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Filed For: Nevada Power Company and Sierra Pacific Power

In accordance with NRS Chapter 719,
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by: /s Ashleigh Sternod

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representative of the signer(s) and
Nevada Power Company and Sierra Pacific Power

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Joint 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 Natural
Disaster Protection Plan.

Docket No. 23-03 ____

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	3
Certificate of Service	8
Draft Public Notice	10
Application	13
2024 Triennial Natural Disaster Protection Plan Pt. 1	23



March 1, 2023

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

RE: Joint 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 Natural Disaster Protection Plan.

Dear Ms. Osborne:

Enclosed for filing with the Public Utilities Commission of Nevada (“Commission”) please find the Joint 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 2024-2026 Natural Disaster Protection Plan. Also enclosed is a draft notice of the Petition pursuant to NAC § 703.162.

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	Page No.
Transmittal Letter	2
Table of Contents	3
Certificate of Service	8
Draft Public Notice	10
Exhibit A Application	13
Exhibit B 2024 Triennial Natural Disaster Protection Plan	23
Summary and Background	31
Section 1 Risk Based Approach - Natural Disaster Risk	37
Analysis and Drivers	37
1.1 Natural Disaster Threats	38
1.2 Risk Driven Decision Making Framework	38
1.2.1. Wildfire Threat Profiles	39
1.2.2. Wind Occurrences	42
1.2.3. Winter Storms	46
1.2.4. Thunderstorms and Microbursts	51
1.2.5. Monsoon and Flooding Events	56
1.2.6. Heat Waves and Drought	58
1.2.7. Earthquakes	60
1.2.8. Landslides and Avalanches	63
1.3 Complying with the WUI Code	67
1.4 Updated Heightened Threat Areas for the Triennial	69
Plan Update	69
1.4.1. Updated Heightened Threat Areas for Triennial Plan	69
Update: Tier 3 Virginia City Highlands	69
1.4.2. Updated Heightened Threat Areas for Compliance	69
with the WUI	69
Section 2 Natural Disaster Protection Strategies and	76
Programs	76
2.1 Situational Awareness	77
2.1.1. Technosylva Analysis Platform	77
2.1.2. Wildfire Camera Deployment	78
2.1.3. Situational Awareness Program Costs	79
2.2 Operational Practices	80
2.2.1. Protocols for Hot Work and Projects in the Wildland	80
Areas	80
2.2.2. Recloser Protocols	80
2.2.3. Protection and Interoperability	80
2.2.4. Specialized Safety Training	81

**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 Cont.	Page No.
2.3	Emergency Management and Proactive De-energization (PSOM) 81
2.3.1.	Emergency Management 81
2.3.2.	PSOM 82
2.3.3.	Service Continuity and Microgrids 83
2.3.4	PSOM AND Emergency Response Budget 84
2.4	Vegetation Management 85
2.4.1.	Patrolling and Tree Trimming 85
2.4.2.	Pole Grubbing and ROW Clearing 86
2.4.3.	Resilient Corridors 87
2.4.4.	Vegetation Management Schedule 89
2.4.5.	Fuel Mapping 90
2.4.6.	Vegetation Management Budget 90
2.5	Conditional Awareness: Circuit Patrols, Detailed Inspections and Corrections 91
2.5.1.	Fire Tier Patrols, Inspections and Corrections 94
2.5.2.	HTA Circuit Resilience Patrols, Inspections and Corrections 97
2.6	Grid Resilience and System Hardening 99
2.6.1.	System Hardening Strategy 99
2.6.2.	Design and Construction Standards 102
2.6.3.	Shared Capital Investment – System Hardening 103
2.6.4.	Undergrounding Strategy 106
2.6.5.	Overhead Rebuild Strategy 112
2.6.5.1	Copper Wire Replacement Program 113
2.6.5.2	Non-Expulsion Fuse Replacement 114
2.6.5.3	Lines Ruggedization Programs 115
2.6.5.4	Tree Attachment Removal 117
2.6.5.5	Overhead Rebuilds 118
2.6.5.6	Substation Hardening Investments 123
2.6.5.7	Lightning Arrester Replacement 132
2.6.5.8	Fire Mesh Program Expansion: (Pole Wrapping) Installation in Wildfire HTAs 133
Sections 3	Communications and Outreach 135
3.1	EWG Engagement 135
3.2	Customer Communication 135
3.3	Customer Resource Centers 136

**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 Cont.	Page No.
Section 4	Advanced Technologies and Strategies 137
	Pilot Project for Use of UAVS and/or Satellite
4.1	Imaging for Line Patrol, Vegetation Clearances and Image Analytics 137
4.2	System Protection Study 137
4.3	Intelligent Reclosers Pilot Program 138
4.4	Advanced Technologies Budget 138
Section 5	Grant Pursuits 140
5.1	Tribal Grants 140
5.2	Other Grants 140
Section 6	Metrics Performance and Monitoring 142
Section 7	Resource Sufficiency 152
7.1	Resource Sufficiency Budget 152
Section 8	Financials 153
8.1	Plan Implementation Costs 2024-2026 153
TECHNICAL APPENDICES	155
<i>Appendix A</i>	Natural Disaster Heightened Threat Area Maps 156
A.1	Wildfire Threats 157
A.2	Wind Occurrences 162
A.3	Winter Storms 166
A.4	Thunderstorms and Microbursts 171
A.5	Monsoons and Flooding 175
A.6	Heat Waves and Drought 177
A.7	Earthquakes 178
A.8	Landslides/Avalanches 180
<i>Appendix B</i>	Updated Wildfire risk Assessment 183
B.1	REAX Assessment for Proposed Tier 3 Zone: Virginia City (“VC”) Highlands 184
B.2	REAX Assessment for Proposed NV Energy Proposed Tier 1 Fire Risk Zone 193

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

TABLE OF CONTENTS

VOLUME 2 of 2

Page No.

TECHNICAL APPENDICES

<i>Appendix C</i>	PSOM Plan	3
<i>Appendix D</i>	USFS Resilience Corridors Project Decision Memo	26
<i>Appendix E</i>	Letters of Support	35
<i>Appendix F</i>	Undergrounding Prioritization Maps	42
<i>Appendix G</i>	Critical Crossings Table	63
<i>Appendix H</i>	Copper Wire Variance Table	65
<i>Appendix I</i>	Overhead Rebuilds Maps	67
<i>Appendix J</i>	NDPP Tier 3 Total Undergrounding Summary	77
<i>J.1</i>	NDPP Tier 3 Total Undergrounding Summary Plan	78
<i>J.2</i>	NDPP Selective Undergrounding Plan Segment Prioritization	91
<i>Appendix K</i>	Table of Abbreviations	92

TESTIMONY

Jesse Murray	93
Danyale Howard	123
Jay Wiggins	179
Mark Regan	198
Cary Shelton-Patchell	220
Alexander Hoon	230

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** in Docket No. 23-030__ upon the persons listed below by electronic service:

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DATED this 1st day of March, 2023.

/s/ Ashleigh Dennis
Ashleigh Dennis
Regulatory Operations Analyst
Nevada Power Company
Sierra Pacific Power Company

DRAFT NOTICE

Draft Notice Application for Applications, Petitions and Complaints

The Commission requires a draft notice be included with all applications, petitions and complaints. See Nevada Administrative Code 703.162. Please include one copy of this form with all the above filings.

- I. Include a title that describes the relief requested, or proceeding scheduled pursuant to Nevada Administrative Code (“NAC”) 703.160 (5)(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 2024-2026 Natural Disaster Protection Plan.

- II. Include the name of the applicant, complainant, petitioner, or the name of the agent for same pursuant to NAC 703.160 (5)(b).

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

- III. Include a paragraph with a brief description of the purpose of the filing or proceeding with an introductory statement in plain English understandable to a person of average knowledge and intelligence, that summarizes the relief requested or proceeding scheduled, **AND** its impact upon consumers, pursuant to NAC 704.160 (5)(c).

Nevada Power Company and Sierra Pacific Power Company are seeking approval of their joint 2024-2026 Natural Disaster Protection Plan. The Application requests that the Public Utilities Commission of Nevada approve the Plan, which presents existing and proposed initiatives that are intended to mitigate natural disaster risks, including identification of areas at high-risk for natural disasters, implementation of protocols to inspect electrical infrastructure, implementation of protocols for vegetation management, preventative steps to mitigate disaster risks, provision of adequate natural disaster response, and establishment of proactive de-energization protocols for the utilities’ electric assets in the event of fire weather conditions or related natural disasters.

- IV. A declaration by the applicant, petitioner, or complainant whether a consumer session is required by Nevada Revised Statute (“NRS”) 704.069 (1). NAC 703.162 (2)¹

¹ **NRS 704.069 Commission required to conduct consumer session for certain rate cases; Commission required to conduct general consumer session annually in certain counties.**

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

A consumer session is not required pursuant to NRS 704.069.

- V. 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.

(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.

2. In addition to the case-specific consumer sessions required by subsection 1, the Commission shall, during each calendar year, conduct at least one general consumer session in the county with the largest population in this state and at least one general consumer session in the county with the second largest population in this state. At each general consumer session, the Commission shall solicit comments from the public on issues concerning public utilities. Not later than 60 days after each general consumer session, the Commission shall submit the record from the general consumer session to the Legislative Commission.

**EXHIBIT A
APPLICATION**

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Joint Application of Nevada Power Company)
d/b/a NV Energy and Sierra Pacific Power)
Company d/b/a NV Energy for Approval of the) Docket No. 23-03 ____
2024-2026 Natural Disaster Protection Plan.)

JOINT APPLICATION

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra” and, together with Nevada Power, the “Companies” or “NV Energy”) make this Joint Application pursuant to Nevada Revised Statute (“NRS”) § 704.7893 for approval by the Public Utilities Commission of Nevada (“Commission”) of the Companies’ 2024-2026 Natural Disaster Protection Plan (“NDPP” or “Plan”). NRS § 704.7983 establishes a requirement that NV Energy prepare and file with the Commission a Plan on or before June 1, 2020, and on or before June 1 of every third year thereafter. Furthermore, Section 8.2 of the regulations adopted by the Commission in Docket No. 19-06009, Legislative Counsel Bureau File No. R085-19 (“NDPP Regulations”), requires that NV Energy file its NDPP on or before March 1, 2020, and every third year thereafter. Section 8.2 of the NDPP Regulations also requires the Commission to issue an order accepting or modifying the NDPP, or specifying any portions of the plan it deems to be inadequate, within 180 days after its filing. The statutory period within which this matter must be resolved therefore runs through August 28, 2023.

I.

SUMMARY AND INTRODUCTION

NRS § 704.7893 requires NV Energy to file an NDPP that contains information, procedures and protocols relating to the efforts of the electric utilities to prevent or respond to wildfires or other natural disasters. The NDPP Regulations define a natural disaster as “any

1 natural catastrophe, including, without limitation, wind, wildfire, storm, high water,
2 earthquake, avalanche, landslide, mudslide or heat wave.”

3 The Companies filed their inaugural NDPP on February 26, 2020, and the
4 Commission issued its Second Modified Final Order approving the NDPP on December 22,
5 2020, in Docket No. 20-02031. The Companies also filed, and obtained the Commission’s
6 approval of, a first amendment to the NDPP in Docket No. 21-03040; and a second
7 amendment to the NDPP in Docket No. 22-08001, which the Commission granted in part and
8 denied in part. This Joint Application presents a comprehensive natural disaster protection
9 plan for the 2024 through 2026 period. The Plan reflects NV Energy’s lessons learned since
10 filing the inaugural plan and a deeper understanding of the connectedness of individual Plan
11 elements.

12 The Plan begins with a focus on completing the wildfire risk mitigation work
13 identified in the inaugural plan and subsequent amendments. Based on a refreshed fire threat
14 analysis from REAX Engineering and discussions with the expert working group, the Plan
15 proposes two modifications to the risk wildfire risk tiers. First, the Companies request
16 creating a new Tier 1 heightened wildfire risk area to refine and replace the existing wildland-
17 urban interface (“WUP”) tier. In addition, the Companies recommend elevating the Virginia
18 City Highlands area from the Tier 2 wildfire risk area to Tier 3 based in its unique risk profile.

19 The Plan continues the circuit resilience and line ruggedization programs from the
20 inaugural plan to address monsoon-prone areas in southern Nevada and protect against
21 cascading toppling poles. Based on experience implementing the NDPP to date, the
22 Companies are proposing phased and levelized project implementation across wildfire tier
23 areas for copper wire replacement, circuit rebuilds, circuit patrols, and detailed inspections to
24 lower cost and drive efficiencies. The Plan also presents a proposal for the Commission to
25 issue a prudence determination for capital projects related to natural disaster risk mitigation
26 and grid resiliency to be recovered through general rates. This recognizes both the need to
27 adjust the Companies’ “normal operations” to evolving climate conditions and the

1 Commission’s current draft regulations in Section 13 of LCB File No. R011-22, which
2 envision future cost recovery proceedings for NDPP projects being filed with a rate case.¹

3 The Plan includes advanced technology initiatives such as increased sectionalization,
4 microgrid alternatives for back-up power, and a comprehensive assessment for protective
5 devices to ensure maximum efficacy in heightened risk areas and ensure no new risks are
6 introduced. The Plan also begins to realize the full benefits of the Technosylva wildfire
7 platform, a next generation software that provides wildfire forecasting and threat analysis that
8 the Companies can use in combination with other programs and platforms. The Companies
9 have linked infrastructure maps and their infrastructure database to drive superior risk
10 analysis. Together, these tools help the Companies understand both natural disaster threat
11 propensity and infrastructure conditions to better protect public safety while reducing outages
12 and prioritizing mitigating actions.

13 The Plan outlines a prescriptive plan to achieve timely and cost-effective vegetation
14 management. In the inaugural NDPP, the Companies committed to working toward defined
15 vegetation management cycles to reduce the amount of fuels near electric infrastructure.
16 Those programs are now in full swing and the Plan puts in place a strategy to prioritize
17 vegetation management in remaining areas with heightened risk while eventually transitioning
18 to regular maintenance cycles that will be less intensive to maintain.

19 Finally, the Plan places more emphasis and resources on longer-term investments
20 while looking to maintain recurring activities that reduce controllable risk on the electric
21 system. NV Energy has now completed permitting and designs that allow it to more
22 effectively execute on such long-term infrastructure investments to reduce risk over longer
23 time horizons.

24 For the 2024-2026 period, the Companies request \$373,059,298 in total expenditures
25 for the Plan that would be recoverable through the NDPP regulatory asset, assuming

26 _____
27 ¹ Procedural Order No. 9, Docket No. 19-06009, at Attachment 1 (Sept. 9, 2022). Attachment 1 is LCB File No.
28 R011-22, as returned to the Commission from the Legislative Counsel Bureau.

1 incrementally can be validated as part of the recovery filing. This includes \$201,961,191 in
 2 OMAG and \$171,098,107 in capital investment. Separately, the Companies are requesting a
 3 prudence determination for an additional \$92,585,685 in capital projects related to natural
 4 disaster risk mitigation and grid resiliency. The Companies will seek to recover these
 5 additional investments through each service territory’s next general rate case as normal
 6 operating capital. These projects are not included as part of the requested budget
 7 authorization for this Plan. Table 1 provides the breakdown of costs for inclusion in the
 8 authorized budget for this Plan by activity and service territory, which would be recovered
 9 through the NDPP regulatory asset. Table 2 provides the breakdown of capital investments
 10 for which the Companies are requesting a prudence determination and which would be
 11 recovered in a future general rate review proceeding.

12 **Table 1 – NDPP Capital and OMAG**

	2024 Forecast	2025 Forecast	2026 Forecast	2024-2026 Total
Capital NDPP				
NPC	13,261,534	15,977,636	14,253,993	43,493,163
SPPC	48,262,078	43,670,386	35,672,479	127,604,943
Subtotal	61,523,613	59,648,022	49,926,472	171,098,107
	2024 Forecast	2025 Forecast	2026 Forecast	2024-2026 Total
OMAG NDPP				
NPC	13,924,794	9,998,758	9,559,662	33,483,214
SPPC	55,845,311	55,071,142	57,561,524	168,477,977
Subtotal	69,770,105	65,069,900	67,121,185	201,961,191
Total NDPP	131,293,718	124,717,922	117,047,658	373,059,298

21 **Table 2 – GRC Capital Investments**

	2024 Forecast	2025 Forecast	2026 Forecast	2024-2026 Total
Capital GRC				
NPC	4,349,822	13,103,396	15,851,712	33,304,930
SPPC	12,997,500	17,261,148	29,022,107	59,280,755
Total Capital GRC	17,347,322	30,364,544	44,873,819	92,585,685

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II.

THE APPLICANTS

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

Sierra’s primary business office is located at 6100 Neil Road in Reno, Nevada and Nevada Power’s primary business office is located at 6226 West Sahara Avenue in Las Vegas, Nevada. All correspondence related to this Application should be served electronically upon the following address: regulatory@nvenergy.com. Hardcopy documents should be transmitted to the Companies as set forth below:

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III.

APPLICATION EXHIBITS

NV Energy has included with this Joint Application and incorporated herein by reference the following Application Exhibits:

- Application **Exhibit A** is a proposed notice of the Application as required by NAC § 703.162.
- Application **Exhibit B** is a complete narrative version of the Natural Disaster Protection Plan entitled “2023 Natural Disaster Protection Plan Triennial Update.”

IV.

SUPPORTING MATERIAL

The prepared direct testimony of the following witnesses supports the Companies’ Plan.

Jesse Murray, Vice President, Electric Delivery. Mr. Murray presents an overview of the Plan, discusses the overall strategic approach and policy considerations of the Plan, outlines the primary elements and budgetary requests of the Plan, and discusses the differences between this Plan and the Companies’ inaugural NDPP.

Danyale Howard, Director of Natural Disaster Protection Program Execution. Ms. Howard sponsors the elements of the Plan related to circuit patrols; detailed inspections and corrections; system hardening; investment sharing; undergrounding; distribution overhead rebuilds; copper wire removal; expulsion fuse replacements; lightning arresters; tree attachments; critical crossings; pole stoppers; fire mesh installations; substation hardening; advanced technology; and system protection study.

Jay Wiggins, Director of Natural Disaster Protection Compliance and Operations Support. Mr. Wiggins sponsors the elements of the Plan related to vegetation management; resource sufficiency; risk based approach

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(emergency response and resource sufficiency); and public safety outage management.

Mark Regan, Fire Mitigation Specialist/Fire Chief. Mr. Regan sponsors the elements of the Plan related to updating the heightened Wildfire Risk Tier Areas; elevating the Virginia City Highlands’ Wildfire Risk Tier Area; and the use of drones and satellite technology.

Cary Shelton-Patchell, Director, Revenue Requirement and Regulatory Accounting. Ms. Shelton-Patchell calculates the anticipated rate impacts of the Plan for plan years 2024, 2025, and 2026.

Alex Hoon, Natural Disaster Protection Plan Senior Meteorologist. Mr. Hoon sponsors evidence regarding the effects of climate change in Nevada, changes in the weather patterns and fire events that have occurred over the past 20 years, and supports the steps the Companies are taking to actively mitigate these increasing threats. Mr. Hoon also provides support for the situational awareness activities in the Plan.

V.

CONFIDENTIALITY

None of the information set forth in the NDPP, Technical Appendices or Prepared Direct Testimony is commercially confidential and/or trade secret information subject to protection pursuant to NRS § 703.190.

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VI.

REQUESTS FOR RELIEF

The Companies respectfully request that the Commission issue an order granting the following relief:

1. Approving the Plan as it is set forth in Exhibit B to this Joint Application;
2. Finding that this filing fully satisfies the reporting requirements of NRS § 704.7983 and the NDPP Regulations;
3. Approving NV Energy’s request to create a new Tier 1 heightened wildfire risk area;
4. Approving NV Energy’s request to elevate the Virginia City Highlands area from the Tier 2 wildfire risk area to Tier 3;
5. Approving NV Energy’s request for the Commission to approve as part of the execution of the Plan and deem prudent \$92,585,685 in capital projects related to natural disaster risk mitigation and grid resiliency to be recovered through general rates;
6. Finding that NV Energy has complied with the directive in Docket No. 20-02031 requiring this Plan to include a proposed undergrounding plan for all remaining distribution lines within all Tier 3 areas;
7. Finding that NV Energy has complied with the directive in Docket No. 20-02031 requiring NV Energy to work with local governments to pursue cost-sharing or cost-reducing mechanisms for undergrounding plans in Tier 3 areas;
8. Finding that NV Energy has complied with the directive in Docket Nos. 22-03006 and 22-08001 requiring this Plan to identify what other funding sources, including but not limited to federal grants, are available to defray the costs of the NDPP and to detail the funding sources and amounts NV Energy has applied for and received;
9. Finding that NV Energy has complied with the directive in Docket No. 22-08001 requiring NV Energy to demonstrate how Weather Research and Forecasting,

1 Atmospheric Data Solutions, and any proposed tool or software supports the continuous
2 NDPP optimization; and

3 10. Granting such additional other relief as the Commission may deem appropriate
4 and necessary.

5 Dated and respectfully submitted this 1st day of March, 2023.

6
7 NEVADA POWER COMPANY
8 D/B/A NV ENERGY
9 SIERRA PACIFIC POWER COMPANY
10 D/B/A/ NV ENERGY

11 /s/ Michael Knox
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EXHIBIT B
THE PLAN PT. 1

2023 Natural Disaster Protection Plan Triennial Update



March 1, 2023

TABLE OF CONTENTS

Executive Summary	1
Background	4
1. Risk Based Approach - Natural Disaster Risk Analysis and Drivers	7
1.1. Natural Disaster Threats	8
1.2. Risk Driven Decision Making Framework.....	8
1.2.1. Wildfire Threat Profiles	9
1.2.2. Wind Occurrences	12
1.2.3. Winter Storms.....	16
1.2.4. Thunderstorms and Microbursts.....	21
1.2.5. Monsoon and Flooding Events	26
1.2.6. Heat Waves and Drought	28
1.2.7. Earthquakes	30
1.2.8. Landslides and Avalanches.....	33
1.3. Complying with the WUI Code	37
1.4. Updated Heightened Threat Areas for the Triennial Plan Update.....	37
1.4.1. Updated Heightened Threat Areas for Triennial Plan Update: Tier 3 VC Highlands	39
1.4.2. Updated Heightened Threat Areas for Compliance with the WUI	39
2. Natural Disaster Protection Strategies and Programs	46
2.1. Situational Awareness.....	47
2.1.1. Technosylva Analysis Platform.....	47
2.1.2. Wildfire Camera Deployment	48
2.1.3. Situational Awareness Program Costs.....	49
2.2. Operational Practices.....	50
2.2.1. Protocols for Hot Work and Projects in the Wildland AreaS	50
2.2.2. Reclosers	50
2.2.3. Protection and Interoperability.....	50
2.2.4. Specialized Safety Training.....	51
2.3. Emergency Management and Proactive De-energization (PSOM)	51

- 2.3.1. Emergency Management **51**
- 2.3.2. PSOM **52**
- 2.3.3. Service Continuity and Microgrids..... **53**
- 2.3.4. PSOM and Emergency Response Budget **54**
- 2.4. Vegetation Management..... **55**
 - 2.4.1. Patrolling and Tree Trimming **55**
 - 2.4.2. Pole Grubbing and ROW Clearing **56**
 - 2.4.3. Resilient Corridors..... **57**
 - 2.4.4. Vegetation Management Schedule **59**
 - 2.4.5. Fuel Mapping **60**
 - 2.4.6. Vegetation Management Budget..... **60**
- 2.5. Conditional Awareness: Circuit Patrols, Detailed Inspections and Corrections**61**
 - 2.5.1. Fire Tier Patrols, Inspections, and corrections **64**
 - 2.5.2. HTA Circuit Resilience Patrols, Inspections and Corrections **67**
- 2.6. Grid Resilience and System Hardening **69**
 - 2.6.1. System Hardening Strategy **69**
 - 2.6.2. Design and Construction Standards..... **72**
 - 2.6.3. Shared Capital Investment – System Hardening..... **73**
 - 2.6.4. Undergrounding Strategy **76**
 - 2.6.5. Overhead Rebuild Strategy **82**
 - 2.6.5.1. Copper Wire Replacement Program..... **83**
 - 2.6.5.2. Non-Expulsion Fuse Replacement **84**
 - 2.6.5.3. Lines Ruggedization Programs..... **85**
 - 2.6.5.4. Tree Attachment Removal **87**
 - 2.6.5.5. Overhead Rebuilds **88**
 - 2.6.5.6. Substation Hardening Investments **93**
 - 2.6.5.7. Lightning Arrester Replacement **102**
 - 2.6.5.8. Fire Mesh Program Expansion: (Pole Wrapping) Installation in Wildfire HTAs **103**



- 3. Communications and Outreach..... 105**
 - 3.1. EWG Engagement..... 105
 - 3.2. Customer Communication..... 105
 - 3.3. Customer Resource Centers..... 106
- 4. Advanced Technologies and Strategies 107**
 - 4.1. Pilot Project for Use of UAVS and/or Satellite Imaging for Line Patrol, Vegetation Clearances and Image Analytics 107
 - 4.2. System Protection Study..... 107
 - 4.3. Intelligent Reclosers Pilot Program 108
 - 4.4. Advanced Technologies Budget 108
- 5. Grant Funding Pursuits 110**
 - 5.1. Tribal Grants 110
 - 5.2. Other Grants 110
- 6. Metrics Performance and Monitoring..... 112**
- 7. Resource Sufficiency 122**
 - 7.1. Resource Sufficiency Budget..... 122
- 8. Financials 123**
 - 8.1. Plan Implementation Costs 2024-2026 123
- APPENDIX..... 125**
- Appendix A. Natural Disaster Heightened Threat Area Maps..... 126**
 - A.1 Wildfire Threats..... 127
 - A.2 Wind Occurrences 132
 - A.3 Winter Storms 136
 - A.4 Thunderstorms and Microbursts 141
 - A.5 Monsoons and Flooding..... 145
 - A.6 Heat Waves and Drought..... 147
 - A.7 Earthquakes..... 148
 - A.8 Landslides/Avalanches 150
- Appendix B. Updated Wildfire risk Assessment..... 153**
 - B.1 REAX Assessment for Proposed Tier 3 Zone: Virginia City (“VC”) Highlands. 154
 - B.2 REAX Assessment for Proposed NV Energy Proposed Tier 1 Fire Risk Zone 163



Appendix C. PSOM Plan 174
 Appendix D. USFS Resilience Corridors Project Decision Memo..... 197
 Appendix E. Letters of Support..... 206
 Appendix F. Undergrounding Prioritization Maps 213
 Appendix G. Critical Crossings Table 234
 Appendix H. Copper Wire Variance Table 236
 Appendix I. Overhead Rebuilds Maps 238
 Appendix J. NDPP Tier 3 Total Undergrounding Summary 248
 J.1 NDPP Tier 3 Total Undergrounding Summary Plan..... 249
 J.2 NDPP Selective Undergrounding Plan Segment Prioritization..... 262
 Appendix K. Table of Abbreviations 263

LIST OF TABLES

Table 1. Situational Awareness OMAG Budget 49
 Table 2. Situational Awareness Capital Budget 49
 Table 3. PSOM Triennial Budget 54
 Table 4. Emergency Response Triennial Budget 55
 Table 5. Resilient Corridors Agreements 59
 Table 6. Proposed Vegetation Management Schedule 60
 Table 7. Vegetation Management Triennial Budget 60
 Table 8. Patrol and Inspection Frequency – HTA Wildfire Risk 62
 Table 9. Patrol and Inspection Frequency – HTA Circuit Resilience 62
 Table 10. Fire Tier Patrols Levelized – SPPC and NPC 65
 Table 11. Fire Tier Inspections Levelized – SPPC and NPC 65
 Table 12. Fire Tier Corrections Sierra OMAG 65
 Table 13. Fire Tier Corrections Nevada Power OMAG 66
 Table 14. Fire Tier Pole Replacement Counts Nevada Power 66
 Table 15. Fire Tier Pole Replacement Nevada Power - Capital 66
 Table 16. Fire Tier Pole Replacement Counts Sierra 67
 Table 17. Fire Tier Pole Replacements Budget Sierra - Capital 67
 Table 18. Circuit Resilience Patrols, Inspections Nevada Power - OMAG 67
 Table 19. Circuit Resilience Corrections Nevada Power - OMAG 67
 Table 20. Circuit Resilience Nevada Power Pole Replacements Counts 68
 Table 21. Circuit Resilience Nevada Power Pole Replacement Budget - Capital 68
 Table 22. System Hardening Capital 72
 Table 23. Shared Capital Investment Classifications 74
 Table 24. Shared Capital Investment Amounts – GRC - NDPP 75
 Table 25. Sierra Phase 1 Undergrounding Projects 77
 Table 26. Sierra Phase 1 Undergrounding Funding (Two Miles and Four Miles) 78
 Table 27. Sierra Phase 2 Undergrounding Projects 78
 Table 28. Sierra Phase 3 Undergrounding Projects 78
 Table 29. Sierra Phase 2 and Phase 3 Undergrounding Funding 79
 Table 30. Sierra Undergrounding Phase 3 Cost Sharing 79



Table 31. Glenbrook Undergrounding Incorporated Phase 3 Cost Sharing Funding Request	79
Table 32. TTD Cost Sharing Funding Request	80
Table 33. Zephyr Cove Resort Underground Cost Sharing Funding Request	80
Table 34. Mt. Charleston Rebuild Undergrounding	80
Table 35. Angel Peak 401, 402 & 403	81
Table 36. Mt. Charleston Rebuild	82
Table 37. Sierra Copper Wire Replacement	83
Table 38. Projected Costs for Sierra Copper Wire Projects	83
Table 39. Nevada Power Copper Wire Replacement	84
Table 40. Projected Costs for Nevada Power Copper Wire Projects	84
Table 41. Expulsion Fuse Replacement	85
Table 42. Expulsion Fuse Replacement Proposed Budget - OMAG	85
Table 43. Expulsion Fuse Replacement Proposed Budget - Capital	85
Table 44. NPC Pole Stopper Program	86
Table 45. NPC Critical Crossing Program	87
Table 46. Pole Stoppers and Critical Crossing, 2023 NDPP Triennial Funding Request	87
Table 47. Tree Attachment Removal Program Proposed Budget	88
Table 48. Tree Attachment Removal	88
Table 49. Overhead Rebuilds	89
Table 50. Funding Request for Distribution Line Rebuilds for 2024-2026	90
Table 51. Curry 1280 Line Rebuild Funding Request 2024-2026	90
Table 52. Incline 4100 Line Rebuild Funding Request 2024-2026	91
Table 53. Muller 1295 Line Rebuild Funding Request 2024-2026	91
Table 54. Chimney Peak 201 Transmission Line Rebuild Funding Request 2024-2026	92
Table 55. Long-Term Substation Hardening Investments	94
Table 56. Funding Requested for Substation Hardening	100
Table 57. Status of the Lighting Arrester Program	103
Table 58. Lightning Arrester Replacement Program	103
Table 59. Fire Mesh Program	104
Table 60. System Protection Study OMAG Budget	108
Table 61. Intelligent Reclosers Capital Budget	108
Table 62. Advanced Technologies OMAG Budget	109
Table 63. Anticipated Grant Funding from Completed Applications	110
Table 64. Reported Plan Metrics	113
Table 65. Resource Sufficiency Triennial Budget	122
Table 66. OMAG Summary	123
Table 67. Capital Summary	124

LIST OF FIGURES

Figure 1. NV Energy Service Territory Map	6
Figure 2. EWG Collaborating Organizations	7
Figure 3. Risk Mitigation Decision Example	9
Figure 4. Wildfire Threat Tiers	10
Figure 5. High Wind Risks Legend	13
Figure 6. High Wind Risk	14
Figure 7. High Wind Risk Western Nevada	15
Figure 8. High Wind Risk Southern Nevada	16
Figure 9. Winter Storm Risks Legend	17
Figure 10. Winter Storm Risk	18

