•

•

•

18-09003

BRIAN SANDOVAL
Governor

STATE OF NEVADA

PUBLIC UTILITIES COMMISSION

ANN WILKINSON
Chairman

ANN PONGRACZ
Commissioner

C.J. MANTHE
Commissioner

STEPHANIE MULLEN
Executive Director

November 13, 2018

Trisha Osborne, Assistant Commission Secretary
PUBLIC UTILITIES COMMISSION OF NEVADA
1150 East William Street
Carson City, NV 89703

RE: <u>Docket No. 18-09003 – Staff's Final Analysis</u>

Dear Ms. Osborne:

Please find attached the Regulatory Operations Staff's ("Staff") Final Analysis in the above-referenced Docket.

If you have any questions, please contact me directly.

Sincerely,

Samuel Crano
Assistant Staff Counsel

SC/tmr
Attachment
cc/Parties of Record

NORTHERN NEVADA OFFICE
1150 E. William Street
Carson City, Nevada 89701-3109
(775) 684-6101 • Fax (775) 684-6110

http://puc.nv.gov

SOUTHERN NEVADA OFFICE
9075 W. Diablo Drive, Suite 250
Las Vegas, Nevada 89148
(702) 486-7210 • Fax (702) 486-7206

STAFF'S FINAL IMPACT ANALYSIS for

LV Stadium Events Company, LLC (the "Raiders") NRS 704B DEPARTURE APPLICATION

DOCKET NO. 18-09003

The total load that the Raiders propose to move from bundled retail electric service is projected to reach a peak of 18 megawatts annually. The Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission") notes that the southern Nevada facilities associated with the load at issue are not yet constructed, and therefore, there is no existing load for Staff to analyze or confirm. Upon review of the information outlined within the filing and giving consideration to the type of services the Raiders' facilities are projected to provide, Staff believes it is a reasonable assumption that load associated with the proposed facility will be in excess of the average annual of 1 megawatt or greater statutory minimum required for a 704B departure to be achieved. Staff further believes the Raiders must demonstrate to the Commission, through a compliance filing, that it will average, during the 12 months immediately following the date of its departure from bundled service of Nevada Power Company d/b/a NV Energy ("NPC"), at least 1 megawatt or more of load in order to be considered an eligible customer under the definition provided in Nevada Revised Statutes ("NRS") 704B.080. Nonetheless, for the reasons discussed below, Staff does not believe that an exact load amount is necessary for the purposes of its Final Impact Analysis.

Staff's final analysis indicates that the Raiders' proposed departure likely does not result in a financial impact to NPC or its remaining customers. Below, pursuant to Nevada Administrative Code ("NAC") 704B.350(7), is a description of the methodology, assumptions, sources of information, and other information Staff utilizes to estimate the potential impacts of the Raiders' proposed departure from NPC's bundled retail electric service.

In past dockets pertaining to NRS Chapter 704B, Staff directed NPC, pursuant to NAC 704B.350, to perform a 704B impact calculation to determine the impact that a departure of the Applicant's load would have on remaining customers as well as on NPC. Staff's directive document laid out the key inputs and analysis criteria that Staff directed NPC to use in performing the calculations and production cost simulations (otherwise known as a PROMOD study). Staff would then utilize the resulting calculations to perform its analysis and determine whether the calculations were a reasonable estimate of the impact of an Applicant's departure.

The instant matter presents different circumstances than past Chapter 704B dockets, namely that the Raiders is not yet an established customer of NPC and currently has no load. As such, Staff does not believe that the above methodology was suitable and did not direct NPC to perform a 704B impact calculation to determine any potential load impact. Rather, Staff has taken into account NPC's resource planning expectations in relation to the Raiders' proposed load in its determination and resulting analysis. Staff believes that its determination is a reasonable estimate of the impact of the Raiders' departure, under the provisions of NRS Chapter 704B, would have on NPC and its remaining customers.

Staff believes it is reasonable, given the available information, for the purposes of complying with NRS 704B.310(6)(a), to assume that NPC has neither specifically planned for nor constructed generation assets for the purpose of serving the Raiders' projected loads. NPC does not plan load for every customer and as such, those loads may not be included in a forecast. Given that NPC was not forecasting and planning for the Raiders' new southern Nevada load,[1] Staff concludes there can be no measurable adverse material cost impact to NPC or remaining NPC customers as a result of the Raiders' departure. For this reason, Staff concludes that the Raiders' departure will likely have no financial impact given the unique circumstances, with the exception of the non-bypassable rates and future cost placeholders discussed below.

Non-Bypassable Rates & Future Cost Placeholders

Given that NPC did not specifically plan for the Raiders' future southern Nevada loads, and thus did not secure any renewable energy to serve the Raiders' projected loads, Staff does not propose that a Renewable Base Tariff Energy Rate ("R-BTER") be assessed to the Raiders' departing loads. However, Staff does believe that any legislatively-mandated charges, such as those associated with the Economic Development Rate Program pursuant to NRS 704.7875, for which all customers are required to pay (including distribution and transmission-only customers), must be assessed to the Raiders' southern Nevada Loads.

Additionally, with respect to costs associated with the retirement and clean-up of NPC's Reid Gardner and Navajo coal fired generating units, Staff believes this treatment should be uniform with the treatment of SPPC's Valmy Generating unit costs for similarly-situated 704B Applicants, namely, Fulcrum Sierra Biofuels, LLC.[2] In Docket No. 18-06009, the Commission ordered that costs associated with the closing of Valmy amongst SPPC's customers, including those that take DOS, should be addressed in a future proceeding such as a general rate case.[3] Similarly, Staff believes costs associated with the retirement and clean-up of Reid Gardner and Navajo coal fired generating units amongst NPC's customers, including those that take DOS, should be addressed during NPC's next general rate case, which is expected to be filed in 2020.

Finally Staff believes the Raiders are required to pay the Commission's annual assessment pursuant to NRS 704.033 and the 5 percent county franchise fee, via all sales made by its provider of new electric resource pursuant to NRS 704B.360, and would ask the Commission to make such payments compliances in any Order granting the present Application.

---

1 *See* Attachment A, Response to Staff Data Request No. 1.

2 Docket No. 18-06009, Application of Fulcrum Sierra Biofuels, LLC to purchase energy, capacity, and/or ancillary services from a provider of new electric resources.

3 Docket No. 18-06009, Order dated November 2, 2018, at paragraph 94.

Conclusion

With the exception of the legislatively mandated costs discussed above, which will require a placeholder in order to determine Raiders' cost responsibly (if any) for these costs in the future, Staff does not believe there is likely an immediate calculated financial impact fee that should be assessed to the Raiders as a result of its proposed new southern Nevada loads leaving bundled retail service. However, Staff's final analysis is limited to the issues and assumptions discussed above <u>and are unique to this instant docket only. Staff fully understands that NPC does not plan for every customer's individual load and instead plans for an aggregate amount of customer load and if every customer were to want to depart bundled retail service and argued NPC was not planning for them by name in a load forecast, the principals/foundation of resource planning would fall apart. However, given the notice period given by the Raiders in this Docket regarding its plans to construct a new facility and to not be served as a bundled customer, Staff does not believe the Raiders' proposed departure would likely result in a material impact to remaining customers and NPC such that an immediate impact fee needs to be assessed.</u>

Attachment A

NV Energy

RESPONSE TO INFORMATION REQUEST

DOCKET NO:	18-09003	**REQUEST DATE:**	09-12-2018
REQUEST NO:	Staff 01	**KEYWORD:**	LV Stadium Planned Load
REQUESTER:	Lucban	**RESPONDER:**	Baxter, Terry

REQUEST:

Reference: Las Vegas Stadium Planned Load

Question: Given the following statement from the August 3, 2018, Letter of Intent:

"In Docket 18-06003, filed in June of 2018, NV Energy does not include the projected load for the Las Vegas Stadium in its load forecast, which demonstrates NV Energy's clear understanding that it would not plan to serve Las Vegas Stadium's load."

and, given the following statement from the March 8, 2018, letter from LV Stadium Events Company, LLC to NV Energy: "As such, StadCo does not intend to be an energy customer of NV Energy, though it may avail itself of NV Energy's resources for construction power..."

"As such, StadCo is requesting that NV Energy act accordingly in connection with the development of load forecasts for southern Nevada, including forecasts developed for purposesof any integrated resource plan filings and energy supply plan filings made with the Public Utilities Commission of Nevada. Specifically, NV Energy should not account for StadCo's future operations with respect to those forecasts insofar as they relate to the identification of additional generation resources for southern Nevada. Identifying additional generation resources to support StadCo's projected load would be contrary to StadCo's intent as expressed here."

Does the company agree with the statements made above that NV Energy should not and has not plan(ned) generation resources to serve Las Vegas Stadium's load in the current Integrated Resource Plan in Docket No. 18-06003?

RESPONSE CONFIDENTIAL (yes or no): No

TOTAL NUMBER OF ATTACHMENTS: None

RESPONSE:

The system-wide retail energy sales and demand forecast developed for the 2018 Joint Integrated Plan, Docket No. 18-06003, has not been specifically modified to include retail energy sales to LV Stadium Events Company, LLC. The company's retail energy sales and demand forecast is built using a statistically adjusted end-use model. The model incorporates variables, such as population and economic conditions, specific to the local, state and national economy. The system-wide retail energy sales and demand forecast developed for Docket No. 18-06003 captures the natural occurring growth via the economic variables included in the model. The Company has planned for such growth in the resource plan and will continue to do so in future resource plans. The same is true for load forecasts included in previous integrated resource plans.