponentially positive, not negative. It is in the public
14 interest to let Switch buy power from the open market, so that Switch may help the State of Nevada
15 continue to become the national leader for cloud, telecommunication, and colocation technologies.
16

17 On a smaller scale, through this Application, Switch seeks to permanently join the Sierra
18 electrical system as a DOS customer that will provide significant new, renewable resources to the
19 state and to the Sierra system. For the last two and one half months, Switch has been receiving
20 temporary power from Sierra, until Switch selects the location for and constructs a Switch-owned
21 substation in Northern Nevada. As a result, once Switch is permitted to be a permanent DOS
22 customer via the new Switch substation, the state’s power mix will be more renewable and
23 environmentally friendly.

1 These benefits will come without incremental cost to Sierra or to the other customers on
2 Sierra's system. In fact, these benefits come at a lower cost as Switch has committed to producing
3 its own renewable generation needs with new, local projects. Throughout the planning process for
4 the construction of the SUPERNAP Tahoe-Reno development, Switch has repeatedly reached out
5 to Sierra and to the other parties informing them verbally and in writing that the SUPERNAP
6 would provide its own energy and would not rely on Sierra for its electrical commodity. As a
7 result, whether Switch enters into an arrangement for the Proposed Transaction or constructs its
8 own generation resources, Sierra cannot claim to have incurred stranded costs because it could not
9 have prudently planned to construct generation intended for the SUPERNAP Tahoe-Reno
10 development.^{22/} It also follows that Sierra customers cannot be harmed by approval of this
11 Proposed Transaction, because any costs Sierra did incur related to the SUPERNAP Tahoe-Reno
12 development would have been imprudent, and therefore cannot be passed on to customers.
13 Consequently, approval of this Application will result in increased DOS revenues for Sierra, which
14 will benefit both the utility and other customers.

15 Approval will permit Switch to continue with a project that will create Northern Nevada
16 jobs, bring more business to the state, and continue to diversify Nevada's profile as an attractive
17 center for technology and innovation. Finally, approval of this Application will provide future
18 benefits to the state because Switch's willingness to take on the costs and risks inherent in securing
19 its own sources of renewable energy will avoid the development of additional resources by Sierra,
20 which costs would have been shared with all customers within Sierra's service territory.

^{22/} See Exhibit B, which includes copies of Switch's letters to the parties in 2015 and 2016.

