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19-04022

Public Utilities Commission of Nevada
Electronic Filing

Submitted: 8/26/2019 1:12:09 PM

Reference: 01bd64d2-090b-4599-8583-54684697c81a

Reference:

Filed For: Two Blackbirds Hospitality Management LLC

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Two Blackbirds Hospitality Management LLC

McDONALD CARANO

Lucas M. Foletta
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Reply to: Reno

August 26, 2019

Breanne Potter
Commission Secretary
Public Utilities Commission of Nevada
1150 East William Street
Carson City, Nevada 89701

Re: Docket No. 19-04022; Application of Two Blackbirds Hospitality Management LLC to Purchase Energy, Capacity, and/or Ancillary Services from a Provider of New Electric Resources; Rebuttal Testimony of Jessica York

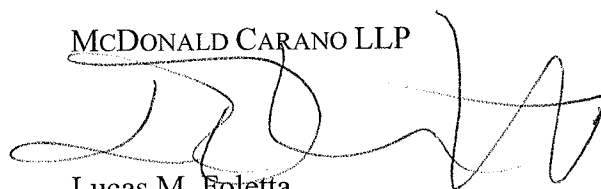
Dear Ms. Potter:

Please accept for filing in the above-referenced docket the re-filed Rebuttal Testimony and Exhibits of Jessica York ("York Rebuttal Testimony") on behalf of Two Blackbirds Hospitality Management LLC ("Two Blackbirds") in this proceeding. The previously filed York Rebuttal Testimony contained publicly filed confidential information belonging to NV Energy inadvertently provided to Two Blackbirds and included in the original Exhibit JY-REB 4. The confidential information has been redacted from this filing. There have been no changes to the content of the York Rebuttal Testimony.

Please do not hesitate to contact me directly at (775) 326-4305 should you have any questions or concerns regarding this submission.

Sincerely,

McDONALD CARANO LLP



Lucas M. Foletta

LMF/ajb
cc: *Parties of Record*

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**BEFORE THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

Application of Two Blackbirds Hospitality Management)
LLC to purchase energy, capacity, and/or ancillary)
services from a provider of new electric resources.)

Docket No. 19-04022

Rebuttal Testimony and Exhibits of
JESSICA A. YORK
Brubaker & Associates, Inc.

On behalf of
Two Blackbirds Hospitality Management LLC

August 21, 2019

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**BEFORE THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

Application of Two Blackbirds Hospitality Management)
LLC to purchase energy, capacity, and/or ancillary) **Docket No. 19-04022**
services from a provider of new electric resources.)

REBUTTAL TESTIMONY OF JESSICA A. YORK

Q.1 PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A.1 Jessica A. York. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017.

Q.2 WHAT IS YOUR OCCUPATION?

A.2 I am a Senior Consultant in the field of public utility regulation with the firm of Brubaker & Associates, Inc. (“BAI”), energy, economic and regulatory consultants.

Q.3 ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A.3 I am appearing on behalf of Two Blackbirds Hospitality Management LLC (“Two Blackbirds”).

Q.4 DID YOU FILE DIRECT TESTIMONY IN THIS CASE ON BEHALF OF TWO BLACKBIRDS HOSPITALITY MANAGEMENT LLC?

A.4 Yes. My qualifications are included with my direct testimony and exhibits.

1 **I. Summary**

2 **Q.5 WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

3 A.5 The purpose of my rebuttal testimony is to respond to concerns about the reliability and
4 accuracy of Two Blackbirds's load forecast for purposes of calculating an impact fee, should
5 the Commission determine that an impact fee is necessary in this case. I also respond to
6 Nevada Power Company's ("NPC" or "Company") Alternative Analysis, as well as correct a
7 minor error in the implementation of billing units in Two Blackbirds's Alternative Analysis,
8 which was identified by Janet Wells of NPC.
9

10
11 **Q.6 PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS.**

12 A.6 As Mr. Brubaker testifies, Two Blackbirds continues to support a \$0 impact fee for Drew.
13 However, to the extent that the Commission determines an impact fee is required, then the load
14 and rate class information provided by Two Blackbirds for Drew is accurate and reliable for
15 the purposes of an impact fee calculation. If an impact fee is assessed to Two Blackbirds for
16 Drew, it would be \$2.665 million, if the Commission determines that the six solar PPAs
17 approved in Docket No. 18-06003 should be included in the Renewable Base Tariff Energy
18 Rate ("R-BTER"), as recommended by Staff. However, if the Commission determines that
19 the six new solar PPAs approved in Docket No. 18-06003 should be included in the net-BTER
20 consistent with the Order in Docket No. 18-11039, as recommended by Two Blackbirds, then
21 the impact fee would be \$2.051 million.¹ These impact fees reflect Two Blackbirds's July
22
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27 ¹Two Blackbirds's Alternative Analysis was originally calculated using Staff's impact fee workbook associated with its
28 Final Analysis. As noted by BCP and addressed in Q/A 47 of this testimony, Two Blackbirds overlooked Staff's request
to include the six new solar PPAs in the R-BTER rather than the net-BTER. This change is reflected on Exhibit JY-REB-
6.

1 2019 load forecast, exclude the impact of weather normalization from the hourly load shape,
2 and incorporate the correction of billing units identified by NPC.²
3

4 **Q.7 ARE YOU SPONSORING ANY EXHIBITS?**

5 A.7 Yes. I am sponsoring the following exhibits:
6

- 7 • Exhibit JY-REB-1: Service Plan Map (Confidential)
- 8 • Exhibit JY-REB-2: Mr. Foletta's August 1, 2019 Email to Counsel for All Parties
- 9 • Exhibit JY-REB-3: August 2019 Email Correspondence with Ms. Wells
- 10 • Exhibit JY-REB-4: May 2019 Email Correspondence with Mr. Maguire
- 11 • Exhibit JY-REB-5: July 15, 2019 Article titled CCSD Strikes 5-Year Deal to Stay with
12 NV Energy, Las Vegas Review Journal
- 13 • Exhibit JY-REB-6: Two Blackbirds's Corrected Alternative Analysis
- 14 • Exhibit JY-REB-7: Data Request BCP 1-01 to NPC, and Impact Fee Consistent with Boyd
15 Order

16
17 **Q.8 PLEASE SUMMARIZE THE RECOMMENDATIONS MADE BY NPC, STAFF AND**
18 **BCP WITH RESPECT TO TWO BLACKBIRDS'S 704B APPLICATION.**
19

20 A.8 NPC, Staff, and BCP recommend that the Application be denied. NPC and Staff take the
21 position that calculating an impact fee in this case is more speculative than in other 704B cases,
22 because Drew is still under construction and the departure date is expected to occur in April
23 2022. However, if the Commission approves the Application, NPC calculated an upfront
24 impact fee of \$15.178 million and Staff calculated an upfront impact fee of \$2.808 million.
25 NPC recommends non-bypassable charges for R-BTER, and TRED for the life of the
26

27
28 ² The billing unit correction is discussed in Q/A 45 of my rebuttal testimony. The impact of this correction is an increase to Two Blackbirds's impact fee of about \$10,000 from \$2.655 million to \$2.665 million.

1 underlying contracts and programs,³ and Staff recommends non-bypassable charges for six
2 years.⁴

3
4 BCP does not take a position on the accuracy of the projected load information used to calculate
5 the impact fees in this case,⁵ but concludes that Staff's impact fee calculations will not ensure
6 that NPC and remaining ratepayers will not be harmed by the departure of Two Blackbirds.⁶
7 However, to the extent that an impact fee is assessed, BCP would support a six-year analysis
8 period for the upfront portion of the impact fee, and a non-bypassable charge for R-BTER for
9 the life of the underlying contracts.⁷
10

11 **II. Response to Concerns about Two Blackbirds's Load Forecast**

12 **Q.9 PLEASE DISCUSS THE LOAD PROFILE USED BY NPC TO DEVELOP ITS** 13 **ALTERNATIVE ANALYSIS.**

14 A.9 NPC utilized the same hourly load profile that was used in Staff's Final Analysis. That is,
15 NPC utilized the May 2019 hourly load profile developed by Brubaker & Associates, Inc.
16 ("BAI"), which was discussed in detail in my direct testimony.
17
18

19 **Q.10 DID NPC TAKE ISSUE WITH THE MAY 2019 HOURLY LOAD PROFILE** 20 **DEVELOPED BY BAI?**

21 A.10 NPC's comments with respect to the hourly load profile were limited to the testimony of Janet
22 Wells and Shawn Elicegui. Ms. Wells generally did not take issue with the methodology used
23
24
25

26 ³ Direct Testimony of Shawn Elicegui at Q/A 53.

27 ⁴ Staff's Final Analysis at page 5.

28 ⁵ Direct Testimony of Jerry Mendl at Q/A 14.

⁶ *Id.* at Q/A 15.

⁷ *Id.* at Q/A 18, Q/A 20, and Q/A 28.

1 to shape an hourly load profile for Drew, other than the weather normalization of the
2 underlying load pattern of other hotel casinos in the Las Vegas area.⁸ As noted by Ms. Wells,
3 Two Blackbirds provided the hourly loads removing the normalization of the hourly shape.⁹
4 The impact on the billing units and overall impact fee are minor.¹⁰ Ms. Wells recommended
5 using the hourly load shape without weather normalization.¹¹
6

7
8 In response to Two Blackbirds's position that its original load forecast generally is consistent
9 with the load of other hotels and casinos, Shawn EliceGUI states that, "While generalized load
10 forecasts might be sufficient to demonstrate that new load will meet the eligibility
11 requirements, they are insufficient to develop an impact fee for an eligible customer."¹²
12

13
14 **Q.11 HOW DO YOU RESPOND TO NPC'S COMMENTS?**

15 A.11 As noted in my direct testimony, in the event that an impact fee is approved by the
16 Commission, Two Blackbirds is willing to accept the use of a non-weather normalized hourly
17 load shape in the impact fee calculation.¹³ Two Blackbirds generated such a load forecast after
18 reviewing Staff's Final Analysis and used it in developing its alternative analysis.¹⁴
19

20 With respect to Mr. EliceGUI, his statement is inconsistent with positions taken by NV Energy
21 in other recent 704B proceedings for other new loads. As described in greater detail below, in
22 Docket Nos. 18-06009 (Fulcrum), 19-02002 (Air Liquide), 18-09003 (Raiders), and 18-10034
23

24
25 _____
26 ⁸ Direct Testimony of Janet Wells at Q/A 12.

27 ⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² Direct Testimony of Shawn EliceGUI at Q/A 14.

¹³ Direct Testimony of Jessica York at Q/A 15.

¹⁴ This is the July 2019 Load Forecast, attached as Exhibit JY-5 to my direct testimony.

1 (MSG), NV Energy developed hourly load profiles for each Applicant based on peak demand
2 and energy estimates provided by each Applicant and then created hourly load profiles based
3 on the known hourly load shapes of similar customers. NV Energy then relied on those hourly
4 load forecasts to calculate and support its impact fee calculations for each of those Applicants,
5 notwithstanding the fact that those Applicants did not have historical load upon which to base
6 the load forecasts.
7

8
9 **Q.12 PLEASE DESCRIBE THE METHODOLOGY USED BY NV ENERGY TO DEVELOP**
10 **THE HOURLY LOAD PROFILES FOR FULCRUM, AIR LIQUIDE, MSG, AND THE**
11 **RAIDERS.**

12 A.12 For Fulcrum, Docket No. 18-06009, NV Energy witness Marc Reyes testified as follows:
13

14 For purposes of quantifying the production cost impact of a scenario with
15 Fulcrum load, the Company developed a qualitative load forecast for Fulcrum
16 based on the load data contained in the Application shaped by the load profile
17 for customers in Sierra's GS-3 rate class. A production cost simulation was
18 then performed with Fulcrum's load profile embedded in the load forecast in
19 order to quantify production costs.¹⁵

20 For Air Liquide, Docket No. 19-02002, NV Energy witness Janet Wells testified as follows:
21

22 The Company's load forecast started with the annual load estimates provided
23 by Air Liquide in both the Application and Letter of Intent. Air Liquide's
24 estimate showed that their property was expected to use 91,000 MWh annually
25 with a peak demand of 13 MW at full operation. The resulting load factor given
26 annual usage of 91,000 MWh and a peak demand of 13 MW is 80 percent. The
27 hourly load shape of a rate class with a similar load factor was used to spread
the annual 91,000 MWh of Air Liquide's loads to Time-of-Use periods within
the year. The process was largely completed within MetrixLT, a software
package used by the Company's Resource Planning department. The analysis
ensured the peak demand never exceeded Air Liquide's estimated 13 MW at
any time during the year.¹⁶ The load shape represented in these loads are used
in the impact fee estimation provided by the Company and described further in
the written testimony of Mr. Reyes and Mr. Jensen.¹⁷

28 ¹⁵ Docket No. 18-06009, Direct Testimony of Marc Reyes Q/A 9.

¹⁶ Docket No. 19-02002, Direct Testimony of Janet Wells at Q/A 6.

¹⁷ *Id.*

1 For MSG, Docket No. 18-10034, NV Energy witness Janet Wells testified as follows:

2 The Company's load forecast started with the annual load estimates provided
3 by MSG. MSG's estimate showed that its property was expected to use 95,779
4 MWh annually with a peak demand of 20.4 MW. The resulting load factor
5 given annual usage of 95,779 and a peak demand of 20.4 is 54 percent. The
6 hourly load shape of a similar customer from the LGS-3P class was used to
7 spread the annual 95,779 MWh of MSG loads to Time-of-Use periods within
8 the year. The process was largely completed within MetrixND, a software
9 package used by the Company's Load Forecasting Department. The analysis
10 ensured the peak demand never exceeded MSG's estimated 20.4 MW at any
11 time during the year. The load shape represented in these loads are used in the
12 impact fee estimation provided by the Company and described further in the
13 written testimony of Mr. Elicegui.¹⁸

10 For the Raiders, Docket No. 18-09003, NV Energy witness Shawn Elicegui testified as
11 follows:

12 The Applicant's forecasted load was estimated based on information contained
13 in the application and the load forecast provided by the Applicant. The
14 assumptions made to forecast the Applicant's load are as follows:

- 15 i. A maximum 18 MW maximum hourly demand and a 39 percent
16 annual load factor.
- 17 ii. Total annual sales of 61,230 MWh.¹⁹

18 Further, NPC explains that it calculated the Stadium's forecasted load also
19 using its load forecasting team and observing operations of the NFL stadium in
20 Phoenix, Arizona. (Tr. At 33-35).²⁰

21 **Q.13 PLEASE SUMMARIZE THE CONCLUSIONS THAT CAN BE DRAWN FROM THE**
22 **TESTIMONY OF NV ENERGY IN THE DOCKETS IDENTIFIED IN Q/A 12.**

23 A.13 Each of the four dockets identified above were filed by applicants that had never been fully
24 bundled customers of the utility. Thus, historical load profiles and billing units were not
25 available for these four eligible customers. Because NV Energy determined that impact fees

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27
28 ¹⁸ Docket No. 18-10034, Direct Testimony of Janet Wells at Q/A 6.

¹⁹ Docket No. 18-09003, Direct Testimony of Shawn Elicegui at Q/A 21.

²⁰ Docket No. 18-09003, Final Order at Paragraph 56.

1 were warranted for each of these customers, it had to create an hourly load profile to use in its
2 impact fee calculations. According to the testimony referenced above, NV Energy relied on
3 the known load shapes of other customers, or rate classes, to shape hourly load profiles that
4 would reach the annual peak demand and annual load estimates provided by each Applicant.
5

6
7 This methodology is similar to that used to develop Two Blackbirds's hourly load profile in
8 that BAI relied on the known load shape of other casino and resort properties in Las Vegas as
9 a basis to shape an hourly load profile for Two Blackbirds that matched the monthly peak
10 demand and energy estimates provided by NV5. Clearly, NV Energy believed that generalized
11 load forecasts were sufficient for its impact fee calculations in those cases. That is, NV Energy
12 did not recommend in those cases that the generalized load forecasts that it prepared were
13 unreliable for purposes of assessing an impact fee. Thus, Mr. Elicegui's position in this case
14 that generalized load forecasts "are insufficient to develop an impact fee for an eligible
15 customer" is inconsistent with NV Energy's prior recommendations. As I discuss in my direct
16 testimony, and below, the load forecasts used in this case to support the calculation of the
17 various impact fee recommendations are just as reliable as those prepared by NV Energy in
18 support of its own prior impact fee recommendations in similarly situated cases and are
19 sufficiently reliable for the Commission to use here.
20
21

22
23 **Q.14 DID NPC COMMENT ON THE RATE CLASS ASSUMPTION USED IN THE**
24 **IMPACT FEE CALCULATION?**

25 A.14 Yes. Ms. Wells stated that she reviewed the billing information from the past 10 years for the
26 six premises detailed in the Application, and that the load has consistently been at the Large
27
28

1 General Service-3 level (“LGS-3”).²¹ Further, she noted that the consumption data for the past
2 10 years shows usage that qualifies for consideration under a 704B application.²² Additionally,
3 Ms. Wells noted that the loads serving the premises with the largest consumption, including a
4 premise served under the LGS-3 Primary (“LGS-3P”) tariff include central plant, elevators and
5 garage lighting, and did not take issue with the LGS-3P assumption.²³ NPC’s Alternative
6 Analysis also reflected an assumed rate class of LGS-3P for each of Two Blackbirds’s
7 premises.²⁴ Additionally, Mr. Luna’s testimony explains that the service plan provides service
8 to Two Blackbirds with three feeders serving three separate service points at primary voltage,
9 and one back-up feeder tied to a fourth service point.²⁵
10
11

12 **Q.15 WHAT IS STAFF’S POSITION WITH RESPECT TO TWO BLACKBIRDS’S**
13 **HOURLY LOAD FORECAST AND THE RESULTING BILLING UNITS?**
14

15 A.15 Staff believes the hourly load forecast is not sufficiently accurate and reliable to use in the
16 calculation of an impact fee, and to ensure the proposed transaction is not contrary to the public
17 interest.²⁶ At Q/A 16 of Adam Denise’s testimony, Staff identifies the following concerns
18 about the hourly load profile:

- 19 a. The hourly load profile was weather normalized.
20 b. Staff could not vet the hourly load profile for reasonableness, and could not ascertain the
21 extent to which the design of Drew was completed.
22 c. Drew has six metering points which required additional assumptions as to what customer
23 class each meter would be assigned to.
24
25

26 ²¹ Direct Testimony of Janet Wells at Q/A 14.

27 ²² *Id.*

28 ²³ *Id.*

²⁴ CONF Exhibit Jensen-Direct 2 Impact Model.xlsx

²⁵ Direct Testimony of Larry Luna at Q/A 6, and Exhibit JY-REB-1.

²⁶ Direct Testimony of Adam Denise at Q/A 25.

1 **Q.16 WHAT IS YOUR RESPONSE TO STAFF'S CONCERN ABOUT WEATHER**
2 **NORMALIZATION?**

3 A.16 With respect to weather normalization, as discussed in my direct testimony and reiterated in
4 Q/A 11 of my rebuttal testimony, Two Blackbirds agrees to the use of a non-weather
5 normalized load shape in the impact fee calculation – to the extent that an impact fee is assessed
6 by the Commission.
7

8
9 **Q.17 HOW DO YOU RESPOND TO STAFF'S CLAIM THAT IT COULD NOT VET THE**
10 **HOURLY LOAD PROFILE FOR REASONABLENESS?**

11 A.17 I do not understand why Staff believes it could not vet the hourly load profile for
12 reasonableness. The May 2019 hourly load profile was provided to Staff on May 9, 2019.
13 Staff, BCP, NPC and Two Blackbirds held a conference call on May 21, 2019 to discuss the
14 May 2019 hourly load profile, the methodology used to create it, and the rate class assumption.
15 On July 18, 2019, Two Blackbirds had another call with Staff in hopes of learning what could
16 be done to resolve Staff's concerns about the reliability and accuracy of the May 2019 load
17 forecast that were identified in Staff's Final Analysis.
18

19
20 Further, detailed workpapers supporting Two Blackbirds's May 2019 and July 2019 hourly
21 load profiles were provided to all parties with my direct testimony on July 29, 2019. These
22 workpapers consisted of fully functional Excel workbooks with formulas intact. The
23 calculations in the workpapers and the description in my testimony clearly explain and show
24 how Two Blackbirds went from the underlying Las Vegas casino/resort hourly load profile,
25 the data for which was included in the workpapers, to an hourly load profile for Drew, and
26 showed how Drew's hourly load profile was used to derive the monthly billing units.
27
28

1 Lastly, on August 1, 2019, Mr. Foletta sent an email to counsel for all parties indicating that
2 Two Blackbirds would be happy to discuss its Alternative Analysis. Mr. Foletta did not receive
3 a response to his email. Additionally, no party issued any data requests to Two Blackbirds
4 about its Alternative Analysis.²⁷
5

6
7 **Q.18 WAS NPC ABLE TO VET TWO BLACKBIRDS'S HOURLY LOAD PROFILE?**

8 A.18 Yes. After learning of Staff's concerns about the accuracy and reliability of Two Blackbirds's
9 hourly load profile, Two Blackbirds held two conference calls with NPC. The first call
10 occurred on July 23, 2019 and the participants included Mr. Foletta, Mr. Brubaker, Ms. Wells,
11 Mr. Clausen and me. During this call, we discussed the methodology used by BAI to develop
12 Drew's May 2019 hourly load profile, the rate class assumption, and the impact on Drew's
13 load (and the potential impact fee) of its plan to convert some condominium units to hotel
14 rooms).
15

16
17 Ms. Wells generally did not take issue with the approach used by BAI to create an hourly load
18 shape for Drew – with the exception of weather normalization, which I have already addressed.
19 Regarding the LGS-3P rate schedule assumption, it is my understanding that Ms. Wells agreed
20 that there was not a more reasonable assumption that could have been made. Following the
21 call, and upon NPC's request, BAI provided Drew's hourly loads without weather normalizing
22 the hourly load shape. NPC indicated that it would review the load shape and the impact of
23 removing the weather normalization on the time-of-use billing units. NPC also indicated that
24 it did not believe an additional PROMOD run would be necessary based on the condominium-
25 to-hotel room conversion reflected in the July 2019 load forecast.²⁸
26
27

28 ²⁷ Exhibit JY-REB-2.

²⁸ Transcript from July 24, 2019 Prehearing Conference at page 22, lines 7 through 15.

1 The second call with NPC occurred on August 2, 2019, and included Mr. Brubaker, Ms. Wells
2 and myself. On that call, Ms. Wells indicated that after reviewing my direct testimony and
3 supporting workpapers, she understood the methodology used by Two Blackbirds and that
4 NPC was still in the process of vetting the information, but at that time had not found any
5 errors.²⁹
6

7
8 On August 5, 2019, Ms. Wells notified me of a minor error in the implementation of billing
9 units in Two Blackbirds's impact fee workbook, which will be discussed later in this
10 testimony.³⁰ On August 12, 2019, Ms. Wells indicated that she did not have any other
11 modeling issues to share, but that NPC continued to review all aspects of the calculations and
12 overall testimony support for the Company's position.³¹
13

14
15 Ms. Wells' comments on August 12, 2019 are consistent with NPC's testimony in that NPC
16 has not identified any errors in the calculations contained in the May 2019 and July 2019 load
17 forecast workpapers, nor does it dispute the underlying methodology used to develop Drew's
18 hourly load shape.
19

20 **Q.19 WHAT IS YOUR RESPONSE TO STAFF'S STATEMENT THAT IT COULD NOT**
21 **ASCERTAIN THE EXTENT TO WHICH THE DESIGN OF THE DREW PROJECT**
22 **WAS COMPLETED?**
23

24 A.19 As discussed in the direct testimony of Two Blackbirds's witness Katie Lever, design plans
25 for Drew are not expected to change substantially in the future.³² Ms. Lever discusses
26

27 ²⁹ Email correspondence between Janet Wells and BAI, attached as Exhibit JY-REB-3.

28 ³⁰ *Id.*

³¹ *Id.*

³² Direct Testimony of Katie Lever at Q/A 15.

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additional information supporting this expectation in her rebuttal testimony. That said, as discussed in my direct testimony, the design change reduces the demand and energy consumption of Drew, and reduces the overall impact fee.³³

That said, Two Blackbirds’s witness Maurice Brubaker discusses a possible method to resolve any lingering concerns about changes to the design plans for Drew, should the Commission have them.

Q.20 PLEASE EXPLAIN STAFF’S CONCERN WITH THE LGS-3P RATE CLASS ASSUMPTION.

A.20 Staff states that it agrees that in totality Drew’s load would be served under the LGS-3P customer class.³⁴ Staff also states that because Drew has six metering points, of which two are for temporary construction power only, and that the actual electrical design of the connected load to each individual meter is not yet completed, it is impossible to know with certainty under which rate class each meter will be served.³⁵

Q.21 WHAT IS YOUR RESPONSE TO STAFF’S CONCERN ABOUT THE LGS-3P RATE CLASS ASSUMPTION?

A.21 On May 21, 2019, Staff, BCP, NPC, and Two Blackbirds held a conference call to discuss the hourly load profile for Drew. All parties had an opportunity to ask questions, voice concerns, or propose alternative approaches to modeling methodology, or assumptions. It is my understanding that, at that time, no party objected to the LGS-3P rate schedule assumption.

³³ Direct Testimony of Jessica York at Q/A 22 and Q/A 23.
³⁴ Direct Testimony of Adam Denise at Q/A 35.
³⁵ *Id.*

1 Following the call, Staff member Paul Maguire sent an email to the participants confirming
2 that LGS-3P would be used for the impact fee calculation.³⁶ Additionally, during the phone
3 call on July 23, 2019, and in her direct testimony, Ms. Wells of NPC indicated that LGS-3P is
4 an appropriate assumption. The LGS-3P assumption was also modeled in NPC's Alternative
5 Analysis. Presumably, since NPC has a responsibility to protect the interest of its ratepayers
6 and itself, it would have relied on a different load profile and/or rate schedule assumption if it
7 believed there were more accurate and reasonable assumptions that could have been made.
8

9
10 **Q.22 DO YOU HAVE ANY OTHER COMMENTS WITH RESPECT TO STAFF'S**
11 **ARGUMENT THAT IT DOES NOT HAVE ACCURATE AND RELIABLE LOAD**
12 **INFORMATION AND THEREFORE IT CANNOT DETERMINE AN APPROPRIATE**
13 **IMPACT FEE IN THIS CASE?**
14

15 A.22 Yes. I am aware of one case in which Staff supported an impact fee for load that did not have
16 historical billing data available. In that case, an hourly load profile was developed by Mr.
17 Nicholas Phillips in a manner similar to the methodology used for Drew. Staff supported, and
18 the Commission ultimately approved, an impact fee based on that load profile.
19

20 **Q.23 PLEASE IDENTIFY THE CASE TO WHICH YOU REFER IN Q/A 22.**
21

22 A.23 The case I am referring to is Docket No. 18-11039 (Boyd). During the course of this case, an
23 issue arose as to whether Boyd's Fremont Hotel expansion project should be included in the
24 impact fee. Staff argued that because Boyd was "actively pursuing the Fremont Hotel
25 expansion project, it should be included in Boyd's impact fee."³⁷
26
27

28 ³⁶ Email from Paul Maguire, attached as Exhibit JY-REB-4.

³⁷ Docket No. 18-11039, Direct Testimony of Adam Denise at Q/A 21.

1 The Fremont Hotel expansion project included construction of a new 509-room, 320-foot hotel
2 tower.³⁸ Since no historical load data was available, Boyd witness Mr. Nicholas Phillips
3 “created an hourly load profile for the potential expansion that met the engineering peak load
4 estimate and preserved the historical shape and load factor of the existing Fremont hotel.”³⁹
5 This load profile was then used to estimate the impact fee associated with the Fremont Hotel
6 expansion.⁴⁰ Adam Denise did not identify any concerns with, and ultimately accepted, Mr.
7 Phillips’ calculation.⁴¹
8

9
10 Mr. Phillips’ calculation for the Fremont Hotel expansion was subsequently revised based on
11 revised impact models sent out by NPC on April 12, 2019, and reflected an impact fee of
12 \$212,000 excluding credits for off-system sales.⁴² Ultimately, the Commission ordered the
13 inclusion of \$211,000 related to the Fremont Hotel expansion in Boyd’s impact fee.⁴³
14

15
16 **Q.24 PLEASE SUMMARIZE YOUR CONCLUSIONS WITH RESPECT TO TWO**
17 **BLACKBIRDS’S LOAD FORECAST.**

18 A.24 No party has identified errors in the calculations, or otherwise disagreed with the methodology,
19 used by BAI to develop Drew’s hourly load shape, with the exception of the weather
20 normalization issue, which has already been addressed. Further, NV Energy determined that
21 load forecasts developed in similar fashion to Drew’s were sufficient for purposes of
22 calculating and supporting impact fees for Fulcrum, Raiders, MSG, and Air Liquide.
23 Additionally, Staff supported and the Commission ultimately approved, an impact fee for
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³⁸ *Id.* at Q/A 20.

27 ³⁹ Docket No. 18-11039, Direct Testimony of Nicholas Phillips at Q/A 57.

28 ⁴⁰ *Id.* at Q/A 56.

⁴¹ Docket No. 18-11039, Exhibit 16, Revised Direct Testimony of Adam Denise at footnotes 19 and 20.

⁴² Docket No. 18-11039, Rebuttal Testimony of Nicholas Phillips at Q/A 68.

⁴³ Docket No. 18-11039, Final Order, Paragraph 174.

1 Boyd's Fremont Hotel expansion, which was calculated using a load profile developed in
2 similar fashion to the load profiles developed for this case. To the extent that the Commission
3 determines that an impact fee is warranted in this case, the load information presented in this
4 case is reliable and accurate, and is appropriate for use in the determination of an impact fee.
5

6
7 **Q.25 ARE THERE ANY OTHER ISSUES FROM STAFF'S TESTIMONY THAT YOU**
8 **WOULD LIKE TO ADDRESS?**

9 A.25 Yes. In response to the discussion contained in Q/A 34 of Mr. Danise's testimony, I would
10 like to clarify my comments regarding the similarity between the results of the load forecasts
11 developed by Nicholas Phillips and NPC in the LVCVA case, Docket No. 19-02008. Mr.
12 Danise states that Mr. Phillips calculated that the load associated with LVCVA's expansion
13 would increase LVCVA's peak demand by about 5 MW and increase its energy consumption
14 by about 10,950 MWh.⁴⁴ However, NPC calculated that the load associated with LVCVA's
15 expansion would increase the peak demand by about 12 MW and increase energy consumption
16 by about 26,000 MWh.⁴⁵ Mr. Danise notes that these results are not similar.⁴⁶
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19 **Q.26 WHAT CLARIFICATION WOULD YOU LIKE TO PROVIDE ABOUT YOUR**
20 **COMMENTS WITH RESPECT TO THE LVCVA CASE?**

21
22 A.26 At the time of Mr. Phillips' direct testimony, he provided an estimate of LVCVA's expansion
23 load of a 5 MW increase to LVCVA's peak demand and an increase of 10,950 MWh per year,
24 based on initial discussions he had with internal personnel from LVCVA.⁴⁷ However, Mr.
25

26 _____
27 ⁴⁴ Direct Testimony of Adam Denise at Q/A 34.

28 ⁴⁵ *Id.*

⁴⁶ *Id.*

⁴⁷ Docket No. 19-02008, Supplemental Direct Testimony of Nicholas Phillips at Q/A 5.

1 Phillips also noted that NPC had provided an informal document to LVCVA between the time
2 it filed its Letter of Intent and its Application that contained an estimated expansion load of
3 21,000 MWh annually.⁴⁸ Mr. Phillips indicated in his direct testimony that due to this
4 discrepancy, LVCVA intended to engage with NPC, Staff and BCP informally and formally
5 through the discovery process, as necessary, to ensure that the Commission was provided
6 sufficient information upon which to base its impact analysis related to the expansion.⁴⁹
7

8
9 In Q/A 6 of Mr. Phillips' supplemental direct testimony, he explained that LVCVA and NPC
10 met to discuss the expansion and to reconcile differences between the expansion load forecast
11 included with LVCVA's application and internal estimates developed by NPC.⁵⁰ As a result,
12 both NPC and LVCVA agreed on load factor and power factor assumptions that resulted in an
13 approximate 12 MW peak demand and 26,000 MWh of annual energy for the expansion.⁵¹
14

15
16 Mr. Danise correctly points out the difference between the annual peak demand and energy
17 consumption estimates initially developed by Mr. Phillips, and those that were ultimately
18 agreed upon by both NPC and LVCVA. However, my observation that the methodology used
19 by NPC and Mr. Phillips in the LVCVA case produced similar results referred to the method
20 of mapping the agreed-upon high-level expansion load estimates to an hourly profile for
21 modeling purposes, rather than the two data points (i.e., annual peak demand and total energy
22 consumption) cited by Mr. Danise.
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27 ⁴⁸ *Id.*

28 ⁴⁹ *Id.*

⁵⁰ *Id.* at Q/A 6.

⁵¹ *Id.*

1 **III. NPC's Alternative Analysis**

2 **Q.27 PLEASE SUMMARIZE NPC'S ALTERNATIVE ANALYSIS.**

3 A.27 NPC's position is that Drew's load has been planned for, and therefore an impact fee should
4 be required. However, due to the unique circumstances surrounding Drew, any impact fee
5 calculated in this case would be more speculative than other 704B analysis.⁵² As a result, the
6 Application should be denied. However, NPC provided an Alternative Analysis reflecting a
7 \$15.178 million impact fee. NPC's impact fee reflects a 10-year BTGR and Variable
8 Operating and Maintenance ("VOM") analysis, a three-year net-BTER, and an extension of
9 the non-bypassable charges associated with renewable BTER ("R-BTER"), Renewable Energy
10 Program Rate ("REPR") and Temporary Renewable Energy Development ("TRED") from the
11 typical six-year period to a period that covers the life of the underlying contracts and
12 programs.⁵³ Additionally, NPC recommends the use of a 2.03% discount rate to derive the
13 present value of the nominal impact fee payments,⁵⁴ and has removed the six power purchase
14 agreements approved in Docket No. 18-06003 from the R-BTER and added them to the
15 net-BTER.⁵⁵
16
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18

19 **Q.28 DO YOU AGREE WITH NPC'S IMPACT FEE CALCULATION?**

20 A.28 No. As Mr. Brubaker testified, Two Blackbirds's position is that no impact fee is warranted
21 in this case. However, if the Commission determines that an impact fee is warranted, it should
22 reject NPC's impact fee for the reasons described below in greater detail. Instead, the impact
23 fee would be \$2.665 million if the cost of the six new solar PPAs are included in the R-BTER,
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27 ⁵² NPC's Alternative Analysis at page 1.

28 ⁵³ Direct Testimony of Tyler Jensen at Q/A 9.

⁵⁴ Direct Testimony of Tyler Jensen at Q/A 16.

⁵⁵ Direct Testimony of Tyler Jensen at Q/A 9.

