

Contact Filer Regarding Image Clarity

-
-
-

Original Filing

Public Utilities Commission of Nevada
Electronic Filing

Submitted: 9/1/2022 10:43:33 AM

PAYMENT PENDING VERIFICATION: \$200.00

Echeck Transaction ID :

Reference: d89fcda0-3782-4a9b-bd96-0547540cdc3c

Payment Reference: 9b-bd96-0547540cdc3c

Filed For: NPC and SPPC

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

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
NPC and SPPC

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for Approval of their Joint Energy Supply Plan Update for period 2023-2024.

Docket No. 22-09 ____

VOLUME 1 OF 2

**NEVADA POWER COMPANY D/B/A NV ENERGY
AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY**

DESCRIPTION	PAGE NUMBER
Transmittal Letter	2
Table of Contents	6
Certificate of Service	8
Application	10
Draft Notice	22
TESTIMONY	
Janet Wells	24
Ryan Atkins	42
Michael Cole	58
Sophia Hickly	76
Jenny Naughton	85
Timothy Pollard	94
Shane Pritchard	111
Vincent Vitiello	124
Zeljko Vukanovic	136
Narrative (Redacted)	144

TRANSMITTAL LETTER



September 1, 2022

Ms. Trisha Osborne, Assistant Commission Secretary
Public Utilities Commission of Nevada
Capitol Plaza
1150 East William Street
Carson City, Nevada 89701-3109

RE: Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for Approval of their Joint Energy Supply Plan Update for 2023 and 2024.

Dear Ms. Osborne:

Enclosed for filing please find Nevada Power Company d/b/a NV Energy's ("Nevada Power") and Sierra Pacific Power Company d/b/a NV Energy's ("Sierra" and together with Nevada Power, the "Companies" or "NV Energy"), filing of their joint Application for Approval of their Energy Supply Plan Update for 2023 and 2024 (the "ESP Update"). The ESP Update contains three volumes and is organized as follows:

- Volume 1 – Transmittal Letter, Table of Contents, Certificate of Service, Application, Draft Notice, Testimonies and Narrative
- Volume 2 – Technical Appendices LF-1 through LF-6, POWER-1, GAS-1 through GAS-2, FPP-1, RM-1 through RM-3, and ECON-1

Electronic copies of the filing, along with the executable electronic copies of load forecasting and work papers will be delivered to the Regulatory Operations Staff ("Staff"), and the Attorney General's Bureau of Consumer Protection ("BCP") in both their Carson City and Las Vegas offices.

Consistent with the Commission's electronic filing regulations as adopted in Docket No. 07-03015, following this cover letter please find a table of contents for the complete filing. A table of contents for each volume appears on the cover page which provides the page reference for each item in the volume.

Accompanying this transmittal letter are portions of the filing that are to be kept under seal pursuant to NRS § 703.190(2) and NAC § 703.527 *et seq.* This information is contained in a sealed envelope appropriately marked, and contains the unredacted versions of the following:

Copyrighted and proprietary data. Technical Appendix LF-6 contains confidential copyrighted and proprietary data from S&P Global IHS Markit Insights. The Companies receive that data under a paid subscription.

Gas Premiums. Portions of the Companies' ESP Update contain the premiums that the Companies may be willing to pay for physical gas supplies. This confidential information is commercially sensitive and/or trade secret information that derives independent economic value from not being generally known. Disclosure of this confidential information to any third party would adversely affect the Companies' ability to obtain favorable terms from their gas suppliers.

PROMOD Reports. The PROMOD results set forth in ECON-1 (Confidential) are confidential. If made public, savvy market participants could use this information to determine Nevada Power and Sierra Pacific's marginal cost to produce energy. This information discloses key operating characteristics of the Companies' generation fleet and the Companies' views and expectations of relevant markets and their future procurement plans.

Forward Sales Procedures Manual, ESP POWER-1. The Forward Sales Procedures Manual sets forth information regarding the Companies' risk tolerances under varying conditions. This information constitutes commercially sensitive and/or trade secret information that derives independent economic value from not being generally known. This information discloses the Companies' views and expectations of the relevant markets.

Coal Price Forecasts. Sierra's coal price forecasts constitute commercially sensitive and/or trade secret information that derive independent economic value from not being generally known. This information discloses Sierra's views and expectations of the relevant markets. This information is not known outside the Companies and its distribution is limited within the Companies. Releasing this highly sensitive information would disadvantage Sierra by limiting its ability to foster competition among prospective suppliers, compromising Sierra's negotiating position and reducing its bargaining leverage. Publication of this information impair Sierra's ability to achieve the most favorable pricing and terms and conditions from suppliers on behalf of its customers. This information is contained in FPP-1 which is confidential.

Natural Gas Price Forecasts. Sierra's natural gas price forecasts constitute commercially sensitive and/or trade secret information that derive independent economic value from not being generally known. This information discloses Sierra's views and expectations of the relevant markets. This information is not known outside the Companies and its distribution is limited within the Companies. Releasing this highly sensitive information would disadvantage Sierra by limiting its ability to foster competition among prospective suppliers, compromising Sierra's negotiating position and reducing its bargaining leverage. Publication of this information impair Sierra's ability to achieve the most favorable pricing and terms and conditions from suppliers on behalf of its customers. This information is contained in Section 3.B of the ESP Update and FPP-1.

Power Price Forecast. Sierra's power price forecasts constitute commercially sensitive and/or trade secret information that derive independent economic value from not being generally known. This information discloses Sierra's views and expectations of the relevant markets. This information is not known outside the Companies and its distribution is limited within the Companies. Releasing this highly sensitive information would disadvantage Sierra by limiting its ability to foster competition among prospective suppliers, compromising Sierra's negotiating position and reducing its bargaining leverage. Publication of this information impair Sierra's ability to achieve the most favorable pricing and terms and conditions from suppliers on behalf of its customers. This information is contained in Section 3.B of the ESP Update and FPP-1.

Pursuant to NAC § 703.5274(1), one unredacted copy of the confidential information will be filed with the Commission's Secretary in a separate envelope stamped "confidential." Redacted versions of confidential information will be submitted for processing and posting onto the Commission's public website.

Ms. Osborne
September 1, 2022
Page 3 of 3

Pursuant to NAC § 703.5274(2), the Companies hereby request that the above-described information not be disclosed to the public. The Companies request that this information remain confidential for a period of five years, after which time the Commission may destroy or return the confidential information, at its convenience.

The Companies have transmitted protective agreements to the Staff and BCP so that they may be expeditiously served with the confidential information described above.

Should you have any questions regarding this filing, please contact me at (775) 834-5793 or michael.knox@nvenergy.com.

Respectfully submitted,

/s/ Michael D. Knox
Michael D. Knox
Senior Attorney

TABLE OF CONTENTS

**NEVADA POWER COMPANY D/B/A NV ENERGY
AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY**

TABLE OF CONTENTS

VOLUME 1 OF 2

DESCRIPTION

Transmittal Letter
 Table of Contents
 Certificate of Service
 Application
 Draft Notice
 Testimony
 Janet Wells
 Ryan Atkins
 Michael Cole
 Sophia Hickly
 Jenny Naughton
 Timothy Pollard
 Shane Pritchard
 Vincent Vitiello
 Zeljko Vukanovic
 Narrative (Redacted)

VOLUME 2 OF 2

TECHNICAL APPENDIX

ITEM DESCRIPTION

LF-1	2021 Load Forecast Technical Appendix
LF-2	State Demographer 2021 Long-Term Population Projections
LF-3	State Demographer 2021 Governor Certified Series – Population Estimates of Nevada’s Counties
LF-4	Las Vegas Convention and Visitors Authority (“LVCVA”) Year-to-Date Executive Summary for 2021
LF-5	2021 CBER Clark County Population Forecast, June 2021
LF-6	S&P Global IHS Markit Insights, population and economics forecast (Confidential)
POWER-1	Forward Sales Procedures Manual (Redacted)
GAS-1	Gas Hedge Workshop Presentations
GAS-2	Projected BTERs and DEAAs
FPP-1	Fuel and Purchased Power Forecast (Confidential)
RM-1	Risk Management and Control Policy
RM-2	Energy Risk Management and Control Policy
RM-3	Credit Risk Management and Control Policy
ECON-1	PROMOD Results (Confidential)

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing filing of **NEVADA POWER COMPANY D/B/A NV ENERGY AND SIERRA PACIFIC POWER COMPANY D/B/A/ NV ENERGY** in Docket No. 22-09___ upon the persons listed below by electronic mail:

Don Lomoljo
Public Utilities Comm. of Nevada
1150 E. William Street
Carson City, NV 89701-3109
dlomoljo@puc.nv.gov

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

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

Attorney General's Office
Bureau of Consumer Protection
8945 W. Russell Road, Suite 204
Las Vegas, NV 89148
bcpserv@ag.nv.gov

DATED this 1st day of September, 2022.

/s/Lynn D'Innocenti
Lynn D'Innocenti
Senior Executive Assistant
Nevada Power Company
Sierra Pacific Power Company

APPLICATION

1 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

2 Application of Nevada Power Company d/b/a)
3 NV Energy and Sierra Pacific Power Company)
4 d/b/a NV Energy for Approval of their Joint) Docket No. 22-09____
5 Energy Supply Plan Update for period 2023-)
6 2024. /

6 **APPLICATION**

7 Nevada Power Company, d/b/a NV Energy (“Nevada Power”) and Sierra Pacific
8 Power Company d/b/a NV Energy (“Sierra” and together with Nevada Power, the
9 “Companies”), make this this Application for Approval of their Joint 2022 Energy Supply
10 Plan Update (the “ESP Update”) pursuant to Section 704.9506 of the Nevada Administrative
11 Code (“NAC”). The Application is made under NAC § 704.535.

12 **I. SUMMARY OF APPLICATION**

13 NAC § 704.9506 requires that on or before September 1 of the first and second years
14 after the action plan of a utility is filed, the utility shall file an update of the energy supply
15 plan (“ESP”) that will be applicable to the remaining period of its Action Plan. The
16 Companies’ last Triennial Integrated Resource Plan (“IRP”) and ESP were filed in June 2021
17 and addressed the Action Plan period of 2022 to 2024 (See Docket No. 21-06001). Through
18 this Application, the Companies seek the Public Utilities Commission of Nevada’s
19 (“Commission”) approval and acceptance of their ESP Update for the second and third year
20 of the Action Plan period addressed in the Companies’ Triennial IRP and ESP. NAC §
21 704.9506(2) requires that an ESP Update be based on the most recent load forecast available
22 at the time it is prepared. The Companies prepared an updated load forecast for this filing.
23 The forecast for this ESP Update is suitable for making planning decisions during the ESP
24 Update period (calendar year 2023-2024).

25 The Companies have a combined open power position of 1,409 MW in 2023 and 882
26 MW in 2024. Additionally, the Companies propose to continue their four-season laddering
27 strategy to fill open power positions through 2024. Any proposed purchases of greater than
28

1 three years in duration will be submitted to the Commission for approval in accordance with
2 NAC §§ 704.9113 and 704.9512. The ESP Update calls for the Companies to monitor the
3 power portfolio on a continuous basis and to procure products only as needed.

4 The Companies will continue to implement the currently-approved four-season
5 laddering strategy to procure physical gas, and seek approval for no new additional gas
6 transportation contracts at this time. Sierra requests acceptance and approval to maintain its
7 current natural gas transportation portfolio by renewing all existing gas transportation
8 contracts with TransCanada Pipeline Ltd., Northwest Pipeline, Tuscarora Gas Transmission
9 Company, and Great Basin Gas Transmission Company. The Companies propose continuing
10 their current hedging strategy and will acquire no natural gas hedges during the ESP Update
11 period.

12 The Coal Supply Plan proposes that Sierra fills Valmy Station's coal requirements via
13 a competitive bidding for short term contracts through its request for proposals process
14 transmitted to Sierra's list of qualified suppliers. Under this plan, Sierra will not solicit or
15 enter into any long-term coal supply agreements.

16 Finally, the Companies seek approval of their risk management strategy and a finding
17 that they have satisfied their single outstanding compliance item.

18 **II. THE APPLICANT**

19 Nevada Power and Sierra are Nevada corporations and wholly-owned subsidiaries of
20 NV Energy, Inc. Nevada Power and Sierra are public utilities as defined in NRS § 704.020,
21 and are subject to the jurisdiction of the Commission. Nevada Power is engaged in providing
22 electric service to the public in portions of Clark and Nye counties, Nevada pursuant to a
23 certificate of public convenience and necessity issued by this Commission. Sierra provides
24 electric service to the public in portions of fourteen northern Nevada counties, including the
25 communities of Carson City, Minden, Gardnerville, Reno, Sparks, and Elko. Sierra owns and
26 operates a certificated local distribution company engaged in the retail sale of natural gas to
27 customers in the Reno-Sparks metropolitan area.

1 Sierra's primary business office is located at 6100 Neil Road in Reno, Nevada and
2 Nevada Power's primary business office is located at 6226 West Sahara Avenue in Las Vegas,
3 Nevada. All correspondence related to this Application should be transmitted to the
4 Companies' counsel and to the Manager of Regulatory Services, as set forth below:

5		
6	Michael Knox	Aaron Schaar
7	Senior Attorney	Manager, Regulatory Services
8	6100 Neil Road	6100 Neil Road
9	Reno, NV 89511	Reno, NV 89511
10	775-834-3551	775-834-5823
11	michael.knox@nvenergy.com	aaron.schaar@nvenergy.com

12 **III. THE FILING**

13 **A. Introduction**

14 The Commission's regulations obligate the Companies to provide an annual update to
15 their triennial ESP.¹ This ESP Update satisfies this requirement and addresses the second
16 and third year of the period covered by the Action Plan from the Companies' last triennial
17 ESP (calendar year 2022-2024). The ESP Update sets forth the Companies' purchased power
18 procurement plan (NAC § 704.9482(3)), fuel procurement plan (NAC § 704.9482(4)), and
19 risk management strategies (NAC § 704.9482(5)). These plans and strategies govern the
20 Companies' day-to-day operations and facilitate the provisioning of reliable electric service
21 to customers and just and reasonable rates.

22 **B. Elements of the Filing**

23 The ESP Update consists of two volumes and is organized as follows:

24 Volume 1 – Transmittal Letter, Table of Contents, Certificate of Service,
25 Application, Draft Notice, Testimonies and Narrative
26 Volume 2 – Technical Appendices LF-1 through LF-6, POWER-1, GAS-1 through
27 GAS-2, FPP-1, RM-1 through RM-3, and ECON-1

28 ¹ NAC § 704.9506(1).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

C. Witnesses Providing Prepared Testimony in Direct Case

The Companies have prepared and filed written testimony of several witnesses to support the ESP Update. The Companies are prepared to present their witnesses in their direct case at any hearing scheduled in this matter. Specifically, the Companies intend to call the following witnesses to sponsor prepared written testimony in their direct case:

Janet Wells, Vice President of Regulatory. Ms. Wells serves as the overall policy witness, introduces the Companies’ witnesses, describes the preparations of the ESP Update, and provides an overview of the ESP Update. Ms. Wells also sponsors the following Sections of the ESP Update: Section 1 (“Executive Summary”); Section 8 (“Determination of Prudence under Nevada Administrative Code (“NAC”) §§ 704.9508(2) and 704.9494”), including the 2020-2021 cost-to-serve estimates for the Companies; and Section 9.A (“Commission Directives” regarding gas hedging workshops).

Ryan Atkins, Senior Director, Trading, Analytics & Operations. Mr. Atkins sponsors Section 2.C (“Energy Requirements”), Section 2.G (“Financial Gas Requirements”), Section 2.H (“Coal Requirements”), Section 4 (“Power Procurement Plan”), Section 5.A (“Physical Gas Procurement Plan”), Section 5.C (“Gas Hedging Plan”) and Section 6 (“Coal Supply Plan”). Mr. Atkins also co-sponsors the portions of Technical Appendix Item FPP-1 that relate to the Companies’ coal price forecast and Technical Appendix Items POWER-1. Additionally, Mr. Atkins presents an update to market capacity concerns for the action plan period.

Michael Cole, Senior Vice President and the Chief Financial Officer and Treasurer. Mr. Cole sponsors Section 7 (“Risk Management Strategy”) of the ESP, which relates to the Risk Control organization and strategy. Mr. Cole describes the role of the Risk Control organization in managing energy supply risk. In addition, Mr.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Cole sponsors portions of Section 8 of the ESP specifically addressing the Companies’ creditworthiness as well as Technical Appendix Items RM-1 through RM-3.

Sophia Hickly, Production Cost Modeling Lead. Ms. Hickly sponsors Section 2.B (“Capacity Requirement”), Section 2.E (“Gas Transportation Requirements”), and Section 2.F (“Physical Gas Requirement”) related to the economic analysis that supports the physical gas requirements. Ms. Hickly also sponsors Technical Appendix items ECON-1.

Jenny Naughton, Revenue Requirements and FERC Manager. Ms. Naughton sponsors Technical Appendix Item GAS-2, which provides actual and forecasted Base Tariff Energy Rates (“BTER”) and Deferred Energy Accounting Adjustment (“DEAA”) components.

Tim Pollard, Director, Load Forecasting, Research and Analytics. Mr. Pollard sponsors the ESP Update load forecast, which is found in Section 2.A (“NV Energy Electric Load Forecast”) of the ESP Update narrative and Technical Appendix Items LF-1 through LF-6.

Shane Pritchard, Director, Renewable Energy & Origination. Mr. Pritchard, sponsors the Renewable Energy Planning section, Section 2.D, and an update on the progress of the White Pine Pumped Storage Hydro project, Section 9.B.

Vincent Vitiello, Gas Supply Planning Lead. Mr. Vitiello sponsors the Companies’ natural gas transportation strategy, Section 5.B.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Zeljko Vukanovic, Market Fundamentals Lead. Mr. Vukanovic sponsors Section 3, Market Fundamentals and Price Forecasts along with Technical Appendix FPP-1, the fuel and purchased power price forecasts.

D. Determination that the Elements of the ESP Update are Prudent

Pursuant to NAC § 704.9508(2), the Commission reviews an ESP Update under the same standards that apply to the Commission’s review of an ESP.² The Commission may determine that the elements of an energy supply plan update are prudent if the following criteria are met:

- (a) The energy supply plan must not contain any feature or mechanism that the Commission finds would impair the restoration of the creditworthiness of the utility or would lead to a deterioration of the creditworthiness of the utility.
- (b) The energy supply plan must optimize the value of the overall supply portfolio for the utility for the benefit of its bundled retail customers.
- (c) The utility must demonstrate that the energy supply plan balances the objectives of minimizing the cost of supply, minimizing retail price volatility and maximizing the reliability of supply over the term of the plan.³

The ESP Update satisfies these criteria. The Companies acknowledge that the prudence of their implementation of an approved ESP Update will be determined in a future deferred energy proceeding. In addition, pursuant to NAC § 704.9504, the Companies may deviate from an approved ESP Update “to the extent necessary to respond adequately to any significant change in circumstances not contemplated by the energy supply plan.”

² NAC § 704.9508(2).

³ NAC § 704.9494.

1 IV. CONFIDENTIAL INFORMATION

2 The Companies request confidential treatment of a portion of the load forecast, the
3 proposed cap on premiums to be paid for physical gas supplies, and other portions of this
4 filing as outlined below. These requests are made pursuant to NAC § 703.7274.

5 **Copyrighted and proprietary data.** Technical Appendix IRP LF-6 contains
6 confidential copyrighted and proprietary data from S&P Global IHS Markit Insights. The
7 Companies receive that data under a paid subscription.

8 **Gas Premiums.** Portions of Nevada Power’s Physical Gas Procurement plan contain
9 the premiums that the Companies may be willing to pay for physical gas supplies. This
10 confidential information is commercially sensitive and/or trade secret information that
11 derives independent economic value from not being generally known. Disclosure of this
12 confidential information to any third party would adversely affect the Companies’ ability to
13 obtain favorable terms from their gas suppliers.

14 **PROMOD Reports.** The PROMOD results set forth in ECON-1 (Confidential) are
15 confidential. If made public, savvy market participants could use this information to
16 determine the Companies’ marginal cost to produce energy. This information discloses key
17 operating characteristics of the Companies’ generation fleet and the Companies’ views and
18 expectations of relevant markets and their future procurement plans. This information is not
19 known outside the Companies and its distribution is limited within the Companies. Releasing
20 this highly sensitive information would disadvantage the Companies by limiting their ability
21 to foster competition among prospective suppliers, compromising the Companies’
22 negotiating position and reducing their bargaining leverage. Publication of this information
23 would unfairly advantage competing buyers and impair the Companies’ ability to achieve the
24 most favorable pricing and terms and conditions from suppliers on behalf of their customers.

25 **ESP POWER-1.** The Forward Sales Procedures Manual sets forth information
26 regarding the Companies’ risk tolerances under varying conditions. This information
27 constitutes commercially sensitive and/or trade secret information that derives independent
28

1 economic value from not being generally known. This information discloses the Companies'
2 views and expectations of the relevant markets. This information is not known outside the
3 Companies and its distribution is limited within the Companies. Releasing this highly
4 sensitive information would disadvantage the Companies and their customers by limiting the
5 ability to foster competition among prospective suppliers, compromising the Companies'
6 negotiating position and reducing their bargaining leverage. Publication of this information
7 would impair the Companies' ability to achieve the most favorable pricing and terms and
8 conditions from suppliers on behalf of their customers.

9 **Coal Price Forecasts.** Sierra's coal price forecasts constitute commercially sensitive
10 and/or trade secret information that derive independent economic value from not being
11 generally known. This information discloses Sierra's views and expectations of the relevant
12 markets. This information is not known outside the Companies and its distribution is limited
13 within the Companies. Releasing this highly sensitive information would disadvantage Sierra
14 by limiting its ability to foster competition among prospective suppliers, compromising
15 Sierra's negotiating position and reducing its bargaining leverage. Publication of this
16 information would impair Sierra's ability to achieve the most favorable pricing and terms and
17 conditions from suppliers on behalf of its customers. This information is contained in FPP-1
18 which is confidential.

19 **Natural Gas Price Forecasts.** Sierra's natural gas price forecasts constitute
20 commercially sensitive and/or trade secret information that derive independent economic
21 value from not being generally known. This information discloses Sierra's views and
22 expectations of the relevant markets. This information is not known outside the Companies
23 and its distribution is limited within the Companies. Releasing this highly sensitive
24 information would disadvantage Sierra by limiting its ability to foster competition among
25 prospective suppliers, compromising Sierra's negotiating position and reducing its bargaining
26 leverage. Publication of this information would impair Sierra's ability to achieve the most
27

1 favorable pricing and terms and conditions from suppliers on behalf of its customers. This
2 information is contained in Section 3.B of the ESP Update and FPP-1.

3 **Power Price Forecasts.** Sierra’s power price forecasts constitute commercially
4 sensitive and/or trade secret information that derive independent economic value from not
5 being generally known. This information discloses Sierra’s views and expectations of the
6 relevant markets. This information is not known outside the Companies and its distribution is
7 limited within the Companies. Releasing this highly sensitive information would
8 disadvantage Sierra by limiting its ability to foster competition among prospective suppliers,
9 compromising Sierra’s negotiating position and reducing its bargaining leverage. Publication
10 of this information would impair Sierra’s ability to achieve the most favorable pricing and
11 terms and conditions from suppliers on behalf of its customers. This information is contained
12 in Section 3.B of the ESP Update and FPP-1.

13 The “Confidential Material” envelope accompanying this Application contains a
14 confidential and unredacted copy of each page of the ESP Update (in a sealed envelope with
15 a copy of the first page of this Application securely fastened thereon) and with each
16 confidential page stamped “CONFIDENTIAL AND UNREDACTED.” The Companies
17 request that the Commission maintain the confidentiality of this information for a period of
18 no less than five years, after which the Commission may return or destroy this information,
19 as is most convenient to the Commission.

20 **V. REQUESTS FOR RELIEF**

21 Nevada Power and Sierra respectfully request that pursuant to NAC § 704.9508(1),
22 the Commission convene a hearing on this ESP Update within 60 days of the filing date, and
23 issue an order accepting this ESP Update within 120 days and containing the following
24 findings:

- 25 1. **Load Forecast:** A finding that the updated load forecast prepared for this ESP
26 Update is suitable for making planning decisions during the ESP Update period (2023-2024).

1 2. **Power Procurement/Sales Plans:** Acceptance and approval of their power
2 procurement/sales plan, including acceptance and approval of their plan to implement a four-
3 season laddering strategy for physical energy and/or capacity procurement to manage the
4 open capacity position, and an affirmative finding consistent with NAC § 704.9494(3) that
5 their power procurement strategy is prudent.

6 3. **Physical Gas Procurement Plan:** Acceptance and approval of their plan to
7 continue to implement their four-season laddering strategy for physical gas supply, and an
8 affirmative finding consistent with NAC § 704.9494(3) that their physical gas procurement
9 strategy is prudent.

10 4. **Gas Transportation Plan:** Acceptance and approval of their gas
11 transportation plan, and an affirmative finding consistent with NAC § 704.9494(3) that their
12 gas transportation strategy is prudent.

13 5. **Gas Hedging Plan:** Acceptance and approval of their gas hedging plan, which
14 continues the current hedging strategy pursuant to which the Companies will not acquire
15 natural gas hedges during the ESP Update period, and an affirmative finding consistent with
16 NAC § 704.9494(3) that their gas hedging strategy is prudent.

17 6. **Coal Procurement Plan:** Acceptance and approval of Sierra's Coal
18 Procurement Plan, and an affirmative finding consistent with NAC § 704.9494(3) that its coal
19 procurement strategy is prudent.

20 7. **Risk Management Strategy:** Acceptance and approval of their risk
21 management strategy and a finding that the strategy identifies risks inherent in procuring and
22 obtaining a supply portfolio and establishes the means by which the utilities plan to address
23 and balance or hedge the identified risks related to cost, price volatility and reliability. The
24 Companies are requesting an affirmative finding consistent with NAC § 704.9494(3) that
25 their risk management strategy is prudent.

26 8. **Directives:** A finding that the Companies have satisfied their obligation to
27 continue to hold quarterly workshops with Regulatory Operations Staff and the Attorney
28

1 General's Bureau of Consumer Protection to review the implementation of the constituent
2 elements of the ESP Update and the approved hedging strategy as contained in Commission
3 Order dated December 2, 2020, in Docket No. 20-09002.

4 A finding that the Companies have satisfied their obligation to provide a status update
5 for the pumped storage hydro project located in White Pine County, Nevada, in this ESP
6 Update, as required by the Commission's Order dated July 13, 2022, in Docket No. 22-03024.

7 9. **Confidential Treatment:** Grant the Companies' request for confidential
8 treatment of certain information filed under seal as described above.

9 10. **Other Relief:** Grant any other relief that the Commission deems appropriate
10 based on the Application and the record adduced at any hearing held in this matter.

11
12 Dated and respectfully submitted this 1st day of September, 2022.

13
14 NEVADA POWER COMPANY
15 D/B/A NV ENERGY
16 SIERRA PACIFIC POWER COMPANY
17 D/B/A/ NV ENERGY

18 /s/ Michael Knox
19 Michael Knox
20 Senior Attorney
21 6100 Neil Road
22 P.O. Box 10100
23 Reno, Nevada 89511
24 Tel: 775-834-5793
25 Fax: 775-834-4811
26 Email: michael.knox@nvenergy.com
27
28

DRAFT NOTICE

PUBLIC UTILITIES COMMISSION OF NEVADA
DRAFT NOTICE
(Applications, Tariff Filings, Complaints, and Petitions)

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

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

Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for Approval of their Joint Energy Supply Plan Update for period 2023-2024.

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

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

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

Nevada Power and Sierra Pacific are seeking approval of their Joint Energy Supply Plan Update (“ESP Update”) for calendar years 2023 and 2024, which is filed pursuant to NAC § 704.9506, and sets forth the Companies’ power procurement plan, fuel procurement plan, and risk management strategy. NAC § 704.9506(1) requires that Nevada Power and Sierra Pacific file an update of the energy supply plan on or before September 1, 2022. The ESP Update includes a power procurement plan, a fuel procurement plan and risk management strategies. The Company requests that the Public Utilities Commission of Nevada approves this ESP Update and makes the determinations of prudence provided for in NAC § 704.9494 regarding each element of the plan.

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

No. A consumer session is not required by NRS § 704.069.

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

Not Applicable

¹ NRS 704.069 states in pertinent part:

1. The Commission shall conduct a consumer session to solicit comments from the public in any matter pending before the Commission pursuant to NRS 704.061 to 704.110 inclusive, in which:

- (a) A public utility has filed a general rate application, an application to recover the increased cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to clear its deferred accounts; and
- (b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that will exceed \$50,000 or 10 percent of the applicant’s annual gross operating revenue, whichever is less.

JANET WELLS

1 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

2 Nevada Power Company d/b/a NV Energy
3 Sierra Pacific Power Company d/b/a NV Energy

4 2022 Energy Supply Plan
5 Docket No. 22-09__

6 Prepared Direct Testimony of

7 **Janet Wells**

8
9 **I. INTRODUCTION**

10 **1. Q. PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS**
11 **ADDRESS AND PARTY FOR WHOM YOU ARE FILING**
12 **TESTIMONY.**

13 A. My name is Janet Wells. My current position is Vice President of Regulatory
14 for Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra
15 Pacific Power Company d/b/a NV Energy (“Sierra”, and together with Nevada
16 Power, the “Companies” or “NV Energy”). My business address is 6100 Neil
17 Road, Reno, Nevada 89511. I am filing testimony on behalf of the Companies.

18
19 **2. Q. PLEASE DESCRIBE YOUR BACKGROUND AND EXPERIENCE IN**
20 **THE UTILITY INDUSTRY.**

21 A. I hold a Bachelor of Arts Degree in Geography and a Master of Science Degree
22 in Applied Economics and Statistics. I have 15 years of utility experience
23 within the Rates and Regulatory Affairs department. Prior to joining the
24 Companies, and during an absence from the Companies, I worked in economic
25 consulting and research. The details of my background and experience are
26 provided in **Exhibit Wells-Direct-1.**

1 **3. Q. PLEASE DESCRIBE YOUR RESPONSIBILITIES AS VICE**
2 **PRESIDENT REGULATORY.**

3 A. My responsibilities are to oversee the preparation of regulatory filings before
4 the Public Utilities Commission of Nevada (“Commission”) and, specifically,
5 the work performed by the Load Research, Pricing, Regulatory Affairs and
6 Resource Planning technical teams.

7
8 **4. Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE**
9 **COMMISSION?**

10 A. Yes, most recently in Docket No. 21-09031 and 21-09032, the advice letter
11 filings to modify the Incremental Pricing Tariff. **Exhibit Wells-Direct-1**
12 provides a full list of cases in which I have testified before the Commission.

13
14 **5. Q. ARE YOU SPONSORING ANY EXHIBITS?**

15 A. Yes. I am sponsoring the following exhibit:

- 16 • Exhibit Wells-Direct-1 Statement of Qualifications

17
18 **II. PURPOSE OF TESTIMONY**

19 **6. Q. WHAT IS THE PURPOSE OF YOUR PREPARED DIRECT**
20 **TESTIMONY IN THIS PROCEEDING?**

21 A. As the 2022 Energy Supply Plan (“ESP”) Update policy witness, I introduce
22 the Companies’ witnesses, describe the preparation of the ESP, and describe
23 and give an overview of the ESP. I also sponsor the following sections in the
24 Companies’ ESP:

- 25 • Section 1 (“Executive Summary”);
26 • Portions of Section 8 (“Determination of Prudence under Nevada
27 Administrative Code (“NAC”) §§ 704.9508(2) and 704.9494”),

