BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA


At a general session of the Public Utilities Commission of Nevada, held at its offices on December 16, 2013.

PRESENT: Chairman Alaina Burtenshaw
Commissioner Rebecca D. Wagner
Commissioner David Noble
Assistant Commission Secretary Breanne Potter

ORDER: PHASE II

The Public Utilities Commission of Nevada ("Commission") makes the following findings of fact and conclusions of law:

I. INTRODUCTION


II. SUMMARY

The Commission grants Nevada Power’s and Sierra’s Applications as set forth below.

III. PROCEDURAL HISTORY

• On July 1, 2013, Nevada Power filed with the Commission an Application, designated as Docket No. 13-07002, for approval of its 2013 Annual Electric DSM Update Report as it relates...
to the Action Plan of its 2013-2032 IRP.

- On July 1, 2013, Sierra filed with the Commission an Application, designated as Docket No. 13-07005, for approval of its 2014-2033 IRP and 2014-2016 ESP.

- The Application by Nevada Power in Docket No. 13-07002 was filed pursuant to Nevada Revised Statutes ("NRS") and Nevada Administrative Code ("NAC") Chapters 703 and 704, including, but not limited to, NAC 704.934. Pursuant to NAC 703.527 through 703.5282, Nevada Power requests that certain material in its Application receive confidential treatment.

- The Application by Sierra in Docket No. 13-07005 was filed pursuant to NRS and NAC Chapters 703 and 704, including, but not limited to, NRS 704.741 and NAC 704.9005 through 704.9525. Pursuant to NAC 703.527 through 703.5282, Sierra requests confidential treatment of certain material in its Application.

- On July 9, 2013, the Commission issued a Notice of Application for Approval of 2013 Annual DSM Update Report and Notice of Prehearing Conference in Docket No. 13-07002.


- The Regulatory Operations Staff ("Staff") of the Commission participates in Docket Nos. 13-07002 and 13-07005 as a matter of right pursuant to NRS 703.301.

- On July 11, 2013, the Attorney General’s Bureau of Consumer Protection ("BCP") filed a Notice of Intent to Intervene in Docket No. 13-07002 pursuant to Chapter 228 of the NRS.

- On July 12, 2013, BCP filed a Notice of Intent to Intervene in Docket No. 13-07005 pursuant to Chapter 228 of the NRS.

- On July 17, 2013, Sierra filed Errata No. 1 to its Application in Docket No. 13-07005.


- On July 31, 2013, Nevadans for Clean Affordable Reliable Energy ("NCARE") filed PLTIs in Docket Nos. 13-07002 and 13-07005. On August 14, 2013, the Presiding Officer issued Orders
granting NCARE’s PLTIs in Docket Nos. 13-07002 and 13-07005.


- On August 9, 2013, the Presiding Officer issued Procedural Order No. 1 consolidating Docket Nos. 13-07002 and 13-07005 for hearing purposes and establishing a procedural schedule. The consolidated Dockets were bifurcated into two phases with Phase I consisting of all of the issues related to the ESP portion of Sierra’s Application in Docket No. 13-07005 and Phase II consisting of all of the non-ESP related issues of Sierra’s Application in Docket No. 13-07005 and the DSM-related issues contained in Nevada Power’s Application in Docket No. 13-07002.

- On September 16, 2013, BCP, Sierra and Staff filed a Stipulation resolving Phase I issues. Apple, NCARE, Newmont and NNIEU filed letters with the Commission stating that they did not oppose the Stipulation. B&C Trades Council and EnerNOC represented at the Docket No. 13-07005 Prehearing Conference that they did not intend to participate in the ESP portion of the proceedings. (Transcript at 8-10.)

- On September 20, 2013, Sierra filed Errata No. 2 to its Application in Docket No. 13-07005.

- On September 26, 2013, the Commission issued a Notice of Hearing on Phase I.

- On October 2, 2013, the Commission issued a Notice of Hearing on Phase II.

- On October 9, 2013, Staff, Sierra and BCP filed their first of two Phase II Stipulations resolving certain non-DSM Phase II issues. Apple, NCARE, B&C Trades Council, Newmont and NNIEU signified that they do not oppose the first Stipulation.

- On October 14, 2013, EnerNOC, Staff and BCP filed direct testimony pertaining to Phase II DSM issues.

- On October 15, 2013, NCARE filed direct testimony pertaining to Phase II DSM issues.

On October 18, 2013, Staff, Sierra, BCP, Apple, Newmont and NNI EU filed the second of two Phase II Stipulations (the “Fort Churchill Solar Array Stipulation”) resolving the remaining non-DSM Phase II issues.


On October 28, 2013, Sierra and Nevada Power filed rebuttal testimony pertaining to Phase II DSM issues.

On November 4, 2013, the Commission held a hearing on Phase II in Docket Nos. 13-07002 and 13-07005. Sierra, Nevada Power, Staff, BCP, EnerNOC, NCARE, Apple, B&C Trades Council, Newmont and NNI EU participated in the hearing. Exhibit Nos. 1 through 6 and Confidential Exhibit No. 1 were entered into the record as evidence.

IV. STIPULATIONS
A. First Phase II Stipulation

Parties’ Position

1. The parties to the first Phase II Stipulation agree and recommend that the Commission approve the Stipulation, attached hereto as Attachment 1. The Stipulation resolves all non-DSM Phase II issues except for the Fort Churchill Solar Array request, described below.

Commission Discussion and Findings

2. The Commission finds that the first Phase II Stipulation is a consensus resolution of the issues pursuant to the stipulating parties’ negotiations and is a reasonable recommendations and resolution of the identified issues in this proceeding. The Commission further finds that, in accordance with NAC 703.845, the first Phase II Stipulation settles only issues relating to the above-captioned proceeding and does not seek relief that the Commission is not otherwise empowered to grant. Therefore, the Commission finds that it is in the public interest to accept the first Phase II Stipulation.

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B. Fort Churchill Solar Array Stipulation

Parties' Position

3. The parties to the Fort Churchill Solar Array Stipulation agree and recommend that the Commissions approve the Stipulation, attached hereto as Attachment 2. The Stipulation resolves Sierra's Fort Churchill Solar Array request, which sought approval of the agreements necessary to facilitate the deployment of the renewable energy facility.

Commission Discussion and Findings

4. The Commission finds that the Fort Churchill Solar Array Stipulation is a consensus resolution of the issues pursuant to the stipulating parties' negotiations and is a reasonable recommendation and resolution of the identified issues in this proceeding. The Commission further finds that, in accordance with NAC 703.845, the Fort Churchill Solar Array Stipulation settles only issues relating to the above-captioned proceeding and does not seek relief that the Commission is not otherwise empowered to grant. Therefore, the Commission finds that it is in the public interest to accept the Fort Churchill Solar Array Stipulation.

V. DSM

A. Portfolio Credit Limitation Proposal

Parties' Positions

BCP

5. BCP recommends that the Commission modify the 50 percent residential portfolio credit ("PEC") limitation on renewable portfolio standard ("RPS") compliance in order to utilize commercial PECs that otherwise will not be used after 2014. BCP contends that, pursuant to
NRS 704.7821(2)(b), the Commission has the authority to approve a percentage other than 50 percent.\(^1\) (Ex. 47 at 2; 20-21.)

6. BCP specifically recommends that between now and 2024, the Commission waive all requirements regarding the percentage of DSM PECs that must be residential. (Ex. 47 at 21.)

7. BCP states that the combination of existing and planned renewable energy projects, carried-forward PECs and PECs that will be generated from programs implemented before 2012 generate enough PECs to meet RPS compliance through 2025. (Ex. 47 at 15.)

8. BCP recommends two options for funding levels for Nevada Power’s and Sierra’s DSM programs. For Nevada Power, Option A is based on Commission acceptance of this proposal, and Option B is provided if the Commission does not accept this proposal. For Sierra, Option 1 is based on Commission acceptance of this proposal, and Option 2 is provided if the Commission does not accept this proposal and reallocates funding away from programs that generate commercial PECs. (Ex. 47 at 22 and 25.)

**NV Energy Rebuttal**

9. NV Energy argues that the annual filing on RPS compliance is the appropriate forum to address modifications to NRS 704.7821(2)(b). Additionally, NV Energy contends that the intent of this requirement is to achieve a reasonable balance of residential and commercial DSM programs. The Commission should only consider a modification to this requirement after all cost-effective residential DSM programs are approved. (Ex. 56 at 5-6).

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\(^1\) NRS 704.7821(2)(b) states: “Of the total amount of electricity that the provider is required to generate, acquire of save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. If the provider intends to use energy efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission.”
Commission Discussion and Findings

10. The Commission does not accept BCP’s proposal to modify the 50 percent residential PEC limitation on RPS compliance in order to utilize commercial PECs. The Commission agrees with NV Energy that the proper forum to address modifications to RPS compliance requirements is in the annual filing on RPS compliance where all interested parties would have an opportunity to weigh in on this proposal. It is the Commission’s position that this proposal is a significant change in policy. While the Commission has this authority pursuant to NRS 704.7821(2)(b), a change in policy must be carefully vetted to ensure that all affected entities receive proper notice and have an opportunity to be heard. Further, a change of this nature requires consideration of the legislative history to determine the intent of the language and to ensure that the Commission is making a policy change that is consistent with that intent. BCP does not provide any legal analysis or legislative history to support its proposal.

B. Nevada Power DSM Programs

Overview

Nevada Power

11. Nevada Power requests acceptance of its DSM Update Report for the 2014 program year as well as acceptance of the 2014 Preferred Plan (“Preferred Plan”) budgets and targets. The Preferred Plan recommends that all programs previously approved in Docket No. 12-06053 (2012 IRP) be continued for program year 2014 at the approved budget levels except for the Residential Solar Thermal Water Heating program. Nevada Power recommends that the budget for the Residential Solar Thermal Water Heating program be increased from $100,000 to $200,000. The Preferred Plan has a total budget of $50 million, total energy savings of 136,313,000 kWh with peak demand savings of 87,632 kW, a total resource benefits to cost ratio
of 1.56 and a net benefit of $37.8 million to the communities served by Nevada Power. (Ex. 3 at 3-4; DS-1.)

12. Nevada Power also included two alternative plans: the Maximum Net Benefit Alternative Plan ("Maximum Plan") and the Minimum Impact Alternative Plan ("Minimum Plan"). The Maximum Plan seeks to achieve the greatest magnitude of energy savings and peak demand reductions with an emphasis on peak demand reductions. (Ex. 3 at 22.) The Maximum Plan has a total budget of $62.6 million, total energy savings of 203,638,000 kWh with peak demand savings of 106,616 kW, a total resource benefits to cost ratio of 1.55 and a net benefit of $47.2 million. (Ex. 3 at 30-32.) This plan leads to the greatest short-term increase in rates of the three plans.

13. The Minimum Plan provides the least amount of energy savings and peak demand reductions and has the least impact on avoiding the costs of construction of generation and transmission/distribution facilities. (Ex. 3 at 23.) The Minimum Plan has a total budget of $33 million, total energy savings of 80,651,000 kWh with peak demand savings of 57,690 kW, a total resource benefits to cost ratio of 1.47 and a net benefit of $20.3 million. This plan has the least impact on short-term rates. (Ex. 3 at 33-35.)

BCP

14. BCP recommends that the DSM programs be funded at or near the Minimum Plan budget depending upon the Commission’s decision on BCP’s proposal to limit PECs used for RPS compliance. In either scenario, BCP argues that a reduced budget is warranted due to the following: (1) uncertainties regarding the amount of DSM that is appropriate for addressing

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2 Nevada Power notes that alternatives are not required in an annual DSM Update Report. However, it was unclear to Nevada Power if the directive contained in Ordering Paragraph 14 of the Commission’s Order dated March 23, 2012, in Docket Nos. 11-07026 and 11-07027 applied to annual DSM Update Reports. (Ex. 44 at 9-10.) Nevada Power seeks clarification on this issue and it is addressed later in this Order.
open positions; (2) additional DSM spending is no longer necessary to achieve RPS compliance; and (3) uncertainties about the cost-effectiveness of DSM programs and future cost avoidance associated with DSM programs.

15. BCP contends that the aforementioned uncertainties include the implementation of Senate Bill 123 of the 77th Session of the Nevada Legislature ("SB123"), the impact of the proposed merger between Nevada Power and Sierra, the impact of the acquisition of NV Energy by MidAmerican Energy Holdings Company, the integration of the One Nevada Transmission Line ("ON-Line") project, the effectiveness of joint dispatch, and the cost-effectiveness of DSM programs. (Ex. 47 at 12.)

16. BCP states that the budget levels should be revisited next year after some of the uncertainties have been addressed. (Ex. 47 at 1-2).

NCARE

17. NCARE recommends the funding at the Preferred Plan level for the following programs: Low Income Weatherization, Residential Energy Efficient Lighting, Second Refrigerator Collection and Recycling, Residential High Efficiency Air Conditioning, Energy Efficient Pools and Spas, Non-Profit Agency Grants, Energy Smart Schools, Market and Technology Trials, and Demand Response. NCARE further recommends that the Energy Education and Consultation program be funded at the Maximum Plan level, the Commercial Incentives program be funded at a level between the Preferred Plan and the Maximum Plan, and the Residential Solar Thermal Water Heating program be funded at the Minimum Plan level. NCARE’s recommendations result in a budget of approximately $53.98 million. (Ex. 45 at 17 and 34.)

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18. NCARE recommends that the Commission direct Nevada Power in future filings to directly tie its Preferred Plan to an objective measure. NCARE recommends that Preferred Plan budgets be set to achieve at least one percent in savings as a fraction of total retail kilowatt-hour sales and Maximum Plan budgets be set to achieve at least 1.5 percent savings. NCARE contends that the outcomes of linking the planning scenarios to objective success measures would be greater consistency and transparency, easier analysis of planning options, and more effective decision-making around program and portfolio budget and savings goals. (Ex. 45 at 9.)

Staff

19. Staff recommends acceptance of the Preferred Plan, with two exceptions. Staff proposes to continue to suspend the Residential Energy Efficient Lighting program and recommends that the Residential Solar Thermal Water Heating program remain at the Commission-approved budget of $100,000. Staff recommends a total budget of approximately $47.6 million for Nevada Power’s DSM programs. (Ex. 50 at 1-3.)

Nevada Power Rebuttal

20. Nevada Power disagrees with BCP’s characterization of existing uncertainties and BCP’s proposed methods for dealing with them. Nevada Power states that uncertainties are inherent in most planning processes, but through robust analysis, uncertainties can be addressed. Further, the annual review of DSM portfolios provides an opportunity to adjust and modify programs to address uncertainty. (Ex. 56 at 5.)

21. Nevada Power disagrees with BCP’s assertion that there are uncertainties about the cost-effectiveness of DSM and the future cost avoidance that will be achievable through DSM programs. With respect to the impacts of the implementation of SB 123, Nevada Power states that while there will be resource additions, there will also be commensurate retirements of
coal-fired resources. Nevada Power contends that it is reasonable to assume only modest changes in the benefits to costs metrics as a result of SB 123. (Ex. 56 at 7.)

22. Nevada Power disagrees with NCARE’s proposal to establish savings targets of 1 percent and 1.5 percent as a fraction of retail kilowatt-hour sales. Nevada Power contends that NCARE did not provide a basis for its proposal and that the recommendation is contrary to the purposes of an integrated resource planning process. Nevada Power recommends that this issue be addressed in the Commission’s investigatory docket on DSM issues (Docket No. 12-12030). (Ex. 56 at 8-9.)

Commission Discussion and Findings

23. The Commission accepts Nevada Power’s DSM Update Report for the 2014 program year as well as the 2014 Preferred Plan budgets and targets as modified below. The Commission finds that Nevada Power has satisfied its obligation under NAC 704.934(8).

24. The Commission disagrees with BCP’s premise that due to uncertainties, DSM programs should be funded at or near the Minimum Plan level. The Commission agrees with Nevada Power that uncertainties are inherent in the planning process and that such uncertainties are more appropriately addressed through the annual review of the DSM programs.

25. While the Commission agrees with NCARE that tying the Preferred and Maximum Plans to an objective target would be helpful, this issue is better addressed in Docket No. 12-12030, where all interested parties will have an opportunity to fully vet this proposal.

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1. **Low Income Weatherization Program**

**Parties’ Positions**

**Nevada Power**

26. Nevada Power proposes to fund the Low Income Weatherization program at $500,000 for 2014. This program has estimated energy savings of 492,000 kWh with peak demand savings of 179 kW, total resource benefits to cost ratio of 1.09 and a net benefit of $44,242. (Ex. 3 at 24-26.)

27. Nevada Power states that the Low Income Weatherization program partners with the Nevada Housing Division ("NHD") and its subgrantees to provide low-income customers additional energy efficiency measures in conjunction with its low-income weatherization projects. (Ex. 40 at 6.) Nevada Power asserts that due to the current level of avoided costs and the need to first address health and safety concerns, it is not possible to offer a stand-alone cost-effective program that serves a different set of customers than those being served under NHD’s program. Nevada Power will only measure, verify and report results for the energy efficiency measures it funds. (Ex. 40 at 7.)

**BCP**

28. BCP recommends that the Low Income Weatherization program be funded at $0 under its Option A. Under Option B, BCP recommends funding at the Preferred Plan level of $500,000 for 2014. (Ex. 47 at 25.)

**NCARE**

29. NCARE recommends funding of the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. (Ex. 45 at 18.)

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Staff

30. Staff recommends funding of the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. Staff states that modifications to the program have increased the 2014 projected Total Resource Cost ("TRC") over the previous projection provided in Docket. No. 12-06053. (Ex. 50 at 4.)

Commission Discussion and Findings

31. The Commission accepts Nevada Power's proposal to fund the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. The Commission agrees with Staff that the modifications to the program have increased its cost-effectiveness.

2. Residential Energy Efficient Lighting Program

Parties' Positions

Nevada Power

32. Nevada Power recommends that the Commission reverse the suspension of the Residential Energy Efficient Lighting program and fund it at $2.3 million for 2014. This program has estimated energy savings of 4,660,000 kWh with peak demand savings of 447 kW, total resource benefits to cost ratio of 1.31 and a net benefit of $718,045. (Ex. 3 at 24-25.)

33. Nevada Power states that this program was redesigned for 2014 to include only light-emitting diode ("LED") lighting measures. In its Order from December 24, 2012, in Docket Nos. 12-06052 and 12-06053, the Commission stated that the program was to be suspended until new lighting technologies became more viable replacements for compact fluorescent light ("CFL") technologies. Nevada Power explains that the revised Residential Energy Efficient Lighting program is market-based and provides upstream incentives to

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3 In the Commission Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053, the Commission directed Nevada Power to include a revised lighting program in its DSM Update Report.
consumers for the retail purchases of energy efficient LED lighting products that have earned the national ENERGY STAR® rating and logo. (Ex. 41 at 7-8.)

**BCP**

34. BCP recommends that the Residential Energy Efficient Lighting Program be funded at the Minimum Plan level of $1.2 million under BCP’s Option A. Under BCP’s Option B, BCP recommends funding at the Preferred Plan level of $2.3 million. BCP contends that this program has a positive TRC and could provide residential customers lower priced access to new technology (LED) with potential savings over 20 years. (Ex. 47 at 25.)

**NCARE**

35. NCARE recommends funding the Residential Energy Efficient Lighting program at the Preferred Plan level of $2.3 million for 2014. NCARE asserts that because the program was suspended in 2011, Nevada Power has significant ground to make up in building the market for next generation lighting, specifically LED lamps. (Ex. 45 at 18.)

**Staff**

36. Staff recommends that the Commission reject Nevada Power’s proposed Residential Energy Efficient Lighting program at any budget level for 2014. Staff contends that several of Nevada Power’s assumptions are incorrect and that, once the assumptions are corrected, the program is not cost-effective. (Ex. 50 at 9, 11.)

37. Staff states that the information provided by Nevada Power was based on Nevada-specific prices for LED lights and Halogen lights. However, Staff contends that these state averages are not being utilized in PortfolioPro, a Microsoft Excel-based analysis and scenario tool for DSM programs employed by NV Energy. Nevada Power utilized averages in the
incremental cost calculation that are below the researched Nevada averages and the other averages provided. (Ex. 49 at 7.)

38. Staff expresses concern that Nevada Power assumes that the base measure for the program is the Halogen bulb. Staff contends that the CFL should account for some, if not a majority, of the base bulb assumption in calculating the cost-effectiveness of the program. The Commission determined that the CFL had taken over a majority of the lighting market and was the new standard bulb in Nevada. (Ex. 50 at 10.)

39. Staff states that Nevada Power provided no information or discussion of the Halogen bulb in testimony or Program Data Sheets. Staff contends that the base measure for any program is vital to all the inputs that feed into the PortfolioPro calculation. It is Staff’s position that Nevada Power has not provided enough information to support the Residential Energy Efficient Lighting program at any budget level. (Ex. 50 at 10.)

40. Staff states that if the Commission were to approve the program, then Nevada Power should use the Commission-approved hours of use ("HOU") of 1.9 and heating and cooling interaction factor ("HCIF") of 1. Staff would not support changes to the HOU and HCIF unless Nevada Power provided adequate support justifying new factors that were fully vetted before the Commission. (Ex. 48 at 6.)

Nevada Power Rebuttal

41. Nevada Power contends that Staff’s recommendation is based on what appears to be an overall misunderstanding of the assumptions related to the incremental costs and base measure utilized for the energy savings to calculate the cost-effectiveness of the program. Nevada Power reasserts that its computations are reasonable and result in a cost-effective program. (Ex. 53 at 2.)
42. Nevada Power states that it utilized Evaluation, Measurement and Verification ("EM&V") industry best practices when selecting the Energy Independence Standards Act of 2007 ("EISA 2007") standard-compliant Halogen bulb as the appropriate baseline measure. Nevada Power states that the EM&V industry does not utilize CFLs as the baseline measure for residential lighting. (Ex. 53 at 3.)

43. At the hearing, Nevada Power acknowledged that, in Docket Nos. 11-07029 and 11-07027, the Commission determined that the residential lighting market had transformed and that CFLs were the new standard bulbs. However, Nevada Power suggested that the Commission revisit this issue because of the current status of the market as well as the implications of EISA 2007. Nevada Power further acknowledged that it did not specifically explain how it arrived at the pricing of the bulbs used in its analysis. (Tr. at 142-143).

44. Nevada Power reasserts that it utilized the appropriate costs for LED bulbs in the calculation of the incremental costs for use in PortfolioPro. Nevada Power contends that Staff failed to consider program design and delivery in its recommendation. Nevada Power explains that it used the costs that are expected to be experienced by the program as determined by the design and delivery model of the program rather than an average cost. The program will use a Request for Proposal ("RFP") process that will select the lowest-priced bulbs in the market. The program will only support these specific LED bulbs. Nevada Power contends that using actual prices found in retail stores provides a more accurate estimation of the bulb costs. Nevada Power acknowledges that it did not provide this explanation in the spreadsheets, noting that the spreadsheets were developed to look at costs from different perspectives. (Ex. 53 at 5-6.)
45. At the hearing, Nevada Power acknowledged that it did not specifically explain in its testimony how it intended to use an RFP process to determine the pricing of the bulbs used in its analysis. (Tr. at 145.)

46. Nevada Power disagrees with NCARE’s recommendation to fund this program at the Maximum Plan level and reasserts that the Preferred Plan funding level is the most appropriate. (Ex. 53 at 10.)

**Commission Discussion and Findings**

47. The Commission accepts Nevada Power’s proposal to reinstate and fund the Residential Energy Efficient Lighting program at the Preferred Plan level of $2.3 million. The Commission appreciates the concerns raised by Staff, but finds compelling the explanations provided by Nevada Power. The Commission also agrees with NCARE that “there is ground to make up in building the market for next generation lighting, specifically LED lamps.” However, the Commission finds that the Maximum Plan level is excessive as the program is just being reinstated.

48. The Commission agrees with Staff that Nevada Power should use the Commission-approved HOU of 1.9 and HCIF of one until such time that Nevada Power provides adequate support justifying new factors that are fully vetted before the Commission.

3. **Second Refrigerator Collection and Recycling Program**

**Parties’ Positions**

**Nevada Power**

49. Nevada Power proposes to fund the Second Refrigerator Collection and Recycling program at $1.2 million for 2014. This program has estimated energy savings of 5,900,000 kWh
with peak demand savings of 852 kW, total resource benefits to cost ratio of 1.37 and a net benefit of $441,392. (Ex. 3 at 24-25.)

50. Nevada Power states that this program is designed to help customers reduce energy consumption by removing functional second refrigerators or freezers from their homes and permanently removing the units from the market place. Pursuant to changes made in late 2012, the retail component of this program was discontinued. As a result, the freeridership rate was reduced and the cost-effectiveness was increased. (Ex. 41 at 6-7.)

**BCP**

51. BCP proposes that the Second Refrigerator Collection and Recycling program be funded at $0 under its Option A. Under Option B, BCP recommends that this program be funded at the Preferred Plan level of $1.2 million for 2014. (Ex. 47 at 25).

**NCARE**

52. NCARE recommends funding the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014. (Ex. 45 at 18.)

**Staff**

53. Staff recommends funding the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014. Staff states that this program has proven cost-effective with the elimination of the retail component. Staff acknowledges that in the next few years, the program's cost effectiveness will begin to decline due to the recycling of more efficient refrigerators. However, it would be premature to end the program at this time. (Ex. 50 at 3.)

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Commission Discussion and Findings

54. The Commission accepts Nevada Power’s proposal to fund the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014 because the cost-effectiveness of the program has improved with the elimination of the retail component.

4. Residential Solar Thermal Water Heating Program

Parties’ Positions

Nevada Power

55. Nevada Power proposes to fund the Residential Solar Thermal Water Heating program at $200,000 for 2014. This program has estimated energy savings of 116,000 kWh with peak demand savings of 10 kW, total resource benefits to cost ratio of .31 and a negative net benefit. (Ex. 3 at 24-26.)

56. Nevada Power states that this program provides incentives to residential customers with electric water heaters who install qualifying solar thermal water heating systems. The Residential Solar Thermal Water Heating is included in the 2014 DSM Update report in compliance with NRS 704.741(3)(a) and NAC 704.934(4).

BCP

57. BCP recommends that, under either Option A or Option B, the funding for the Residential Thermal Water Heating program should be eliminated because of low cost-effectiveness.4 (Ex. 47 at 24.)

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4 BCPs Chart DJ-12 indicates a funding level of $100,000 under its proposed Option A.
NCARE

58. NCARE recommends funding the Residential Solar Thermal Water Heating program at the Minimum Plan level of $100,000 for 2014 due to its low cost-effectiveness. (Ex. 45 at 19.)

Staff

59. Staff recommends funding the Residential Solar Thermal Water Heating program at the Commission-approved budget level $100,000 (which is the Minimum Plan level). Staff asserts that Nevada Power did not adequately justify its rationale for increasing the budget. (Ex. 50 at 11.)

Commission Discussion and Findings

60. The Commission accepts the recommendations of Staff and NCARE to fund the Residential Solar Thermal Water Heating program at the Minimum Plan level of $100,000. Nevada Power did not adequately justify its rationale for increasing the budget by $100,000.

5. Residential High Efficiency Air Conditioning Program

Parties’ Positions

Nevada Power

61. Nevada Power proposes to fund the Residential High Efficiency Air Conditioning program at $12 million for 2014. This program has estimated energy savings of 20,500,000 kWh with peak demand savings of 7,438 kW, total resource benefits to cost ratio of 1.76 and a net benefit of $8.87 million. (Ex. 3 at 24-26.)

62. Nevada Power states that this program encourages customers to make energy efficiency upgrades to existing central air conditioners and heat pumps. The program also
provides early replacement of old and inefficient residential air conditioners and heat pumps with high efficiency systems. (Ex. 41 at 4.)

**BCP**

63. BCP recommends that the Residential High Efficiency Air Conditioning program be funded at the Minimum Plan level of $5.7 million for both Option A and Option B. (Ex. 47 at 25.)

**NCARE**

64. NCARE recommends funding the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014. (Ex. 45 at 19.)

**Staff**

65. Staff recommends funding the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014. Staff acknowledges that this program was barely cost-effective with a TRC of 1.0 in 2012. However, Staff contends that the modifications to the program will increase the TRC in future years. (Ex. 50 at 5.)

**Commission Discussion and Findings**

66. The Commission accepts Nevada Power’s proposal to fund the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014 because it is projected cost-effective in 2014.

6. **Energy Efficient Pools and Spas Program**

**Parties’ Positions**

**Nevada Power**

67. Nevada Power proposes to fund the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. This program has estimated energy savings of
8,800,000 kWh with peak demand savings of 3,351 kW, total resource benefits to cost ratio of 1.95 and a net benefit of $1.7 million. (Ex. 3 at 24-26.)

68. Nevada Power states that this program targets residential customers through retail, distributor and pool professional sales channels. The program provides rebates to industry partners for offering instant point of purchase discounts on variable speed pool pumps. The program requires that the pool pumps be programmed to not operate between 3 pm and 6 pm to increase peak demand savings. (Ex. 42 at 14-15.)

BCP

69. BCP recommends that the Energy Efficient Pools and Spas be funded at the Minimum Plan budget level of $1.2 million for both Option A and Option B. (Ex. 47 at 25.)

NCARE

70. NCARE recommends funding the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. (Ex. 45 at 19.)

Staff

71. Staff recommends funding the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 5.)

Commission Discussion and Findings

72. The Commission accepts Nevada Power’s proposal to fund the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014 based on the program’s past and projected cost-effectiveness.

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7. Non-Profit Agency Grants Program

Parties’ Positions

Nevada Power

73. Nevada Power proposes to fund the Non-Profit Agency Grants program at $100,000 for 2014. This program has estimated energy savings of 290,000 kWh with peak demand savings of 51 kW, total resource benefits to cost ratio of 1.7 and a net benefit of $62,615. (Ex. 3 at 24-26.)

74. Nevada Power states that the Non-Profit Agency Grants program provides financial assistance to non-profit organizations for the installation of energy efficiency measures in new and existing buildings. (Ex. 40 at 9.)

BCP

75. BCP recommends that the Non-Profit Agency Grant program not be funded (as proposed under the Minimum Plan) to keep overall funding of DSM to a minimum. (Ex. 47 at 25.)

NCARE

76. NCARE recommends funding the Non-Profit Agency Grant program at the Preferred Plan level of $100,000 for 2014. (Ex. 45 at 19.)

Staff

77. Staff recommends funding the Non-Profit Agency Grant program at the Preferred Plan level of $100,000 for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 4.)

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Commission Discussion and Findings

78. The Commission accepts Nevada Power’s proposal to fund the Non-Profit Agency Grant program at the Preferred Plan level of $100,000 for 2014 based on past and projected cost-effectiveness.

8. Commercial Incentives

Parties’ Positions

Nevada Power

79. Nevada Power proposes to fund the Commercial Incentives program at $10.65 million for 2014. This program has estimated energy savings of 71,000,000 kWh with peak demand savings of 8,917 kW, total resource benefits to cost ratio of 1.56 and a net benefit of $9.76 million. (Ex. 3 at 24-26.)

80. Nevada Power states that the Commercial Incentives program facilitates the implementation of energy efficient measures and building practices in commercial, industrial and institutional facilities through incentives and comprehensive technical services. (Ex. 40 at 10.)

BCP

81. BCP recommends that, under its Option A, the Commercial Incentives program be funded at the Minimum Plan level of $7 million because of a high TRC with high kilowatt-hour savings. Under its Option B, BCP recommends that the Commercial Incentives program be scaled back to $3.7 million (below the Minimum Plan level) to avoid generating more non-residential PECs. (Ex. 47 at 24-25.)

NCARE

82. NCARE recommends funding the Commercial Incentives program at approximately $14.33 million, which splits the difference between the Preferred Plan and
Maximum Plan levels. NCARE notes that this program has a history over the last two years of running out of funding mid-year and shutting down. NCARE contends that the Preferred Plan could have two unintended consequences. One consequence is that the funding runs out during the program year. The second consequence is the possibility that new construction projects will be disadvantaged under the combined program structure that serves both new and retrofit construction. NCARE expresses concern that new construction projects may not get adequate access to incentives due to the demand for retrofit incentives.

**Staff**

83. Staff recommends funding the Commercial Incentives program at the Preferred Plan level of $10.65 million for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 6.)

**Nevada Power Rebuttal**

84. Nevada Power disagrees with NCARE’s proposal to fund the Commercial Incentives program at a higher level than the Preferred Plan. Nevada Power contends that the Preferred Plan has been appropriately sized to take into account past program performance and current program demand. Also, the combined incentive program provides flexibility within the market place so the program does not run out of funding. (Ex. 55 at 14.)

**Commission Discussion and Findings**

85. The Commission accepts Nevada Power’s proposal to fund the Commercial Incentives program at the Preferred Plan level of $10.65 million for 2014. The Commission appreciates the concerns raised by NCARE regarding the sustainability of the program. However, the Commission agrees with Nevada Power that the modifications to the program will mitigate the potential consequences described by NCARE.
9. **Energy Smart Schools Program**

**Parties’ Positions**

**Nevada Power**

86. Nevada Power proposes to fund the Energy Smart Schools program at $1.6 million for 2014. This program has estimated energy savings of 12,500,000 kWh with peak demand savings of 1,387 kW, total resource benefits to cost ratio of 1.68 and a net benefit of $1.6 million. (Ex. 3 at 24-26.)

87. Nevada Power states that the Energy Smart Schools program is designed to facilitate energy efficiency and peak demand reductions for schools. It is comprised of two key program elements: incentives for energy efficiency measures and extensive technical assistance for the identification, development, bidding and managing of energy efficient projects. (Ex. 40 at 7.)

**BCP**

88. BCP recommends that, under its Option A, the Energy Smart Schools program be funded at the Minimum Plan level of $1 million. Under its Option B, BCP proposes that the program be funded at the Preferred Plan level of $1.6 million because it provides upgrades that schools would not likely be able to fund without assistance thereby allowing more funds to be dedicated directly to education. (Ex. 47 at 25-26.)

**NCARE**

89. NCARE recommends funding the Energy Smart Schools program at the Preferred Plan level of $1.6 million for 2014. (Ex. 45 at 19.)

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Staff

90. Staff recommends funding the Energy Smart Schools program at the Preferred Plan level of $1.6 million for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 4.)

Commission Discussion and Findings

91. The Commission accepts Nevada Power’s proposal to fund the Energy Smart Schools program at the Preferred Plan level of $1.6 million for 2014 based on past and projected cost-effectiveness.

10. Energy Education and Consultation Program

Parties’ Positions

Nevada Power

92. Nevada Power proposes to fund the Energy Education and Consultation program at $400,000 for 2014. Due to the nature of this program, it has no energy or peak demand saving associated with it, a TRC of zero and negative net benefits. (Ex. 3 at 24-26.)

93. Nevada Power states that this program is designed to educate and assist customers, builders, developers, realtors and energy professionals regarding the efficient use of electricity and environmental benefits of conservation in homes and businesses. (Ex. 40 at 11.)

BCP

94. BCP recommends that, under either Option A or Option B, the Energy Education and Consultation program be funded at the Minimum Plan level of $300,000.

NCARE

95. NCARE recommends funding the Energy Education and Consultation program at the Maximum Plan level of $800,000 for 2014. NCARE notes that this program is the repository
of Nevada Power's Home Energy Reports program, which is only included in the Maximum Plan. NCARE contends that implementing the Home Energy Reports program at Sierra and Nevada Power simultaneously offers the advantage of economies of scale in program planning, programming and reporting. Additionally, the Home Energy Reports program component of the Energy Education and Consultation program offers savings that this program would not otherwise achieve due to the projected benefit-cost ratio greater than 1.0. (Ex. 45 at 22-23.)

96. In support of its recommendation regarding the Home Energy Reports program, NCARE notes that these programs are now part of utility DSM portfolios of at least 85 utilities. (Ex. 45 at 25.)

97. NCARE makes the following recommendations regarding the implementation of the Home Energy Reports program: 1) the program should use best practices in evaluating program impacts; 2) Nevada Power should require that the program implementer follow best practice privacy standards to protect customers; and 3) the program should be an "opt-out" program in order to drive high levels of customer engagement. (Ex. 45 26-29.)

Staff

98. Staff recommends funding the Energy Education and Consultation program at the Preferred Plan level of $400,000 for 2014. (Ex. 50 at 6.)

Nevada Power Rebuttal

99. Nevada Power disagrees with NCARE's proposal to fund the Energy Education and Consultation program at the Maximum Plan level in order to include the implementation of Home Energy Reports. Nevada Power contends that the Preferred Plan funding level is appropriate. (Ex. 55 at 11.)

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Commission Discussion and Findings

100. The Commission does not accept Nevada Power’s proposal to fund the Energy Education and Consultation program at the Preferred Plan level of $400,000 for 2014. Instead, the Commission accepts NCARE’s proposal to fund this program at the Maximum Plan level of $800,000 in order to incorporate the implementation of the Home Energy Reports program. The Commission agrees with NCARE that starting Sierra and Nevada Power programs at the same time offers the advantage of economies of scale and program planning. Further, including the Home Energy Reports program improves the cost-effectiveness of the Energy Education and Consultation program. Nevada Power’s rebuttal did not adequately support denial of NCARE’s proposal.

11. Market and Technology Trials Program

Parties’ Positions

Nevada Power

101. Nevada Power proposes to fund the Market and Technology Trials program at $400,000 for 2014. Due to the nature of this program, it has no energy or peak demand saving associated with it, a TRC of zero and negative net benefits. (Ex. 3 at 24-25.)

102. Nevada Power states that this program focuses on the assessment and testing of innovative and energy efficient technologies with applications in the residential, small commercial and industrial markets in Nevada. Nevada Power asserts that the program strengthens its ability to help customers reduce energy bills through implementation of new, advanced and cutting-edge energy efficiency measures. (Ex. 41 at 3-4.)

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BCP

103. BCP recommends that, under either Option A or Option B, the Market and Technology Trials be funded at the Minimum Plan level of $100,000.

NCARE

104. NCARE recommends funding the Market and Technology Trials program at the Preferred Plan level of $400,000 for 2014. NCARE asserts that this program is a valuable tool to assess new technologies and market acceptance of newer products on a small scale to determine their potential. NCARE adds that the program can identify promising new technologies that may be used in future programs. (Ex. 45 at 23.)

Staff

105. Staff recommends funding the Market and Technology Trials program at the Preferred Plan level of $400,000 for 2014. Staff notes that while the program does not have a TRC, it seems that it has gained momentum in tying the Commercial Incentives program with Demand Response technology. (Ex. 50 at 5-6.)

Commission Discussion and Findings

106. The Commission accepts Nevada Power’s proposal to fund the Market and Technology Trials program at the Preferred Plan level of $400,000 for 2014 based on the program’s usefulness in assessing new technologies.

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12. **Demand Response Program**

**Parties’ Positions**

**Nevada Power**

107. Nevada Power proposes to fund the Demand Response program at $19.15 million\(^5\) for 2014. This program is comprised of residential and commercial components and has estimated energy savings of 12,055,000 kWh with peak demand savings of 65,000 kW, total resource benefits to cost ratio of 1.54 and a net benefit of $15.6 million. (Ex. 3 at 24-26.)

**BCP**

108. BCP recommends that, under either Option A or Option B, the Demand Response program be funded at the Minimum Plan level of $16.4 million because it may provide helpful peak load reduction. (Ex. 47 at 25-26.)

**EnerNOC**

109. EnerNOC recommends approval of the Preferred Plan for the Demand Response program with a budget of $19.15 million for 2014. EnerNOC contends that Nevada Power’s Preferred Plan includes an appropriate mix of residential, small commercial, and large commercial and industrial demand response program options. (Ex. 46 at 6-7, 10.)

**NCARE**

110. NCARE recommends that the Demand Response program be funded at the Preferred Plan level of $19.15 million for 2014. (Ex. 45 at 24.)

**Staff**

111. Staff recommends that the commercial component of the Demand Response program be funded at the Preferred Plan level of $3.7 million and that the residential component

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\(^5\) The Demand Response program budget is comprised of a residential component of $7.85 million, a commercial component of $3.7 million and legacy costs of $11.55 million. (Ex. 4 at 386; 389.)
of the Demand Response program be funded at the Preferred Plan level of $7.85 million for 2014. Staff acknowledges that the program had a low TRC for 2012. However, Staff contends that several of the issues raised in the past will be alleviated by modifications to the program. (Ex. 50 at 7.)

112. Staff expresses concern that in the past there was a lack of demand response events called for the program participants. However, Staff states that results from 2013 indicate vast improvement. Staff also expresses concern with a significant number of participants who excessively override participation in the curtailment events. Staff notes that, in Docket No. 12-11028, an agreement was reached with Nevada Power that set the allowed override percentage at 50 percent, at which point monthly rebates are suspended. (Ex. 50 at 8.)

Commission Discussion and Findings

113. The Commission accepts Nevada Power’s proposal to fund the Demand Response program at $19.15 million for 2014. The Commission agrees with Staff that the modifications to the program justify this funding level.

C. Nevada Power’s Request for Clarification

114. Nevada Power requests clarification of Ordering Paragraph 14 of the Commission’s Order in Docket Nos. 11-07026 and 11-07027 dated March 23, 2012. Ordering Paragraph 14 requires that Nevada Power “shall include as part of its next Integrated Resource Plan filing at least three energy efficiency and conservation portfolios, one preferred and two alternatives, to address identified strategic load objectives.” (Ex. 3 at 5.)

115. In support of its request, Nevada Power cites Staff’s testimony in Docket Nos. 12-06052 and 12-06053 where Staff questioned the applicability of the Commission’s directive to
DSM Update Reports. Staff noted that the DSM portion of an IRP contains 3,000 pages and a DSM Update Report contains 2,000 pages. (Ex. 44 at 10.)

**Commission Discussion and Findings**

116. The Commission finds that the Directive contained in Ordering Paragraph 14 of the Commission’s Order in Docket Nos. 11-07026 and 11-07027 dated March 23, 2012, applies to IRP filings and not to DSM Update Reports. The Directive specifically addresses the “next Integrated Resource Plan filing” and makes no mention of DSM Update Reports. The Commission acknowledges the significant volume of information that is required in the DSM portion of an IRP filing. Requiring the same level of analysis and justification of multiple plans for a DSM Update Report is excessive and time consuming for all parties.

**D. Sierra DSM Programs**

**Overview**

**Sierra**

117. Sierra requests Commission approval of its Preferred Plan that includes 10 programs with a total DSM budget of $35.72 million for the Action Plan period. The budget is comprised of a 2014 budget of $10.41 million, a 2015 budget of $11.73 million and a 2016 budget of $13.58 million. (Ex. 13 at 4 and 26.)

118. For the Action Plan period, Sierra’s Preferred Plan has total energy savings of 162,317,000 kWh with peak demand savings of 73,296 kW, a total resource benefits to cost ratio of 1.54 and a net benefit of $28.95 million to the communities served by Sierra. (Ex. 13 at 26-27.) Sierra has reintroduced the Residential Energy Efficient Lighting program and has added one new program – the Home Energy Reports program. (Ex. 24 at 10.)
119. Sierra also included two alternative plans: the Maximum Plan and the Minimum Plan. The Maximum Plan seeks to achieve the greatest magnitude of energy savings and peak demand reductions with an emphasis on peak demand reductions. (Ex. 13 at 23.) For the Action Plan period, the Maximum Plan has a total budget of $58.14 million, total energy savings of 267,259,000 kWh with peak demand savings of 125,137 kW, a total resource benefits to cost ratio of 1.65 and a net benefit of $57.39 million. (Ex. 13 at 33-34.) This plan leads to the greatest short-term increase in rates of the three plans.

120. The Minimum Plan provides the least amount of energy savings and peak demand reductions and has the least impact on avoiding the costs of construction of generation and transmission/distribution facilities. (Ex. 13 at 24.) For the Action Plan period, the Minimum Plan has a total budget of $23 million, total energy savings of 90,120,000 kWh with peak demand savings of 43,985 kW, a total resource benefits to cost ratio of 1.24 and a net benefit of $19.8 million. This plan has the least impact on short-term rates. (Ex. 13 at 34-37.)

BCP

121. BCP recommends that the DSM programs be funded at or near the Minimum Plan budget depending upon the Commission’s decision on its proposal to limit PECs used for RPS compliance. In either scenario, BCP argues that a reduced budget is warranted due to the following: (1) uncertainties regarding the amount of DSM that is appropriate for addressing open positions; (2) additional DSM spending is no longer necessary to achieve RPS compliance; and, (3) uncertainties about the cost effectiveness of DSM programs and future cost avoidance associated with DSM programs.

122. BCP contends that the aforementioned uncertainties include the implementation of SB123, the impact of the proposed merger between Nevada Power and Sierra, the impact of
123. BCP states that the budget levels should be revisited next year after some of the uncertainties have been addressed. (Ex. 47 at 1-2).

**NCARE**

124. NCARE recommends funding at the Preferred Plan level for the following programs: Home Energy Report, Second Refrigerator Collection and Recycling, Non-Profit Agency Grants, Energy Smart Schools, Energy Education and Consultation and Market and Technology Trials. NCARE further recommends that the Residential Energy Efficient Lighting and Demand Response programs be funded at the Maximum Plan level, the Commercial Incentives program be funded at a level between the Preferred Plan and the Maximum Plan, and the Residential Solar Thermal Water Heating program be funded at the Minimum Plan level. NCARE’s recommendations result in a budget of approximately $49.42 million for the Action Plan period. (Ex. 45 at 9 and 32.)

125. NCARE recommends that the Commission direct Sierra in future filings to directly tie its Preferred Plan to an objective measure. NCARE recommends that Preferred Plan budgets be set to achieve at least 1 percent in savings as a fraction of total retail kilowatt-hour sales and Maximum Plan budgets be set to achieve at least 1.5 percent. NCARE contends that the outcomes of linking the planning scenarios to objective success measures would be greater consistency and transparency, easier analysis of planning options, and more effective decision-making around program and portfolio budget and savings goals. (Ex. 45 at 9.)
Staff

126. Staff recommends a total budget of $27.48 million for the Action Plan period. Staff’s recommendation reflects the Preferred Plan level for all programs except for the Residential Energy Efficient Lighting program, the Home Energy Reports program and the Demand Response program. Staff opposes the Residential Energy Efficient Lighting and the Home Energy Reports programs and recommends that the residential component of the Demand Response program be funded at the Minimum Plan level and that the agricultural component of the program not be funded. (Ex. 50 at 12.)

Sierra Rebuttal

127. Sierra disagrees with BCP’s characterization of the uncertainties and BCP’s proposals for how to deal with them. Sierra states that uncertainties are inherent in most planning processes, but through robust analysis, uncertainties can be addressed. Further, the annual review of DSM portfolios provides an opportunity to adjust and modify programs to address uncertainty. (Ex. 56 at 5.)

128. Sierra disagrees with BCP’s assertion that there are uncertainties about the cost-effectiveness of DSM and the future cost avoidance that will be achievable through DSM programs. With respect to the impacts of the implementation of SB 123, Sierra states that while there will be resource additions, there will also be commensurate retirements of coal-fired resources. Sierra contends that it is reasonable to assume only modest changes in the benefits to costs metrics as a result of SB 123. (Ex. 56 at 7.)

129. Sierra disagrees with NCARE’s proposal to establish savings targets of 1 percent and 1.5 percent as a fraction of retail kilowatt-hour sales. Sierra contends that NCARE did not provide a basis for its proposal and that the recommendation is contrary to the purposes of an
integrated resource planning process. Sierra recommends that this issue be addressed in the Commission’s investigatory docket on DSM issues (Docket No. 12-12030.) (Ex. 56 at 8-9.)

**Commission Discussion and Findings**

130. The Commission approves Sierra’s DSM programs as described in the Preferred Plan as modified below. The Commission finds that Sierra has satisfied its obligation under NAC 704.934(4).

131. The Commission disagrees with BCP’s premise that due to uncertainties, DSM programs should be funded at or near the Minimum Plan level. The Commission agrees with Sierra that uncertainties are inherent in the planning process and with an annual review process of the DSM programs, the uncertainties can be more appropriately addressed.

132. While the Commission agrees with NCARE that tying the Preferred and Maximum plans to an objective target would be helpful, this issue is better addressed in Docket No. 12-12030.

1. **Home Energy Reports Program**

**Parties’ Positions**

**Sierra**

133. Sierra recommends that the Commission adopt the Home Energy Reports program as described in the Preferred Plan with a budget of $1.64 million for the Action Plan period. This program has expected energy savings of 36,270,000 kWh with peak demand savings of 9,241 kW, total resource benefits to cost ratio of 1.2 and a net benefit of $299,817. (Ex. 13 at 26-28.)

134. Sierra states that the Home Energy Reports program focuses on changing behaviors to conserve energy and save money on utility bills. This program targets higher than
average energy users by employing a dynamically-created control group for each residence that compares the energy consumption for that customer to other similarly sized and located households. Behavioral science research has demonstrated that peer-based comparisons are highly motivating ways to present information. (Ex. 25 at 12.)

135. Sierra states that it will work with a behavioral program provider to design a proactive behavioral energy efficiency program that is designed to encourage residential customers to take actions to save energy by using electricity more efficiently, and to drive participation in other utility-run programs. The program will be delivered on an opt-out basis and will first focus on providing higher-use customers energy usage feedback and tips on how to reduce consumption and utility bills. (Ex. 13 at Exhibit A: Home Energy Reports Data Sheet at 4.)

**BCP**

136. BCP opposes the funding of the Home Energy Reports program because the energy savings attributable to the program is approximated over time. BCP expresses concern that ratepayers would be paying lost sales compensation that is based on statistical assumptions about energy usage rather than tangible changes in energy usage associated with a specific energy efficiency measure. (Ex. 47 at 22-23.)

**NCARE**

137. NCARE states that under the Preferred Plan, Sierra will provide reports to 65,000 residential customers in the Action Plan period. NCARE contends that the program size will give Sierra a reasonable introduction to a new program at the appropriate scale. The Preferred Plan is most likely to produce significant savings while maintaining a manageable launch process. (Ex. 45 at 10.)
138. In support of its recommendation regarding the Home Energy Reports program, NCARE notes that these programs are now part of the DSM portfolios of at least 85 utilities. (Ex. 45 at 25.)

139. NCARE makes the following recommendations regarding the implementation of the Home Energy Reports program: 1) the program should use best practices in evaluating program impacts; 2) Sierra should require that the program implementer follow best practice privacy standards to protect customers; and 3) the program should be an “opt-out” program in order to drive high levels of customer engagement. (Ex. 45 26-29.)

Staff

140. Staff opposes Sierra’s proposal to adopt the Home Energy Reports program for several reasons, including dissemination of customer-specific information, program assumptions, availability of current information and the lack of Nevada Dynamic Pricing Trial (“NDPT”) results. (Ex. 50 at 19.)

141. Staff notes that customers raised privacy concerns in recent docket. Staff contends that based on the design of the program, customers would not appreciate Sierra tying usage to county assessor records. (Ex. 50 at 19-20.)

142. Staff expresses concern with the fact that the assumptions used in the PortfolioPro analysis are based upon information provided by Opower, but Opower is not necessarily going to be the contractor for the program. Staff notes that Sierra has not yet issued an RFP for the contractor, which could result in a contractor other than Opower with a different type of report and results. (Ex. 50 at 20.)

143. Staff contends that the information on energy usage and billing information provided by Sierra through its online “MyAccount” function is essentially the same information

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6 Opower provides Home Energy Report programs throughout the nation.
that is being proposed to be provided in the reports for the Home Energy Reports program. Staff contends that including this program with the DSM programs will not add significant benefits to customers and will allow Sierra to collect lost revenues. (Ex. 50 at 21-22.)

144. Staff contends that until the results of the NDPT are presented, it would be a mistake to start the Home Energy Reports program. (Ex. 50 at 22.)

Sierra Rebuttal

145. Sierra disagrees with Staff’s assertion that “including home energy reports with the DSM programs will not add significant benefits to customers.” Sierra argues that home energy reports provide an “in-bound” form of communication to help customers understand and manage energy usage. Sierra explains that the Home Energy Reports program will provide customers with usage information, normative comparisons, and the option to manage their usage through no-cost and low-cost tips, as well as promotion of DSM programs in a print medium that will reach 65,000 households. (Ex. 55 at 2-3.)

146. Sierra disagrees with Staff’s assertion that the home energy reports will produce the same benefit as the MyAccount function. Sierra argues that customers have different preferences and approaches for managing utility bills. On-line tools like MyAccount are currently not an appropriate sole channel to provide regular communications on energy usage for all customers. (Ex. 55 at 3-4.)

147. Sierra disagrees with Staff’s assertion that it is premature to implement a Home Energy Reports program until the NDPT results are presented. Sierra argues that it has been very conservative in introducing this program and has waited long enough. Sierra notes that 29 independent third-party evaluations have been conducted confirming the energy savings for these programs. Sierra states that while the results of the NDPT may help optimize the home energy
report presentation and delivery schedule, it is not in the best interest of customers to wait for these results. (Ex. 55 at 5-6.)

148. Sierra disagrees with BCP’s assertion that home energy reports do not provide tangible energy savings. Sierra reasserts that the 29 evaluations of home energy reports demonstrate that the energy savings are tangible. (Ex. 55 at 7-8.)

149. Sierra disagrees with BCP’s concern that home energy reports do not account for variation in the economy and individual customer circumstances. Sierra argues that BCP failed to consider the program design and evaluation protocol described in the program data sheet. (Ex. 55 at 8.)

Commission Discussion and Findings

150. The Commission approves Sierra’s proposal for the Home Energy Reports program as described in the Preferred Plan with a budget of $1.64 million for the Action Plan period. The Commission agrees with Sierra that this program is ready for implementation based on the documented success of Home Energy Reports throughout the nation. While the Commission appreciates Staff’s and BCP’s concerns regarding the program, the Commission is compelled by Sierra’s response to these concerns as well as the significant justification for the program.

151. The Commission agrees with NCARE that the program size will be a reasonable introduction to a new program at the appropriate scale.

152. The Commission also agrees with NCARE that Sierra should utilize best practices in evaluating the program impacts and require that the program implementer follow best practice privacy standards. Further, to ensure maximum levels of customer engagement, Sierra should maintain the “opt-out” program design.
2. **Residential Energy Efficient Lighting Program**

**Parties’ Positions**

**Sierra**

153. Sierra recommends that the Commission adopt the Residential Energy Efficient Lighting program as described in the Preferred Plan with a budget level of $3.4 million\(^7\) for the Action Plan period. This program has estimated energy savings of 6,100,000 kWh with peak demand savings of 562 kW, total resource benefits to cost ratio of 1.21 and a net benefit of $658,301. (Ex. 13 at 26-28.)

154. Sierra explains that the Residential Energy Efficient Lighting program is market-based and provides upstream incentives to consumers for the retail purchases of energy efficient LED lighting products that have earned the national ENERGY STAR\(^\circ\) rating and logo. (Ex. 41 at 6.)

**BCP**

155. BCP recommends that, under either Option 1 or Option 2, the Residential Energy Efficient Lighting program be funded at the Preferred Level of $800,000 for 2014 because the program has a positive TRC and could provide residential customers lower priced access to new technology (LED) with potential savings over 20 years. (Ex. 47 at 22-23.)

**NCARE**

156. NCARE recommends funding the Residential Energy Efficient Lighting program at the Maximum Plan level of $3.4 million for the Action Plan period. NCARE asserts that because the program was suspended in 2011, Sierra has significant ground to make up in building the market for next generation lighting, specifically LED lamps. NCARE states that

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\(^7\) In the Commission Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053, the Commission directed Sierra to include a revised lighting program in its next DSM Plan.
LED lamps are expected to transform lighting in all sectors and produce very large lighting energy savings in both the mid-term (by 2020) and long term. (Ex. 45 at 10-11.)

**Staff**

157. Staff recommends that the Commission reject Sierra’s proposed Residential Energy Efficient Lighting program at any budget level for the Action Plan period. Staff contends that several of Nevada Power’s assumptions are incorrect and that, once the assumptions are corrected, the program is not cost-effective. (Ex. 50 at 18-19.)

158. Staff states that the information provided by Sierra was based on Nevada-specific prices for LED lights and Halogen lights. However, Staff contends that these state averages are not being utilized in PortfolioPro. Sierra utilized averages in the incremental cost calculation that are below the researched Nevada averages and the other averages provided. (Ex. 49 at 7.)

159. Staff expresses concern that Sierra assumes that the base measure for the program is the Halogen bulb. Staff contends that the CFL should account for some, if not a majority, of the base bulb assumption in calculating the cost-effectiveness of the program. The Commission determined that the CFL had taken over a majority of the lighting market and was the new standard bulb in Nevada. (Ex. 50 at 18.)

160. Staff states that Sierra provided no information or discussion of the Halogen bulb in testimony or Program Data Sheets. Staff contends that the base measure for any program is vital to all the inputs that feed into the PortfolioPro calculation. It is Staff’s position that Sierra has not provided enough information to support the Residential Energy Efficient Lighting program at any budget level. (Ex. 50 at 10.)

161. Staff states that if the Commission were to approve the program, then Sierra should use the Commission-approved HOU of 1.9 and HCIF of one. Staff would not support
changes the HOU and HCIF unless Sierra provided adequate support justifying new factors that were fully vetted before the Commission. (Ex. 48 at 6.)

Sierra Rebuttal

162. Sierra contends that Staff’s recommendation is based on what appears to be an overall misunderstanding of the assumptions related to the incremental costs and base measure utilized for the energy savings to calculate the cost-effectiveness of the program. Sierra reasserts that its computations are reasonable and result in a cost-effective program. (Ex. 53 at 2.)

163. Sierra states that it utilized EM&V industry best practices when selecting the EISA 2007 standard-compliant Halogen bulb as the appropriate baseline measure. Sierra states that the EM&V industry does not utilize CFLs as the baseline measure for residential lighting. (Ex. 53 at 3.)

164. At the hearing, Sierra acknowledged that the Commission determined that the residential lighting market had transformed and the CFLs were the new standard bulbs in Docket Nos. 11-07026 and 11-07027. However, Sierra suggested that the Commission revisit this issue because of the current status of the market as well as the implications of EISA 2007. Sierra further acknowledged that it did not specifically explain how it arrived at the pricing of the bulbs used in its analysis. (Tr. at 142-143).

165. Sierra reasserts that it utilized the appropriate costs for LED bulbs in the calculation of the incremental costs for use in PortfolioPro. Sierra contends that Staff failed to consider program design and delivery in its recommendation. Sierra explains that it used the costs that are expected to be experienced by the program as determined by the design and delivery model of the program rather than an average cost. The program will use an RFP process that will select the lowest-priced bulbs in the market. The program will only support these
specific LED bulbs. Sierra contends that using actual prices found in retail stores provides a more accurate estimation of the bulb costs. Sierra acknowledges that it did not provide this explanation in the spreadsheets, noting that the spreadsheets were developed to look at costs from different perspectives. (Ex. 53 at 5-6.)

166. At the hearing, Sierra acknowledged that it did not specifically explain in its testimony how it intended to use an RFP process to determine the pricing of the bulbs used in its analysis. (Tr. at 145.).

167. Sierra disagrees with NCARE's recommendation to fund this program at the Maximum Plan level and reasserts that the Preferred Plan funding level is the most appropriate. (Ex. 53 at 10.)

Commission Discussion and Findings

168. The Commission approves Sierra's proposal to reinstate the Residential Energy Efficient Lighting program as described in the Preferred Plan with a budget of $3.4 million for the Action Plan period. The Commission appreciates the concerns raised by Staff, but finds compelling the explanations provided by Sierra. The Commission also agrees with NCARE that "there is ground to make up in building the market for next generation lighting, specifically LED lamps." However, the Commission finds that the Maximum Plan level is excessive as the program is just being reinstated.

169. The Commission agrees with Staff that Nevada Power should use the Commission-approved HOU of 1.9 and HCIF of one until such time that Sierra provides adequate support justifying new factors that are fully vetted before the Commission.
3. Second Refrigerator Collection and Recycling Program

Parties’ Positions

Sierra

170. Sierra recommends that the Commission adopt the Second Refrigerator Collection and Recycling program as described in the Preferred Plan with a budget of $1.5 million for the Action Plan period. This program has estimated energy savings of 8,716,000 kWh with peak demand savings of 1,226 kW, total resource benefits to cost ratio of 1.5 and a net benefit of $691,301. (Ex. 13 at 26-28.)

171. Sierra states that this program is designed to help customers reduce energy consumption by removing functional second refrigerators or freezers from their homes and permanently removing the units from the market place. Pursuant to changes made in late 2012, the retail component of this program was discontinued. As a result, the freeridership rate was reduced and the cost-effectiveness was increased. (Ex. 41 at 6-7.)

BCP

172. BCP recommends that the Second Refrigerator Collection and Recycling program not be funded in 2014. (Ex. 47 at 22.)

NCARE

173. NCARE recommends funding the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.5 million for the Action Plan period. (Ex. 45 at 11.)

Staff

174. Staff recommends approval of the Second Refrigerator Collection and Recycling program at the Preferred Plan budget of $1.5 million for the Action Plan period. Staff states that this program has proven cost-effective with the elimination of the retail component. Staff
acknowledges that in the next few years, the program’s cost-effectiveness will begin to decline
due to the recycling of more efficient refrigerators. However, it would be premature to end the
program at this time. (Ex. 50 at 13.)

Commission Discussion and Findings

175. The Commission approves Sierra’s proposal for the Second Refrigerator
Collection and Recycling program as described in the Preferred Plan with a budget of $1.5
million for the Action Plan period because the cost-effectiveness of the program has improved
with the elimination of the retail component.

4. Residential Solar Thermal Water Heating Program

Parties’ Positions

Sierra

176. Sierra recommends that the Commission adopt the Solar Thermal Water Heating
program as described in the Preferred Plan with a budget of $600,000 for the Action Plan period.
This program has estimated energy savings of 324,000 kWh with peak demand savings of 26
kW, total resource benefits to cost ratio of .19 and a negative net benefit. (Ex. 13 at 26-28.)

BCP

177. BCP recommends that the Solar Thermal Water Heating program not be funded in
2014 because of its low cost-effectiveness.

NCARE

178. NCARE recommends funding the Residential Solar Thermal Water Heating
program at the Minimum Plan level of $300,000 for the Action Plan period due to its low cost-
effectiveness. (Ex. 45 at 11.)

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Staff

179. Staff recommends approval of the Residential Solar Thermal Water Heating program at the Preferred Plan budget of $600,000 for the Action Plan period. Staff acknowledges that the program is not cost-effective, but Sierra includes the program for reasons other than cost-effectiveness. (Ex. 50 at 13.)

Commission Discussion and Findings

180. The Commission approves Sierra’s proposal for the Residential Solar Thermal Water Heating program as described in the Preferred Plan with a budget of $600,000 for the Action Plan period. The Commission agrees with Staff that while this program is not cost-effective, it is included for reasons other than cost-effectiveness.

5. Non-Profit Agency Grants Program

Parties’ Positions

Sierra

181. Sierra recommends that the Commission adopt the Non-Profit Agency Grants program as described in the Preferred Plan with a budget of $330,000 for the Action Plan period. This program has estimated energy savings of 972,000 kWh with peak demand savings of 222 kW, total resource benefits to cost ratio of 1.99 and a net benefit of $289,826. (Ex. 13 at 26-28.)

182. Sierra states that the Non-Profit Agency Grants program provides financial assistance to non-profit organizations for the installation of energy efficiency measures in new and existing buildings. (Ex. 25 at 8.)

BCP

183. BCP recommends that the Non-profit Agency Grant program not be funded in 2014. (Ex. 47 at 22.)
NCARE

184. NCARE recommends funding the Non-Profit Agency Grant program at the Preferred Plan level of $330,000 for 2014. (Ex. 45 at 11.)

Staff

185. Staff recommends approval of the Non-Profit Agency Grants program at the Preferred Plan budget of $330,000 for the Action Plan period. Staff notes that the program proved cost-effective in 2012 and is projected to be cost-effective in 2014 through 2016. (Ex. 50 at 14.)

Commission Discussion and Findings

186. The Commission approves Sierra’s proposal for the Non-Profit Agency Grants program as described in the Preferred Plan with a budget of $330,000 for the Action Plan period because the program has proven cost-effective in the past and is expected to be cost-effective during the Action Plan period.

6. Commercial Incentives

Parties’ Positions

Sierra

187. Sierra recommends that the Commission adopt the Commercial Incentives program as described in the Preferred Plan with a budget of $13.5 million for the Action Plan period. This program has estimated energy savings of 96,000,000 kWh with peak demand savings of 16,268 kW, total resource benefits to cost ratio of 1.98 and a net benefit of $18,705,462. (Ex. 13 at 26-28.)

188. Sierra states that the Commercial Retrofit Incentives program and the Commercial New Construction program have been combined in response to the relatively anemic new
construction activity in northern Nevada. Combining the programs will provide opportunities for reducing the fixed costs of running the two programs separately. (Ex. 25 at 9.)

189. Sierra states that the Commercial Incentives program facilitates the implementation of energy efficient measures and building practices in commercial, industrial and institution facilities through incentives and comprehensive technical services. (Ex. 25 at 10.)

**BCP**

190. BCP recommends that under its Option 1, the Commercial Incentives program be funded at the Minimum Plan level of $3.75 million for 2014 because of a high TRC with high kilowatt-hour savings. Under its Option 2, BCP recommends that the Commercial Incentives program be scaled back to $3.2 million (below the Minimum Plan level) to avoid generating more non-residential PECs.

**NCARE**

191. NCARE recommends funding the Commercial Incentives program at approximately $19.5 million for the Action Plan period, which splits the difference between the Preferred Plan and Maximum Plan levels. NCARE contends that the Preferred Plan could have two unintended consequences. One consequence is that the funding runs out during the program year. The second consequence is the possibility that the new construction projects will be disadvantaged in the new combined program structure. NCARE expresses concern that new construction projects may not get adequate access to incentives due to the demand for retrofit incentives. (Ex. 25 at 12-13.)

**Staff**

192. Staff recommends approval of the Commercial Incentives program at the Preferred Plan budget of $13.5 million for the Action Plan period. (Ex. 50 at 14-15.)
Sierra Rebuttal

193. Sierra disagrees with NCARE’s proposal to fund the Commercial Incentives program at a higher level than the Preferred Plan. Sierra contends that the Preferred Plan has been appropriately sized to take into account past program performance and current program demand. Also, the combined incentive program provides flexibility within the market place so the program does not run out of funding. (Ex. 55 at 14.)

Commission Discussion and Findings

194. The Commission approves Sierra’s proposal for the Commercial Incentives program as described in the Preferred Plan with a budget of $13.5 million for the Action Plan period. The Commission appreciates the concerns raised by NCARE regarding the sustainability of the program. However, the Commission agrees with Sierra that the modifications to the program will mitigate this potential.

7. Energy Smart Schools Program

Parties’ Positions

Sierra

195. Sierra recommends that the Commission adopt the Energy Smart Schools program as described in the Preferred Plan with a budget of $1.2 million for the Action Plan period. This program has estimated energy savings of 7,500,000 kWh with peak demand savings of 750 kW, total resource benefits to cost ratio of 1.59 and a net benefit of $1,388,962. (Ex. 13 at 26-28.)

196. Sierra states that the Energy Smart Schools program is designed to facilitate energy efficiency and peak demand reductions for schools. It is comprised of two key program
elements: incentives for energy efficiency measures and extensive technical assistance for the identification, development, bidding and managing of energy efficient projects. (Ex. 25 at 7.)

**BCP**

197. BCP recommends that the Energy Smart Schools program be funded at the Preferred Plan level of $400,000 for 2014 because it provides upgrades that schools would not likely be able to fund without assistance, thereby allowing more funds to be dedicated directly to education.

**NCARE**

198. NCARE recommends funding the Energy Smart Schools program at the Preferred Plan level of $1.2 million for the Action Plan period. (Ex. 45 at 12.)

**Staff**

199. Staff recommends approval of the Energy Smart Schools program at the Preferred Plan budget of $1.2 million for the Action Plan period. States notes that the program proved cost-effective in 2012 and is projected to be cost-effective in 2014 through 2016. (Ex. 50 at 14.)

**Commission Discussion and Findings**

200. The Commission approves Sierra’s proposal for the Energy Smart Schools program as described in the Preferred Plan with a budget of $1.2 million for the Action Plan period based on past and projected cost-effectiveness.

8. **Energy Education and Consultation Program**

**Parties’ Positions**

**Sierra**

201. Sierra recommends that the Commission adopt the Energy Education and Consultation program as described in the Preferred Plan with a budget $750,000 for the Action
Plan period. Due to the nature of this program, it has no energy or peak demand saving associated with it, a TRC of zero and negative net benefits. (Ex. 13 at 26-28.)

**BCP**

202. BCP recommends that the Energy Education and Consultation program be eliminated because of the limited value it generates. (Ex. 47 at 22.)

**NCARE**

203. NCARE recommends that the Energy Education and Consultation program be funded at the Preferred Plan level of $750,000 for the Action Plan period. (Ex. 45 at 16.)

**Staff**

204. Staff recommends approval of the Energy Education and Consultation program at the Preferred Plan budget of $750,000 for the Action Plan period. (Ex. 50 at 15.)

**Commission Discussion and Findings**

205. The Commission approves Sierra’s proposal for the Energy Education and Consultation program as described in the Preferred Plan with a budget of $750,000 for the Action Plan period because the program focuses on educating students and their parents, commercial customers and the building industry.

9. **Market and Technology Trials Programs**

**Parties’ Positions**

**Sierra**

206. Sierra recommends that the Commission adopt the Market and Technology Trials program as described in the Preferred Plan with a budget of $300,000 for the Action Plan period. Due to the nature of this program, it has no energy or peak demand saving associated with it, a TRC of zero and negative net benefits. (Ex. 13 at 26-28.)
BCP

207. BCP recommends that the Market and Technology Trials program not be funded in 2014. (Ex. 47 at 22.)

NCARE

208. NCARE recommends the Market and Technology Trials program be continued with the requirement that NV Energy convene a DSM collaborative working group to explore options for how the program can be applied in a way that meaningfully supports resource acquisition, including market trials. Further, NCARE recommends that this working group address Sierra and Nevada Power projects jointly to more efficiently use the limited program funding. NCARE notes that while no trials have been approved for 2013, and none were successful in 2012, the goals of the program are laudable and could be viewed as fundamental to pursuing innovative next generation technologies and approaches. (Ex.45 at 16-17.)

Staff

209. Staff recommends approval of the Market and Technology Trials program at the Preferred Plan budget of $300,000 for the Action Plan period. Staff acknowledges that the program does not have a positive TRC and that the 2012 Program did not provide any significant results. However, it is Staff's position that funds be made available for the Action Plan period and suggests that the program may benefit the development of the agricultural component of the Demand Response program. (Ex. 50 at 14.)

Commission Discussion and Findings

210. The Commission approves Sierra's proposal for the Market and Technology Trials program as described in the Preferred Plan with a budget of $300,000 for the Action Plan period based on its potential role in pursuing innovative technologies and approaches. The
Commission agrees with NCARE that a DSM Collaborative working group for this program could prove beneficial. Sierra (and Nevada Power) are encouraged to create a DSM Collaborative working group to address the issues raised by NCARE.

10. Demand Response

Parties’ Positions

Sierra

211. Sierra recommends that the Commission adopt the Demand Response program as described in the Preferred Plan with a budget of $12.5 million for the Action Plan period. (Ex. 29 at 3.) This program is comprised of residential, commercial and agricultural components and has estimated energy savings of 6,435,000 kWh with peak demand savings of 45,000 kW, total resource benefits to cost ratio of 1.37 and a net benefit of $8,667,706. (Ex. 13 at 26-28.)

212. The residential Demand Response component builds upon the trial work conducted over the past several years based on programmable and controllable thermostats with internet and energy optimization features. (Ex. 13 at Exhibit A: Demand Response Data Sheets at 13.)

213. The commercial Demand Response component will consist of programs targeted to different types of end-users and different types of end-use loads. Sierra plans a staged development and roll out of this program. (Ex. 13 at Exhibit A: Demand Response Data Sheets at 16.)

214. The agricultural Demand Response component is a pilot program that will introduce new opportunities for irrigators that use central pivot irrigation. The processes and technologies utilized were designed to allow dispatchable peak load reduction as well as
improved energy and water efficiency. Sierra states that it would trial the concept in 2014 and then expand the offering in 2015 and 2016, if warranted. (Ex. 29 at 6.)

215. Sierra states that the agricultural pilot program is different than the load control program associated with the IS-2 tariff. Sierra explains that the load control program associated with the IS-2 tariff requires customers to shut off irrigation pumps during emergency conditions. Very few IS-2 customers use pivot type irrigation. Sierra recommends that customers on the IS-2 rate with compatible center pivot systems be eligible to participate in the new program with the caveat that participation in emergency events remains mandatory pursuant to the IS-2 tariff while participation in demand response events beyond a minimum participation commitment is optional. (Ex. 29 at 7.)

**BCP**

216. BCP recommends that the Demand Response program be funded at the Minimum Plan level of $2.7 million under both Option 1 and Option 2. (Ex. 47 at 22.)

**EnerNOC**

217. EnerNOC recommends approval of the Preferred Plan for the Demand Response program with a budget of $12.5 million for the Action Plan period. EnerNOC contends that Sierra’s Preferred Plan includes an appropriate mix of residential, small commercial, large commercial and industrial, and agricultural demand response program options. EnerNOC supports the inclusion of the agricultural component to the program and notes that it has been independently verified that there is a significant amount of demand response potential in this sector. (Ex. 46 at 6-7, 10.)

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NCARE

218. NCARE recommends that the Demand Response program be funded at the Maximum Plan level of $18.2 million for the Action Plan period. NCARE contends that there is significant untapped potential for demand response in Sierra’s service territory. (Ex. 45 at 17.)

Staff

219. Staff recommends approval of the residential component of the Demand Response program at the Minimum Plan budget of $1.8 million for the Action Plan period. Staff contends that the past performance of the program does not warrant the Preferred Plan budget because of poor enrollment by customers, even with a $50 annual stipend. Staff notes that it is questionable how the program will perform with no stipend. It is Staff’s position that the program needs to continue to develop to ensure that northern Nevada would in fact benefit from this program in the same manner as southern Nevada. (Ex. 50 at 16.)

220. Staff recommends approval of the commercial component of the Demand Response program at the Preferred Plan budget of $6.6 million for the Action Plan period. Staff states that the 2013 program is still implementing and next year’s DSM update will provide the first analysis of the program in northern Nevada. (Ex. 50 at 15.)

221. Staff recommends that the Commission deny Sierra’s proposal to adopt the agricultural component of the Demand Response program at any budget level. Staff contends that Sierra failed to develop an adequate plan to begin a new program in 2014. However, Staff does not dismiss the potential for this program. Staff encourages Sierra to utilize the Market and Technology Trials program budget to develop a detailed plan that is specific to Sierra and propose the program in a future DSM Update Report. (Ex. 50 at 17.)
222. Staff expresses concern with Sierra’s reliance on the IS-2 load curve as support for its request. Staff contends that Sierra should continue developing a load curve that is based upon actual pivot irrigation systems that are being targeted in the proposed program. (Ex. 49 at 5.)

Sierra’s Rebuttal

223. Sierra disagrees with Staff’s recommendation to fund the residential component of the Demand Response program at the Minimum Plan level. Sierra argues that Staff’s assertion regarding substandard performance in 2012 is incorrect because no recruitment efforts were made in 2012. The 2011 and 2012 trial activity focused on collecting demand and energy savings data for the least cost possible in order to support reasonable TRC calculations for the at-scale program proposed in this Docket. Sierra acknowledges in retrospect that some recruitment should have been done to replace customer attrition. (Ex. 52 at 6-7.)

224. Sierra reasserts support for the residential component of the Demand Response program as described in the Preferred Plan (with a TRC of 1.37) because the Minimum Plan produces a TRC estimate of 0.86. (Ex. 52 at 7.)

225. With respect to the agricultural component of the Demand Response program, Sierra disagrees with Staff’s contention that it failed to develop an adequate program plan. Sierra explains that it provided a conservative plan for a trial of new agricultural technology that promises both energy and demand savings. Sierra agrees with Staff that there is uncertainty related to the program, but the proposed trial is a modest effort to reduce those uncertainties and collect more information. (Ex. 52 a 8.)

226. Sierra disagrees with Staff’s proposal to pursue this program under the Market and Technology Trials programs because the proposed budget of $100,000 per year over the
Action Plan period would not provide enough resources to conduct a meaningful trial. (Ex. 52 at 11.)

227. Sierra disagrees with Staff’s assertion regarding the use of the IS-2 load curve. Sierra explains that because IS-2 consumption represents electrical consumption solely for the purposes of agricultural irrigation and that central pivot systems are also solely used for irrigation, the load shapes should be highly correlated. Sierra tested this hypothesis and the cost-effectiveness impact and determined that the load shapes are highly correlated and there is a negligible difference in the results of the TRC test. (Ex. 52 at 9.)

Commission Discussion and Findings

228. The Commission approves Sierra’s proposal for the Demand Response program as described in the Preferred Plan with a budget of $12.5 million for the Action Plan period. The Commission agrees with NCARE that there is significant potential for demand response in northern Nevada, and, given the total TRC of 1.37, this program should be a cost-effective approach to tapping this potential.

229. With respect to Staff’s concerns regarding the residential component of the Demand Response program, the Commission agrees with Sierra that the Minimum Plan is unacceptable due to the low TRC result. With respect to Staff’s concerns with the agricultural component of the Demand Response program, the Commission is compelled by Sierra’s explanation that this in not an at-scale program, but rather a trial that will gather data as well as determine interest and potential. The Commission agrees with Sierra that funding this program through the Market and Technology Trials program would not provide adequate financial support to effectively launch a trial program.
VI. 2012 MEASUREMENT AND VERIFICATION REPORTS

Parties’ Positions

NV Energy

230. NV Energy requests that the Commission review and approve the measurement and verification ("M&V") reports for program year 2012.⁸ (Ex. 3 at 4; Ex. 13 at 4.)

Staff

231. Staff recommends that the Commission approve NV Energy M&V reports for program year 2012. (Ex. 48 at 6.)

Commission Discussion and Findings


VII. COMPLIANCE ITEMS AND DIRECTIVES

Parties’ Positions

NV Energy/Nevada Power and Sierra

233. NV Energy requests that the Commission find that the DSM Update Report complies with the following directives: Ordering Paragraphs 11, 12, 13, 14, 15, 16, 17 and 18 of the Commission’s Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053.

234. Nevada Power requests that the Commission find that the DSM Update Report complies with the following directive: Ordering Paragraph 5 of the Commission’s Order dated June 3, 2013, in Docket No. 12-11028.

235. Sierra requests that the Commission find that the DSM Plan complies with the directive contained in Ordering Paragraph 13 of the Commission’s Order dated March 23, 2012, in Docket Nos. 11-07026 and 11-07027. (Ex. 24 at 28.)

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⁸ For Nevada Power, the M&V reports are provided in Technical Appendix DSM-5 through DSM-17. For Sierra, the M&V reports are provided in Technical Appendix DSM-5 through DSM-12.
Staff

236. Staff recommends that the Commission find that NV Energy has satisfied the directives contained in Ordering Paragraphs 11, 12, 13, 14, 15, 16, 17 and 18 of Commission’s Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053. (Ex. 49 at 1-2.)

237. Staff recommends that the Commission find that Nevada Power has satisfied the directive contained in Ordering Paragraph 5 of the Commission’s Order dated June 3, 2013, in Docket No. 12-11028. (Ex. 49 at 1-2.)

238. Staff recommends that the Commission finds that Sierra has satisfied the directive contained in Ordering Paragraph 13 of the Commission’s Order dated March 23, 2012, in Docket Nos. 11-07026 and 11-07027. (Ex. 49 at 1-2)

Commission Discussion and Findings

239. The Commission finds that NV Energy has satisfied the directives contained in Ordering Paragraphs 11, 12, 13, 14, 15, 16, 17 and 18 of Commission’s Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053.

240. The Commission finds that Nevada Power has satisfied the directive contained in Ordering Paragraph 5 of the Commission’s Order dated June 3, 2013, in Docket No. 12-11028.

241. The Commission finds that Sierra has satisfied the directive contained in Ordering Paragraph 13 of the Commission’s Order dated March 23, 2012, in Docket Nos. 11-07026 and 11-07027.

242. All arguments of the Parties raised in these proceedings not expressly discussed herein have been considered and either rejected or found to be non-essential for further support of this Order.

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THEREFORE, it is ORDERED that:

1. The Stipulations, attached hereto as Attachment 1 and Attachment 2, are ACCEPTED.

2. The Commission’s acceptance of the attached Stipulations does not constitute precedent regarding any legal or factual issue.


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Compliances:

5. Within 15 business days of the issuance of this Order, Sierra Pacific Power Company d/b/a NV Energy shall file the executed First Amendment to the Renewable Energy Agreement.

6. The Commission may correct any errors that have occurred in the drafting or issuance of this Order.

By the Commission,

ALAINA BURTENSHAW, Chairman

REBECCA D. WAGNER, Commissioner and Presiding Officer

DAVID NOBLE, Commissioner

Attest: BREANNE POTTER, Assistant Commission Secretary

Dated: Carson City, Nevada

12-19-13

(SEAL)
BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy for Approval of its 2013 Annual Demand Side Management Update Report as it relates to the Action Plan of its 2013-2032 Triennial Integrated Resource Plan

Docket No. 13-07002


Docket No. 13-07005

STIPULATION

Pursuant to Nevada Administrative Code ("NAC") 703.750 and NAC 703.845, the Parties (as defined below) enter this stipulation (the "Stipulation"). The Stipulation resolves certain Phase 2 issues in Docket Nos. 13-07002 and 13-07005 (the "Consolidated Dockets").

SUMMARY OF STIPULATION

The Parties agree that this Stipulation provides a fair, just and reasonable resolution of certain Phase 2 issues raised in these dockets and that the Stipulation is in the public interest. The Stipulation provides for the approval of the low load forecast for 2015 through the end of the planning period prepared by Sierra Pacific Power Company d/b/a NV Energy ("Sierra" or the "Company"), as well as specific elements of the Company's supply side plan. The Stipulation does not address the Fort Churchill Solar Array or the Company's demand side plan. A separate stipulation addresses the Fort Churchill Array.

The Stipulation only settles issues related to the Consolidated Dockets. The Stipulation seeks relief that the Commission is empowered to grant. Accordingly, the Parties recommend that the Commission accept the Stipulation, implement all of the terms of the Stipulation, and grant certain requests for relief made by the Sierra, as modified by the Stipulation.
RECITALS

1. On July 1, 2013, Sierra filed with the Commission an application requesting approval and acceptance of its integrated resource plan ("IRP") covering the period 2014 through 2033 (the "Application").

2. Sierra made the Application pursuant to the applicable provisions of the Nevada Revised Statutes ("NRS") and the NAC, Chapters 703 and 704, including but not limited to NAC 704.9208.

3. Pursuant to NRS 703.301 and NRS 228.360, the Regulatory Operations Staff ("Staff") and the Nevada Attorney General’s Bureau of Consumer Protection ("BCP") participate in these Consolidated Dockets.

4. The Commission granted petitions for leave to intervene filed by Apple Inc. ("Apple"), the Building & Construction Trades Council of Northern Nevada ("Building & Construction Trades"), EnerNoc, Inc. ("EnerNoc"), Nevadans for Clean Affordable Reliable Energy ("NCARE"), Newmont USA, LTD d/b/a Newmont Mining Corporation ("Newmont"), and the Northern Nevada Industrial Electric Users ("NNIEU").

5. EnerNoc’s petition was limited to the demand side management portion of the proceeding.

6. Staff, BCP, Apple, the Building & Construction Trades, and NCARE (the "Parties") have investigated the Application, the IRP and have analyzed the Company’s requests.

7. Apple, the Building & Construction Trades, NCARE, Newmont and the NNIEU do not support nor do they oppose this Stipulation.

AGREEMENT OF THE PARTIES

In light of the foregoing considerations, the Parties agree and recommend the following:

1. Load Forecast.
A. Regarding prayer for relief numbers 1 and 2 in Sierra’s Application, the Commission should find that the Application contains information necessary to satisfy the requirements of NAC 704.922, 704.9225, 704.9245, and 704.925.

B. The Commission should approve the load forecasts for 2014 through 2033 submitted by the Company as meeting the requirements of NAC 704.9321.

C. The Commission should find the base load forecast for 2014 and the low load forecast for 2015 through 2033 is suitable for making long-term planning decisions for the period between 2014 and 2033.¹

2. Fuel and Purchased Power Forecast.

Regarding prayer for relief number 3, the Commission should find that the fuel and purchased power forecast as presented is the best and most accurate information upon which to base long-term planning decisions.


A. Regarding prayer for relief number 4, the Commission should accept Sierra’s request to perform a comprehensive study and conceptual design, with an estimated cost of $1.25 million, for a company-owned generating facility suitable for commercial operation as early as 2022. In performing the study, Sierra shall consider relevant factors such as any Commission decision on whether to extend the forecasted life of Valmy Unit 1 from 2021 to 2025, and the availability of other generating resources, including the Newmont Mining TS Power Plant after 2022.

B. Regarding prayer for relief number 5, the Company acknowledges that Commission action on the prayer for relief is not necessary. The Parties acknowledge, and recommend that the Commission find, that the Nevada Department of Environmental Protection (“NDEP”) and the Commission have already approved the Best Available Retrofit Technology (“BART”) upgrades for

¹ Sierra, Staff and BCP entered into a stipulation in the Consolidated Dockets, which was filed with the Commission on September 16, 2013, whereby they agreed and recommended that the Commission find Sierra’s short-term load forecast for 2014 contained in the Energy Supply Plan meets the requirements of NAC 704.922, 704.9321, 704.9482 and 704.9484(7) and is suitable for making planning decisions for 2014.
Tracy Unit 3 and Fort Churchill Units 1 and 2. The BART upgrades at Tracy Unit 3 and Fort Churchill Units 1 and 2 do not allow for the continued use of oil-firing capacity beyond December 31, 2014. Sierra has begun to design and procure the equipment necessary to have the BART upgrades installed to permit the continued operation of such generating units after December 31, 2014, although such operation necessarily entails the retirement of oil-firing capability on or before December 31, 2014.

C. Regarding prayer for relief number 6, the Commission should accept the request to complete a capital project involving the installation of dry sorbent injection equipment at North Valmy Unit 1 with an estimated cost of $14.2 million, of which Sierra would be responsible for approximately $7.1 million.

D. Regarding prayer for relief number 7, the Commission should accept Sierra’s proposal to establish a regulatory asset for the cost associated with the retirement of Tracy Units 1 and 2.

E. Regarding prayer for relief number 11, the Company withdraws its request for approval of modifications to the scope of the Fallon 230 kV project and its request for approval of changes to the schedule of the 345 kV Voltage Support project. With respect to the Bordertown to Cal Sub project, the Parties acknowledge that the increase in budget does not affect the Company’s choice of resources and recommend that the Commission approve the changes in schedule for the project.

F. The Commission should accept the Company’s requests for:

1. With regard to prayer for relief 12, construction of the new 345/120 kV substation at Oreana provided that the customer for whom the project is being undertaken provides funding for the project;

2. With regard to prayer for relief 13, the Carlin Trend Area under voltage load shedding project;
3. With regard to prayer for relief 14, the construction of a second 345/120 kV transformer at Falcon; and,

4. With regard to prayer for relief 15, the Coyote Creek 120 kV Breaker Addition Project.

5. With regard to prayer for relief 16, the Company withdraws its request; the withdrawal of this request does not preclude the Company from undertaking studies necessary to facilitate integrated resource planning.

G. The Commission should authorize Sierra to continue to participate as a member in West Connect.²

H. With regard to prayer for relief 17, the Commission should accept Sierra’s Renewable Conceptual Transmission Plan as meeting the requirements of NAC 707.9385(6).

1. With regard to prayer for relief 38 and in accordance with NRS 704.746(3), the Commission should find that (1) Sierra’s forecasted requirements are based on substantially accurate data and an adequate method of forecasting; (2) the IRP identifies and takes into account present and projected reductions in demand for energy that may result from measures to improve energy efficiency; and (3) the IRP adequately demonstrates the economic, environmental and other benefits to the State of Nevada and Sierra’s customers associated with improvement in energy efficiency, pooling of power, purchases of power from neighboring states, renewable energy generation, co-generation, hydro-generation, and other generating resources. However, as a directive, the Commission should direct Sierra to include an analysis in future Supply Side Plans detailing the expected cooling technology in each new generation facility, conventional and renewable, modeled in the expansion plans and to quantify each plan’s expected water consumption in the next IRP where major capital expenditures are requested.

J. Regarding prayer for relief 39, the Commission should accept Sierra’s IRP as satisfying the requirements of Nevada’s statutory and regulatory provisions governing the integrated

² Prayer for relief 18 in Sierra’s Application.
resource planning process, as modified by this Stipulation. The Stipulation shall not be construed as accepting or approving any action except actions enumerated in the “Action Plan,” again as modified by this Stipulation.

K. The Commission should find that for the purposes of determining the estimated rates for long-term avoided cost to be filed pursuant to NAC 704.9496(2) that such rates be limited to a maximum of 25 MW of QF contracts and be based upon the base load forecast for 2014; the load forecast for 2015 through 2033; the base fuel and power purchase forecasts; the Case 4 Low Load expansion plan as depicted in the Loads and Resources Table of ECON-9, Volume 13 of the Application; and the amounts of DSM and DR programs as determined by the Commission.


Regarding all confidential matters addressed by prayer for relief 37 except the Company’s request for confidentiality of information relating to the Fort Churchill Solar Array, the Commission should grant the Company’s request for confidential treatment of certain portions of the filing and the Technical Appendices pursuant to NAC 704.7272.

5. General Points of Agreement.

A. This Stipulation represents a compromise of the positions of the Parties. Except as set forth herein, neither this Stipulation, nor its terms, nor the Commission’s acceptance of the recommendations contained in this Stipulation shall have any precedential effect in future proceedings.

B. This Stipulation shall not become effective and shall be given no force or effect until the issuance of a Commission order that accepts this Stipulation. If the Commission does not accept the Stipulation, then the Stipulation is withdrawn and no part of the Stipulation shall be admissible in any proceeding before the Commission or any other tribunal.

C. This Stipulation may be executed in one or more counterparts, all of which together shall constitute the original executed document. This Stipulation may be executed by signatures
provided by electronic facsimile transmission, which facsimile signatures shall be as binding and
effective as original signatures.

Regulatory Operations Staff

By: Jermaine Grubbs
Name: Jermaine Grubbs
Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: Shawn Elicegai
Name: Shawn Elicegai
Title: Associate General Counsel

Office of the Attorney General,
Bureau of Consumer Protection

By: David Norris
Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc. (Does Not Oppose)

By: [Signature]
Name: [Signature]
Title: [Signature]

Building & Construction Trades Council of Northern Nevada (Does Not Oppose)

By: [Signature]
Name: [Signature]
Title: [Signature]

Nevadans for Clean Affordable Reliable Energy (Does Not Oppose)

By: [Signature]
Name: [Signature]
Title: [Signature]
provided by electronic facsimile transmission, which facsimile signatures shall be as binding and effective as original signatures.

Regulatory Operations Staff

By: ________________________________ Dated: ________________________________
   Name: Jermaine Grubbs
   Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: ________________________________ Dated: ________________________________
   Name: Shawn Elieegui
   Title: Associate General Counsel

Office of the Attorney General,
Bureau of Consumer Protection

By: ________________________________ Dated: ________________________________
   Name: David Norris
   Title: Senior Deputy Attorney General

Apple Inc. (Does Not Oppose)

By: ________________________________ Dated: 10/9/13
   Name: ________________________________
   Title: ________________________________

Building & Construction Trades Council of Northern Nevada (Does Not Oppose)

By: ________________________________ Dated: ________________________________
   Name: ________________________________
   Title: ________________________________

Nevadans for Clean Affordable Reliable Energy (Does Not Oppose)

By: ________________________________ Dated: ________________________________
   Name: ________________________________
   Title: ________________________________
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Regulatory Operations Staff

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Name: Jermaine Grubbs
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Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc. (Does Not Oppose)

By: ___________________________  Dated: ___________________________
Name: _________________________
Title: ___________________________

Building & Construction Trades Council of Northern Nevada (Does Not Oppose)

By: ___________________________  Dated: ___________________________
Name: _________________________
Title: ___________________________

Nevadans for Clean Affordable Reliable Energy confirms that it does not oppose the Stipulation.

By: ___________________________  Dated: ___________________________
Name: Robert G. Johnston
Title: ___________________________
provided by electronic facsimile transmission, which facsimile signatures shall be as binding and effective as original signatures.

Regulatory Operations Staff

By: 
Name: Jermaine Grubbs
Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: 
Name: Shawn Eloegui
Title: Associate General Counsel

Office of the Attorney General,
Bureau of Consumer Protection

By: 
Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc. (Does Not Oppose)

By: 
Name: 
Title: 

Building & Construction Trades Council of Northern Nevada (Does Not Oppose)

By: Michael E. Langton
Name: Michael E. Langton
Title: Attorney

Nevadans for Clean Affordable Reliable Energy (Does Not Oppose)

By: 
Name: 
Title: 

Dated:
Newmont USA, LTD d/b/a Newmont Mining Corporation (Does Not Oppose)

By: [Signature] Dated: 10/9/13
Name: 
Title: 

Northern Nevada Industrial Electric Users (Does Not Oppose)

By: [Signature] Dated: 10/9/13
Name: 
Title: 
CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing NEVADA POWER COMPANY D/B/A NV ENERGY AND SIERRA PACIFIC POWER COMPANY D/B/A AS NV ENERGY'S STIPULATION in Docket No. 13-07002/5 upon the persons listed below via electronic media to the following:

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tcordova@puc.nv.gov

Staff Counsel Division
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Robert Johnston
Kilpatrick Johnston & Adler
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Carson City, NV 89703
tjohnston.kja@pyramid.net

DATED this 9TH day of October, 2013.

/s/ Connie Silveira
Connie Silveira
Legal Secretary
Nevada Power Company
BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy for Approval of its 2013 Annual Demand Side Management Update Report as it relates to the Action Plan of its 2013-2032 Triennial Integrated Resource Plan

Docket No. 13-07002


Docket No. 13-07005

STIPULATION

Pursuant to Nevada Administrative Code ("NAC") 703.750 and NAC 703.845, the Parties (as defined below) enter this stipulation (the "Stipulation"). The Stipulation resolves certain Phase 2 issues in Docket Nos. 13-07002 and 13-07005 (the "Consolidated Dockets").

SUMMARY OF STIPULATION

The Parties agree that this Stipulation provides a fair, just and reasonable resolution of certain Phase 2 issues raised in the Consolidated Dockets and that the Stipulation is in the public interest. The Stipulation provides for the approval of Fort Churchill Solar Array proposed by Sierra Pacific Power Company d/b/a NV Energy ("Sierra" or the "Company"), as such project is modified by Attachment A to this Stipulation.

The Stipulation only settles issues related to the Consolidated Dockets. The Stipulation seeks relief that the Commission is empowered to grant. Accordingly, the Parties recommend that the Commission accept the Stipulation, implement all of the terms of the Stipulation, and grant certain requests for relief made by Sierra, as modified by the Stipulation.

RECATALS

1. On July 1, 2013, Sierra filed with the Commission an application requesting approval and acceptance of its integrated resource plan ("IRP") covering the period 2014 through 2033 (the "Application").
2. Sierra made the Application pursuant to the applicable provisions of the Nevada Revised Statutes ("NRS") and the NAC, Chapters 703 and 704, including but not limited to NAC 704.9208, and pursuant to the Company’s Schedule NGR Tariff under Option 2.

3. Pursuant to NRS 703.301 and NRS 228.360, the Regulatory Operations Staff of the Public Utilities Commission of Nevada ("Staff") and the Office of the Attorney General, Bureau of Consumer Protection ("BCP") participate in these Consolidated Dockets.

4. The Commission granted petitions for leave to intervene filed by Apple Inc. ("Apple"), the Building & Construction Trades Council of Northern Nevada ("Building & Construction Trades"), EnerNoc, Inc. ("EnerNoc"), Nevadans for Clean Affordable Reliable Energy ("NCARE"), Newmont USA, LTD d/b/a Newmont Mining Corporation ("Newmont"), and the Northern Nevada Industrial Electric Users ("NNIEU").

5. EnerNoc’s petition was limited to the demand side management portion of the proceeding.

6. Staff, BCP, Apple, the Building & Construction Trades, and NCARE have investigated or had the opportunity to investigate the Application, the IRP and have analyzed the Company’s requests.

7. Sierra and Apple have agreed to modify the terms and conditions of the Renewable Energy Agreement, by increasing the "Green Rate," as set forth in Attachment A to this Stipulation, which shall be executed upon approval by the Commission of this Stipulation.

8. The increase in the Green Rate to which Apple has consented provides additional benefits and protections and thereby avoids cost impacts to Sierra and its customers.

9. The Building & Construction Trades, NCARE, Newmont and the NNIEU do not support nor do they oppose this Stipulation.

**AGREEMENT OF THE PARTIES**

In light of the foregoing considerations, the Apple, BCP, Staff and the Company agree and recommend the following:

1. Fort Churchill Solar Array.
A. The Commission should accept the Participation and Development Agreement, the Ground Lease, and the Solar Array Lease.

B. The Commission should accept the Renewable Energy Agreement, as amended by Attachment A.

C. Apple and Sierra shall execute the First Amendment to the Renewable Energy Agreement within 10 business days following the issuance by the Commission accepting the Participation Development Agreement, the Ground Lease, the Solar Array Lease, and the amended Renewable Energy Agreement. As a compliance item in the Consolidated Dockets, Sierra shall file the executed First Amendment to the Renewable Energy Agreement within 15 business days after the issuance of such final order.

D. The Commission should authorize the accounting treatment related to the Fort Churchill Solar Array transaction requested by Sierra in the Application.

E. The Commission should approve and accept Sierra’s request to add the Solar Array Lease without authorizing, at this time, Sierra to exercise the option to purchase the Fort Churchill Solar Array. For the avoidance of ambiguity, nothing in a Commission order approving the Solar Array Lease shall be construed as authorizing Sierra to purchase the Fort Churchill Solar Array.

F. Sierra shall consult with Staff and the BCP in good faith prior to finalizing a methodology in deriving a Green Rate for intermittent resources in advance of any future request for approval pursuant to the Company’s Schedule NGR under Option 2.

2. General Points of Agreement.

A. This Stipulation represents a compromise of the positions of the Parties. Except as set forth herein, neither this Stipulation, nor its terms, nor the Commission’s acceptance of the recommendations contained in this Stipulation shall have any precedential effect in future proceedings.

B. This Stipulation shall not become effective and shall be given no force or effect until the issuance of a Commission order that accepts this Stipulation. If the Commission does not accept
the Stipulation, then the Stipulation is withdrawn and no part of the Stipulation shall be admissible in any proceeding before the Commission or any other tribunal.

C. This Stipulation may be executed in one or more counterparts, all of which together shall constitute the original executed document. This Stipulation may be executed by signatures provided by electronic facsimile transmission, which facsimile signatures shall be as binding and effective as original signatures.

Regulatory Operation Staff

By: [Signature]  Dated: 10/9/2013
Name: Jermaine Grubbs
Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: [Signature]  Dated: ____________________________
Name: Shawn Elichegui
Title: Associate General Counsel

Office of the Attorney General, Bureau of Consumer Protection

By: [Signature]  Dated: ____________________________
Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc.

By: [Signature]  Dated: October 2, 2013
Name: Stephen Hall
Title: Counsel for Apple Inc.

Building & Construction Trades Council of Northern Nevada

By: [Signature]  Dated: ____________________________
Name: ____________________________

4
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Regulatory Operation Staff

By: ___________________________ Dated: ___________________________

Name: Jermaine Grubbs
Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: ___________________________ Dated: 10/09/2013

Name: Shawn Eliegeui
Title: Associate General Counsel

Office of the Attorney General, Bureau of Consumer Protection

By: ___________________________ Dated: ___________________________

Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc.

By: ___________________________ Dated: October 2, 2013

Name: Stephen Hall
Title: Counsel for Apple Inc.

Building & Construction Trades Council of Northern Nevada

By: ___________________________ Dated: ___________________________

Name:
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  Title: Assistant Staff Counsel

Sierra Pacific Power Company d/b/a NV Energy

By: ____________________________ Dated: ____________________________
  Name: Shawn Elciegui
  Title: Associate General Counsel

Office of the Attorney General, Bureau of Consumer Protection

By: ____________________________ Dated: 10/7/13
  Name: David Norris
  Title: Senior Deputy Attorney General

Apple Inc.

By: ____________________________ Dated: ____________________________
  Name: _____________________
  Title: _____________________

Building & Construction Trades Council of Northern Nevada

By: ____________________________ Dated: ____________________________
  Name: _____________________
  Title: _____________________
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Name: Shawn Elieegu
Title: Associate General Counsel

Office of the Attorney General, Bureau of Consumer Protection

By: ____________________________  Dated: ____________________________
Name: David Norris
Title: Senior Deputy Attorney General

Apple Inc.

By: ____________________________  Dated: October 2, 2013
Name: Stephen Hall
Title: Counsel for Apple Inc.

Building & Construction Trades Council of Northern Nevada

By: ____________________________  Dated: ____________________________
Name: ____________________________
Title:

Nevadans for Clean Affordable Reliable Energy confirms that it does not oppose the Stipulation.

By: [Signature]

Robert G. Johnston

Dated: 10/9/13

Newmont USA, LTD d/b/a Newmont Mining Corporation

By: _________________________________

Name:

Title:

Northern Nevada Industrial Electric Users

By: _________________________________

Name:

Title:
Title:

Nevadans for Clean Affordable Reliable Energy

By: ___________________________  Dated: ___________________________
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   Title: ________________________

Newmont USA, LTD d/b/a Newmont Mining Corporation

By: ___________________________  Dated: 10/9/13
   Name: ________________________
   Title: ________________________

Northern Nevada Industrial Electric Users

By: ___________________________  Dated: 10/9/13
   Name: ________________________
   Title: ________________________
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing STIPULATION in Docket Nos. 13-07002 and 13-07005 upon the persons listed below via electronic media to the following:

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DATED this 18TH day of October, 2013.

/s/ Connie Silveira  
Connie Silveira  
Legal Secretary  
Sierra Pacific Power Company