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Original Filing

Public Utilities Commission of Nevada
Electronic Filing

Submitted: 7/28/2017 3:54:59 PM

Fee Submitted: \$200.00

Echeck Transaction ID :5012824564076413703609

Reference: 2899297e-4496-4f00-826f-35955bc03ebc

Reference:

Filed For: NPC and SPPC

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July 28, 2017

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

Re: Docket No. 17-07___: Joint Application of Nevada Power Company d/b/a NV Energy Sierra Pacific Power Company d/b/a NV Energy for approval of tariff schedules and rates implementing Assembly Bill 405 (2017 Nevada Legislature).

Dear Ms. Osborne:

Please accept for filing the attached Joint Application of Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra”) for approval of tariff schedules and rates implementing Assembly Bill 405 (2017 Nevada Legislature). This filing implements three mandates of Assembly Bill 405 (2017 Nevada Legislature).

The first mandate, set forth in Sections 24 and 31 of AB405, which require that “net energy metering” (“NEM”) and full requirement customers reside in the same broad customer classes and pay the same fees and charges. In compliance with this mandate, Nevada Power and Sierra have prepared tariffs combine NEM single-family residential, multi-family residential, large single-family residential and small general service classes with the full requirement single-family residential, multi-family residential, large single-family residential and small general service classes. Nevada Power and Sierra have also calculated and filed tariffs reflecting revenue neutral rates applicable to or all customers in the newly combined rate classes.

The second mandate, set forth in Section 28.3, requires the establishment of a new NEM program applicable to customers in any customer class whose private generation systems have an installed capacity of 25 kW and below, and who apply for service on or after the effective date of the legislation. Customers with approved applications predating the effective date of the legislation may request to migrate to the new NEM program defined in Section 28.3. The new NEM program set forth in Section 28.3 of AB405 ties the compensation that eligible customer-generators receive for excess energy put onto the utilities’ distribution systems to the price of electricity charged by the utilities. The credit to be provided to eligible customer-generators steps down based on the total installed capacity of NEM generation under the program:

- Tranche 1 – For private generation customers who are among those to install the first 80 megawatts of capacity under Section 28.3 of AB405, excess energy will be priced at 95% of the kWh price for electricity supplied by the utility.
- Tranche 2 – For private generation customers who are among those to install the second 80 megawatts of capacity under Section 28.3 of AB405, Section 28.3, excess energy will be priced at 88% of the kWh price for electricity supplied by the utility.

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- Tranche 3 – For private generation customers who are among those to install the third 80 megawatts of capacity under Section 28.3 of AB405, Section 28.3, excess energy will be priced at 81% of the kWh price for electricity supplied by the utility.
 - Tranche 4 – For private generation customers who install private generation capacity thereafter, excess energy will be priced at 75% of the kWh price for electricity supplied by the utility.

Nevada Power and Sierra have filed tariffs outlining the administration of this new NEM program, as well as the excess energy rate at which eligible customers will be paid, in the form of a credit.

The third mandate, set forth in Section 27 of AB405, is to establish a new time-variant offering that is designed to expand and accelerate the development and use of energy storage systems in Nevada. Nevada Power and Sierra have prepared tariffs and designed rates that replace all existing residential and small general service optional time-of-use schedules with a new optional time-variant rate in compliance with Section 27.

AB405, Section 24 Timeframes. Subsection 5 of Section 24 of AB405 requires that full requirement and private generation customer classes be combined, and that all fees and charges to customers in the newly combined classes be the same for full requirement and private generation customers. Section 24 goes into effect September 1, 2017.¹ Subsection 5 of Section 31 also requires the consolidation of full requirement and private generation customer classes, and requires that the rates charged to customers in the newly combined classes be the same, whether a customer is a full requirement or private generation customer. Section 31 became effective June 15, 2017.² Nevada Power and Sierra ask that the Commission to approve tariffs implementing Sections 24 and 31 no later than September 1, 2017. Whether intended to be effective on June 15, 2017 or September 1, 2017, revised tariffs and rates implementing Sections 24 and 31 of AB405 necessarily apply to all residential and small general service customers at Nevada Power and Sierra, whether full requirement or private generation. As explained in the Joint Application, assuming Commission approval no later than September 1, 2017, Nevada Power and Sierra request that the Commission establish an effective date for tariffs and rates implement Sections 24 and 31 of October 1, 2017.

AB405, Section 28.3 Timeframes. Section 28.3 of AB405 went into effect on June 15, 2017,³ and establishes a new category of private generation customers: those with systems of 25 kilowatts (“kW”) or less and who “accept the offer of the utility for net metering” after June 15, 2017. AB405

¹ AB405, Section 34(2) provides that “Sections 1 to 24, inclusive, of this act become effective on September 1, 2017.” However, AB405 is silent as to when or how tariffs and rates for the newly combined full requirement private generation customer classes are to go into effect. The Companies have therefore prepared and included tariffs and rates implementing Sections 24 and 31 in this filing. As is set forth below, revised tariffs and rates implementing Sections 24 and 31 of AB405 necessarily apply to all residential and small general service customers at Nevada Power and Sierra, whether full requirement or private generation.

² AB405, Section 34(1) provides that “This section and sections 25 to 28.5, inclusive, and 29 to 33, inclusive, of this act become effective upon passage and approval.” The term “approval” is undefined by AB405 but presumably refers to the date upon which the legislation was signed by the Governor, June 15, 2017.

³ *Id.*

requires that Nevada Power and Sierra file tariffs implementing Section 28.3 not later than 45 days after the effective date of the legislation, or July 28, 2017.⁴ As drafted, AB405 has created uncertainty for private generation customers who are right now seeking to establish their eligibility to join the new category of private generation customers. AB405 is silent as to when tariffs implementing Section 28.3 must be approved and in place and provides no guidance as to how customer applications for service under Section 28.3 received during the interim period (the period between June 15, 2017 and the date the Commission implements tariffs) are to be treated. Nevada Power and Sierra are already fielding questions from customers asking whether and when, given the June 15, 2017 effective date of Section 28.3, the pricing of excess energy sold to the Companies has been or will be established. The answer is not found in AB405. The longer this gap in AB405 remains open, the greater the confusion of those interested in establishing their eligibility under Section 28.3. Nevada Power and Sierra therefore request that the Commission take action accepting the tariffs and rate schedules implementing Section 28.3 at its earliest opportunity. As explained in the Joint Application, Nevada Power and Sierra request that the Commission provide the tariffs be implemented no sooner than November 30, 2017, and at least 60 days after an order approving the tariffs..

AB405, Section 27 Timeframes. Section 27 of AB405, also effective on June 15, 2017, requires that by August 1, 2017, Nevada Power file new optional time-variant rate schedules designed to expand and accelerate the development and use of energy storage systems in Nevada.⁵ Sierra must make a corresponding filing on or before January 16, 2018.⁶ Subsection 1 of Section 27 requires that this filing be made by application, which is “a manner authorized by NRS 704.110.”⁷ NRS § 704.110(2) provides that the Commission must act on an application to change rate schedules within 210 days of the date on which it is filed, or Friday, February 23, 2018. Nevada Power and Sierra acknowledge that AB405 provides the Commission until March 15, 2018 to act on the optional time of use filings. As explained in the Joint Application, regardless of which deadline the Commission adopts Nevada Power and Sierra ask that the Commission provide at least 60 days for tariffs to be structured and reflected in the billing system, and that the effective date of such tariffs coincide with a quarterly rate change.

Organization of the Filing. Accompanying the Joint Application is the following information, which pursuant to Sections (c) and (d) of NAC § 703.535, the Joint Applicants have deemed are required and appropriate to support their filing, and that the Joint Applicants are prepared to prove, and upon which the Commission may base its decision granting the requested relief.

- **Application Exhibit A.1**, tariff sheets showing in full the rates proposed to be implemented at Nevada Power to implement Sections 24, 28.3 and 27 of AB405;
- **Application Exhibit A.2**, tariff sheets showing in full the rates proposed to be implemented at Sierra to implement Sections 24, 28.3 and 27 of AB405;

⁴ AB405, Section 32.5. The forty-fifth day after June 15, 2017 is Sunday, July 30, 2017.

⁵ AB405, Section 27, subsection 1.

⁶ AB405, Section 27, subsection 2.

⁷ AB405, Section 27, subsection 1.

- **Application Exhibit B**, an “as enrolled” copy of Assembly Bill 405 (2017 Legislature); and
- **Application Exhibit C**, a narrative describing the Companies’ implementation of the mandates of Sections 24, 27, 28.3 and 31 of AB405;
- **Application Exhibit D**, workpapers supporting the development of rates for Nevada Power and Sierra to implement Section 24 of AB405;
- **Prepared Direct Testimony of John P. McGinley**, Executive, Regulatory Analysis, Policy and Strategy, supports the tariff designs, additions, modifications and deletions necessary to implement AB405 Sections 24, 27, 28.3 and 31 at both Nevada Power and Sierra.
- **Prepared Direct Testimony of Laura I. Walsh**, Director, Regulatory Analysis, Policy and Strategy supports the calculations of the combined cost-based, revenue neutral rates for the newly combined single-family, multi-family, large single-family residential (Nevada Power only) and general service classes (per AB405 Sections 24 and 31), the calculation of the credit to be paid to new private generation customers with installed capacity of 25 KW or less for excess energy to Nevada Power and Sierra (per AB405 Section 28.3), as well as the rate design for the newly created optional time-variant rate schedule (Section 27).

Revenue Neutral Rates. If approved, this filing will result in changes in rates charged to all single-family residential, multi-family residential, large single-family residential and small general service customers at Nevada Power and Sierra, whether full requirement or net energy metering. These new rates will not result in an increase in utility revenues. Therefore Nevada Power and Sierra are not of the view that a consumer session is required for this filing pursuant to NRS § 704.069.

If you have any questions about this filing, please do not hesitate to contact me at 775-834-5694 or belliot@nvenergy.com.

Respectfully submitted,

/s/ Elizabeth Elliot

Elizabeth Elliot
Deputy General Counsel

APPLICATION

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

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In the Matter of the Joint Application by)
NEVADA POWER COMPANY D/B/A)
NV ENERGY, and SIERRA PACIFIC)
POWER COMPANY D/B/A NV ENERGY)
filed pursuant to Sections 24 and 31, 28.3 and)
27 of Assembly Bill 405 (2017 Legislature) and)
NRS 704.110, combining private generation)
and full requirement customers into single)
classes, establishing rates for the newly)
combined customer classes, establishing credits)
to be paid to private generation customers for)
excess energy put onto the utility system, and)
optional time variant rates designed to expand)
and accelerate the development and use of)
energy storage systems.)

Docket No. 17-07 ____

JOINT APPLICATION

Pursuant to Nevada Revised Statute (“NRS”) § 704.110 and Nevada Administrative Code (“NAC”) § 703.535, and as mandated by Assembly Bill 405 (“AB405”) (2017 Nevada Legislature) sections 27(1) through (3) and section 32.5, Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra”) (together the “Companies”), submit to the Public Utilities Commission of Nevada (“Commission”) changes to their tariff and rate schedules necessary to implement the mandates of AB405. AB405 was enacted by the 2017 Nevada Legislature on June 5, 2017 and signed (approved) by Nevada’s Governor on June 15, 2017. But for AB405, Nevada Power and Sierra would not have prepared this filing or otherwise sought to modify their tariffs or calculated the changes in rates set forth in this pleading (the “Joint Application”).

1 **I. THE JOINT APPLICANTS**

2 NAC § 703.535 sets forth the requirements for applications filed before the
3 Commission. Subsection 2 requires that an application identify the applicant, provide
4 contact information regarding the applicant, as well as applicant’s counsel.

5 Nevada Power and Sierra are Nevada corporations and wholly-owned subsidiaries
6 of NV Energy, Inc., a Nevada corporation. Nevada Power and Sierra are indirect subsidiaries
7 of Berkshire Hathaway Energy Company. Nevada Power is engaged in providing electric
8 service to the public in portions of Clark and Nye counties, Nevada, pursuant to a certificate
9 of public convenience and necessity issued by this Commission. Sierra is engaged in
10 providing electric service to the public in portions of Washoe, Pershing, Humboldt, Lander,
11 Elko, Mineral, Churchill, Nye, Esmeralda, Douglas, Storey, and Lyon Counties, Nevada
12 pursuant to a certificate of public convenience and necessity issued by this Commission.

13 Nevada Power’s primary business office is located at 6226 W. Sahara Avenue in Las
14 Vegas, Nevada. Sierra’s primary business office is located at 6100 Neil Road in Reno,
15 Nevada. All correspondence related to this Joint Application should be transmitted to
16 counsel and to the Executive of Regulatory Analysis, Policy and Strategy, as set forth below:

17 Elizabeth Elliot
18 Deputy General Counsel
19 6100 Neil Road
20 Reno, NV 89511
21 775-834-5694
22 belliot@nvenergy.com

23 Jack McGinley, Executive
24 Regulatory Analysis, Policy and Strategy
25 6100 Neil Road
 Reno, NV 89511
 775-834-5868
 regulatory@nvenergy.com

26 **II. PROCEDURAL MATTERS**

27 AB405 requires that Nevada Power and Sierra take action to implement several of its
28 provisions without prior Commission action (e.g., rulemaking). Section 24 of AB405, which
29

1 goes into effect September 1, 2017,¹ requires that full requirement and private generation
2 customer classes be combined, and that all fees and charges to customers in the newly
3 combined classes be the same for full requirement and private generation customers.
4 Subsection 5 of Section 31 also requires the consolidation of full requirement and private
5 generation classes and mandates that the rates, fees, and charges for full requirement and
6 private generation customers be the same. Yet Section 31 became effective June 15, 2017.²

7 Section 28.3 of AB405 also went into effect on June 15, 2017,³ and establishes a new
8 category of private generation customers: those with systems of 25 kilowatts (“kW”) or less
9 and who “accept the offer of the utility for net metering” after June 15, 2017. For this new
10 category of private generation customers, excess energy to the Companies will be monetized
11 and credited to the private generating customer in the form of a bill credit. AB405 requires
12 that Nevada Power and Sierra file tariffs implementing Section 28.3 not later than 45 days
13 after the effective date of the legislation, or July 28, 2017.⁴

14 Finally, Section 27 of AB405, also effective on June 15, 2017, requires that by August
15 1, 2017, Nevada Power file new optional time-variant rate schedules designed to expand and
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19 ¹ AB405, subsection 2 of Section 34 provides that “Sections 1 to 24, inclusive, of this act become
20 effective on September 1, 2017.” However, AB405 is silent as to when or how tariffs and rates for the newly
21 combined full requirement private generation customer classes are to go into effect. The Companies have
22 nonetheless prepared and included tariffs and rates implementing Sections 24 and 31 in this filing. As is set forth
23 below, revised tariffs and rates implementing Sections 24 and 31 of AB405 necessarily apply to all residential
24 and small general service customers at Nevada Power and Sierra, whether full requirement or private generation.

25 ² AB405, subsection 1 of Section 34 provides that “This section and sections 25 to 28.5, inclusive, and
26 29 to 33, inclusive, of this act become effective upon passage and approval.” The term “approval” is undefined
27 by AB405 but presumably refers to the date upon which the legislation was signed by the Governor, June 15,
28 2017

³ *Id.*

⁴ AB405, Section 32.5. The forty-fifth day after June 15, 2017 is Sunday, July 30, 2017.

1 accelerate the development and use of energy storage systems in Nevada.⁵ Sierra must make
2 a corresponding filing on or before January 16, 2018.⁶

3 Rather than making separate filings within a matter of days, and another Sierra-only
4 filing within months, Nevada Power and Sierra have prepared a single filing to comply with
5 AB405's mandates under Sections 24 and 31, Section 28.3, and Section 27. In order to comply
6 with Section 27, this single combined filing is made by application, which is "a manner
7 authorized by NRS 704.110."⁷ NRS § 704.110 governs changes in tariffs filed pursuant to an
8 application (as distinguished from tariffs filed pursuant to advice letters pursuant to NRS §
9 704.100). NRS § 704.110(2) provides that the Commission must act on an application to
10 change rate schedules within 210 days of the date on which it is filed. Applying the full period
11 allowed under NRS § 704.110, the effective date of this joint application, which is filed on
12 Friday, July 28, 2017, is Friday, February 23, 2018. However, Nevada Power and Sierra
13 acknowledge that AB405 granted the Commission until March 15, 2018 to act on the optional
14 time of use filings. Thus, the Commission may interpret AB405 to provide it some flexibility
15 in developing a procedural schedule for the various aspects of this Application.

16 Notwithstanding the 210 day clock set forth in NRS § 704.110(2), Nevada Power and
17 Sierra ask that the Commission take action on certain components on this Application within
18 a shorter time period in order to provide certainty to customers and provide direction to
19 Nevada Power and Sierra on how to proceed under AB405. First, Nevada Power and Sierra
20 ask the Commission to approve tariffs no later than September 1, 2017, that authorize the
21 combination of customers in the full requirement and private generation customer classes into

22 _____
23 ⁵ AB405, Section 27, subsection 1.

24 ⁶ AB405, Section 27, subsection 2.

25 ⁷ AB405, Section 27, subsection 1.

1 new single-family residential, multi-family residential, and large single-family residential
2 (Nevada Power only) and small general service classes, as well as the establishment of rates
3 applicable to the newly combined customer classes, all as mandated by AB405. This request
4 is made given the conflicting implementation deadlines included in Sections 24 and 31 of
5 AB405 relating to the mandate to create a single rate class for full requirement and private
6 generation customers. Whether intended to be effective on June 15, 2017 or September 1,
7 2017, revised tariffs and rates implementing Sections 24 and 31 of AB405 necessarily apply
8 to all residential and small general service customers at Nevada Power and Sierra, whether
9 full requirement or private generation. The Companies request that the Commission make the
10 tariffs consolidating full requirement and private generation customers into a single class
11 effective October 1, 2017.⁸

12 Second, as drafted, AB405 has created uncertainty for private generation customers
13 who are right now seeking to establish their eligibility to join the new category of private
14 generation customers. Customers eligible for Section 28.3 will receive a payment, in the form
15 of a credit, for the monetized value of excess energy sold to the Companies pursuant to Section
16 28.3 of AB405. Section 34 of AB405 establishes the effective date of Section 28.3 as the date
17 of passage and approval, or June 15, 2017. However, Section 32.5 of AB405 requires the
18 filing of tariffs implementing Section 28.3 within 45 days of its effective date. AB405 is silent
19 as to when tariffs implementing Section 28.3 must be approved and in place and provides no
20 guidance as to how customer applications for service under Section 28.3 received during the
21 interim period (the period between June 15, 2017 and the date the Commission implements
22

23 ⁸ To be clear, if the Commission chooses to implement the provisions of Sections 24 and 31 on the same
24 schedule as the implementation of Section 28.3, then the tariffs effecting class and rate consolidation pursuant
25 to Sections 24 and 31 should not become effective until the tariffs implementing Section 28.3 become effective.

1 tariffs) are to be treated. Nevada Power and Sierra are already fielding questions asking
2 whether and when, given the June 15, 2017 effective date of Section 28.3, the pricing of excess
3 energy sold to the Companies has been or will be established. The answer is not found in
4 AB405. The longer this gap in AB405 remains open, the greater the confusion of those
5 interested in establishing their eligibility under Section 28.3. Nevada Power and Sierra
6 therefore request that the Commission take action on the tariffs and rate schedules
7 implementing Section 28.3 at its earliest opportunity. Nevada Power and Sierra request that
8 the Commission make the tariffs implementing Section 28.3 effective no sooner than
9 November 30, 2017, and at least 60 days after the order approving the tariffs is issued.⁹

10 Third, Nevada Power and Sierra ask that the Commission consider their new time-
11 variant offerings, which have been designed to expand and accelerate the development and
12 use of energy storage systems, in a written order issued on or before Friday, February 23, 2018
13 or March 15, 2018 (depending on which date the Commission believes is controlling with
14 respect to Commission action on the time variant offerings). The Companies ask that the
15 Commission provide at least 60 days for tariffs to be structured and reflected in the billing
16 system. Since the Companies' rates change on a quarterly basis, the Companies request that
17 the new, time-of-use tariffs and rates coincide with a quarterly rate change, but no sooner than
18 60 days after an order is issued approving the new time-of-use rates and tariffs.

19
20 **III. SUMMARY OF MATERIAL FACTS**

21 Subsection 3 of NAC § 703.535 requires that an application set forth all material facts
22 which the applicant is prepared to prove and upon which the Commission may base its

23
24 ⁹ On August 1, 2017, NV Energy will begin making programming changes necessary to implement
Section 28.3. NV Energy estimates that programming and testing will take 120 days.

1 decision to grant the request. This filing addresses three of AB405’s mandates: 1) per Sections
2 24 and 31, the consolidation of the full requirement and private generation customer classes,
3 and the necessary establishment of revenue neutral rates to be charged to all customers in
4 these newly combined classes; 2) per Section 28.3, the establishment of the price to be paid
5 by the Companies for excess energy sold to the Companies by customers with private
6 generation systems having an installed capacity of 25 kW or less under a new monetization
7 program; and 3) per Section 27, the withdrawal of all existing and proposed optional time-
8 variant service options, and the establishment of a new optional time-variant rate schedule
9 designed to expand and accelerate the development and use of energy storage systems. Nevada
10 Power’s and Sierra’s response to each of these three mandates is summarized briefly below.

11 **A. Creating New Combined Rate Classes**

12 In 2015, and again in 2016, the Commission determined that the electric service
13 provided by Nevada Power and Sierra to private generation customers was sufficiently distinct
14 from the service provided to full requirement customers (i.e., those without private generation)
15 that the establishment of separate classes for private generation single-family residential,
16 multi-family residential, large single-family residential (Nevada Power only) and small
17 general service customers, was warranted. Sections 24 and 31 of AB405 require a change in
18 the status quo. Over 1.2 million customers, some of them private generation but most of them
19 full requirement, must be combined into the new “broad” rate classes mandated by Sections
20 24 and 31, and new blended rates established that reflect the combined cost of customers in
21 the newly combined classes. *See*, subsection 7 of Section 24 of AB405; *see also*, subsection
22 5 of Section 31 of AB405. According to subsection 2 of Section 34, Section 24 of AB405

1 becomes effective September 1, 2017, while subsection 5 of Section 31 became effective June
 2 15, 2017.

3 Setting aside the effective date of tariffs implementing Sections 24 and 31,
 4 mechanically, Nevada Power and Sierra propose to accomplish this requirement by moving
 5 all single-family NEM customers and single-family full requirement customers into a new
 6 combined class (for Nevada Power this will be RS-405, and for Sierra this will be D-1-405),
 7 any multi-family NEM customers and multi-family full requirement customers into a blended
 8 class (RM-405 at Nevada Power and DM-1-405 at Sierra), at Nevada Power, all large single-
 9 family NEM customers and large single-family full requirement customers into a blended
 10 class (LRS-405), and all small general service NEM customers and small general service full
 11 requirement customers into a blended class (GS-405 at Nevada Power, GS-1-405 at Sierra).
 12 The following eight Nevada Power and ten Sierra NEM-only schedules will then be cancelled.

APPLICATION FIGURE 1
NEM SCHEDULES TO BE CANCELLED

Nevada Power	Sierra
• RS-NEM	• D-1-NEM
• RM-NEM	• DM-1-NEM
• LRS-NEM	• GS-1-NEM
• GS-NEM	• OD-1-TOU-NEM
• ORS-TOU-NEM	• ODM-1-TOU-NEM
• ORM-TOU-NEM	• OGS-1-TOU-NEM
• OLRN-TOU-NEM	• OD-1-CPP-NEM
• OGS-TOU-NEM	• ODM-1-CPP-NEM
	• OD-1-PDU-NEM
	• ODM-1-PDU-NEM

21 In addition, four new Nevada Power schedules and three new Sierra schedules will be
 22 established to implement the new class definitions set forth in AB405 and to expressly
 23
 24

1 combine customers in the private generation and full requirement classes into new combined
 2 customer classes as mandated by AB405.

APPLICATION FIGURE 2
SCHEDULES TO BE AMENDED AND RENAMED

Nevada Power	Sierra
<ul style="list-style-type: none"> • RS to become RS-405 	<ul style="list-style-type: none"> • D-1 to become D-1-405
<ul style="list-style-type: none"> • RM to become RM-405 	<ul style="list-style-type: none"> • DM-1 to become DM-1-405
<ul style="list-style-type: none"> • LRS to become LRS-405 	<ul style="list-style-type: none"> • GS-1 to become GS-1-405
<ul style="list-style-type: none"> • GS to become GS-405 	

9 The following language will be included in the Applicability sections of the newly combined
 10 classes:

This class includes [as appropriate] customers regardless of the technologies on the customer’s side of the electricity meter, including, without limitation, energy production, energy savings, energy consumption, energy storage or energy shifting technologies, provided that such technologies do not compromise the safety and reliability of the utility grid.

15 Currently, full requirement customers and private generation customers are not just in
 16 different customer classes. Based on their different costs of service, full requirement and
 17 private generation customers are charged different two-part rates (a basic service charge and
 18 per kilowatt-hour or “kWh” volumetric rate) for the services and electricity they purchase
 19 from Nevada Power or Sierra. Subsection 7 of Section 24 and Subsection 5 of Section 31 of
 20 AB405 require that as of the respective sections’ effective dates, customers in the newly
 21 combined single-family residential, multi-family residential, large single-family residential
 22 (Nevada Power only) and small general service customer classes must be assessed the same
 23 “fees and charges.” Consistent with this mandate, Nevada Power and Sierra have explored
 24 several different cost-based, revenue neutral rate structures and rate designs that would satisfy

1 AB405's mandate that the same fees and charges apply to both full and partial requirement
2 customers in the newly combined rate classes. After analyzing these options Nevada Power
3 and Sierra have concluded the most appropriate way to establish the basic service charge and
4 the volumetric rate for the new combined class is on a cost basis.

5 Because the basic service charges and the volumetric rate charged to customers in the
6 full requirement and private generation single-family, multi-family, large single-family
7 residential (Nevada Power only) and small general service classes are currently different from
8 one another, Nevada Power and Sierra have designed two-part rates applicable to all
9 customers in the newly combined customer classes that are both reflective of cost service and
10 are revenue neutral (i.e., does not result in an increase or decrease in class revenues generated
11 at Nevada Power or Sierra from rates applied to the separate full requirement and private
12 generation customer classes). This has been accomplished by isolating the pertinent marginal
13 cost information from Nevada Power's 2017 marginal cost of service study (filed with its
14 pending general rate review application) and Sierra's 2016 marginal cost of service study
15 (filed in Sierra's 2016 general rate review proceeding) for full requirement and partial
16 requirement customers (i.e., those who have installed private generation systems on their
17 premises), and then combining the separate costs of service into a single rate design for the
18 combined class. This rate design results in the same fees and charges to all customers within
19 the newly combined single-family, multi-family residential, large single-family residential
20 (Nevada Power only) and general service customer classes, whether or not they have private
21 generation systems. The new cost-based, revenue neutral, two part rates, unbundled to show
22 their cost components, are reflected in the following figures:

APPLICATION FIGURE 3
BASIC SERVICE CHARGES AND PER-KWH RATES RECALCULATED

NPC Proposed Rates for RS Customers - Combined RS and RS-NEM Classes

Note: Current B&C and BTGR rates effective as of July 1, 2017. Energy kWh rates exclude Merrill Lynch (ML) and Public Purpose Program rates.

Current RS	Full Requirements Rate	Basic Service Charge	\$/kWh
	NEM Rate	\$ 12.75	\$ 0.10815
		\$ 17.90	\$ 0.10593
Unbundled RS	Combined Cost-Based Unbundled 2-part		
	Customer	\$ 4.08	
	Facilities	\$ 12.49	
	Distribution	\$	0.01224
	Transmission	\$	0.01107
	Generation	\$	0.04039
	Energy	\$	0.04155
	Rate	\$ 16.57	\$ 0.10525
	Rate Inc. DEAA (7/1/17 = \$0.00000)	\$	0.10525
	<i>Excess Energy (95%) Credit</i>	<i>\$</i>	<i>0.09999</i>

APPLICATION FIGURE 4
BASIC SERVICE CHARGES AND PER-KWH RATES RECALCULATED

Sierra Proposed Rates for D-1 Customers - Combined D-1 and D-1 NEM Classes

Note: Current rates effective as of July 1, 2017. Energy kWh rates exclude Public Purpose Program rates.

Current D-1	Full Requirements Rate	Basic Service Charge	\$/kWh
	NEM Rate	\$ 15.25	\$ 0.09104
		\$ 22.77	\$ 0.08948
Unbundled D-1	Combined Cost-Based Unbundled 2-part		
	Customer	\$ 3.39	
	Facilities	\$ 14.19	
	Distribution	\$	0.01754
	Transmission	\$	0.00853
	Generation	\$	0.03030
	Energy	\$	0.03066
	Rate	\$ 17.58	\$ 0.08703
	Rate Inc. DEAA (7/1/17 = \$-0.00309)	\$	0.08394
	<i>Excess Energy (95%) Credit</i>	<i>\$</i>	<i>0.07974</i>

While the proposed rates do result in an increase in the basic service charge for residential customers (and a decrease for some other customers), this increase is consistent with cost of service based principles given the mandates of AB405. It is important to note that

1 Nevada Power and Sierra are only proposing the modifications to the rate design in order to
2 comply with the mandates of AB405, otherwise Nevada Power would have stayed consistent
3 with its proposals in its pending general rate review and Sierra would have seen no rate design
4 change until its next scheduled general rate review in 2019. The basic service charge is
5 designed to recover 100% of the customer costs (e.g., customer service, billing) and Rule 9
6 facilities charges. Thus, any increase is simply due to (1) the reallocation of costs within a
7 new single rate class and (2) ensuring appropriate customer costs are in the basic service
8 charge (those being customer costs and Rule 9 facility charges). The changes are designed to
9 not result in additional revenue.

10 While this Application proposes maintaining two part rates for the ease of
11 implementation, the two part rate model is antiquated and does not properly position
12 electricity consumers to understand the goods and services they are purchasing or to have the
13 information to truly control their costs for electricity and associated electric services. When
14 Thomas Alva Edison constructed his Pearl Street Station, electricity generation was
15 distributed and expensive. To become economically accessible and ubiquitous, massive
16 efficiency gains in the production, transmission and delivery of the commodity were
17 necessary. Over time, these efficiency gains were realized through the scaling of customers to
18 provide diversity, and a centralized grid – a network of generation, transmission lines,
19 switching stations, and distribution facilities. The power grid became the communal asset
20 needed to electrify communities, then regions, then the country.

21 “Ever since Thomas Edison fired up his power station in Lower Manhattan, the world
22 has become progressively more electrified. In the developed world, electricity is taken for
23
24
25

