BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA


Docket No. 16-07001


Docket No. 16-07007

Application of NEVADA POWER COMPANY d/b/a NV Energy for approval of the second amendment to its 2016-2035 Integrated Resource Plan and 2016-2018 Action Plan to include the acquisition of the South Point Energy Center.

Docket No. 16-08027

STIPULATION

Pursuant to Nevada Administrative Code ("NAC") § 703.750 and NAC § 703.845, Sierra Pacific Power Company d/b/a NV Energy ("Sierra" or, with Nevada Power, "Company") and Nevada Power Company d/b/a NV Energy ("Nevada Power" or, with Sierra, "Company"); the Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission"); Nevadans for Clean Affordable Reliable Energy ("NCARE"); and the City of Reno, the City of Sparks, the Reno-Tahoe Airport Authority, the Carson City School District, the Washoe County School District, and the City of Carson City (jointly, the "Coalition"), each individually a "Signatory" and together the "Signatories", enter this Stipulation to resolve all issues related to the Demand Side Management Plan ("DSM Plan") portion of Docket No. 16-07001, all of Docket No. 16-07007; and the DSM issues presented in Docket No. 16-08027 (together, the "Consolidated Dockets").

SUMMARY OF STIPULATION

The Signatories agree that this Stipulation provides a reasonable resolution of the issues raised in Sierra's DSM Plan in Docket No. 16-07001, in Nevada Power's DSM Update in Docket No. 16-
07007, and in Nevada Power’s Second Amendment (“2nd Amendment”) in Docket No. 16-08027, and that the Stipulation is in the public interest.

The Stipulation only settles issues related to the Consolidated Dockets. The Stipulation only seeks relief that the Commission is empowered to grant. Accordingly, the Signatories recommend that the Commission accept the Stipulation, and grant certain requests for relief made by Sierra and Nevada Power in their respective applications, as modified by the Stipulation.

The following parties granted intervener status for Phase II of the Consolidated Dockets have indicated to the Signatories that they do not have an interest in DSM issues in these Dockets: Northern Nevada Industrial Electric Users; Sierra Club; Interwest Energy Alliance; Ormat Nevada Inc.; Vote Solar; and SolarCity. The Office of the Attorney General’s Bureau of Consumer Protection (“BCP”) has informed the Signatories that it opposes the Stipulation.

**RECITALS**

1. Pursuant to NAC § 704.934, a utility is required to submit a Demand Side Plan (“DSM Plan”) as part of its Triennial Integrated Resource Plan. The DSM Plan includes the programs proposed by the utility to promote energy efficiency and conservation. NAC § 704.9057.

2. On July 1, 2016, Sierra filed with the Commission an application requesting approval and acceptance of its DSM Plan for the period 2017-2019 in Docket No. 16-07001.

3. Sierra’s DSM Plan was made pursuant to the applicable provisions of the Nevada Revised Statutes (“NRS”) and the NAC, Chapters 703 and 704, including but not limited to NAC § 704.934.

4. Pursuant to NAC § 704.934.8, a utility is required to submit a Demand Side Management Update Report (“DSM Update”) in each year following the filing of its integrated resource plan. The DSM Update includes the analysis that the utility used in determining for the upcoming year which energy efficiency and conservation programs are to be continued and which programs are to be cancelled.
5. On July 1, 2016, Nevada Power filed with the Commission an application requesting approval and acceptance of its DSM Update for 2017 in Docket No. 16-07007.

6. Nevada Power's DSM Update was made pursuant to the applicable provisions of the NRS and the NAC, Chapters 703 and 704, including but not limited to NAC § 704.934.

7. On August 15, 2016, Nevada Power filed with the Commission an application requesting approval and acceptance of its Second Amendment to its 2016-2035 Integrated Resource Plan ("2nd Amendment") in Docket No. 16-08027. The 2nd Amendment included a request for the approval of a modified DSM Plan for the two years remaining in Nevada Power's Action Plan period.

8. Nevada Power's 2nd Amendment was made pursuant to the applicable provisions of the NRS and the NAC Chapters 703 and 704, including but not limited to NAC § 704.9516.

9. On July 19, 2016, Sierra filed a motion requesting that the Commission consolidate Docket No. 16-07001 with Docket No. 16-07007. The Presiding Officer granted the motion at prehearing conferences concurrently conducted in these Dockets on August 8, 2016. On August 16, 2016, the Presiding Officer issued Procedural Order No. 2 to set the procedural schedule and bifurcate the hearings into three phases. Specifically, Phase II addresses Sierra’s the DSM Plan portion of Sierra’s Integrated Resource Plan and Nevada Power’s DSM Update. On August 24, 2016, the Presiding Officer issued Procedural Order No. 3 in which Docket Nos. 16-07001, 16-07007, and 16-08027 were consolidated for hearing.

10. Pursuant to NRS §§ 703.301 and 228.360, Staff and the BCP participate in these proceedings as a matter of right.

11. By Orders issued on August 22, 2016, the Presiding Officer granted the Petitions for Leave to Intervene of the following parties in Docket No. 16-07001 and in Docket No. 16-07007, specifically including Phase II of the proceedings: The City of Reno, the City of Sparks, the City of Carson City, the Carson City School District, the Washoe County School District and the Reno-Tahoe Airport Authority (collectively, the "Coalition"); Nevadans for Clean Affordable Reliable Energy ("NCARE"); Interwest Energy Alliance ("Interwest"); Ormat Nevada Inc. ("Ormat"); the Sierra Club;
Northern Nevada Industrial Electric Users ("NNIEU"); SolarCity; and Vote Solar. By Procedural Order No. 4 issued September 15, 2016 in the Consolidated Dockets, the Presiding Officer determined that "any party granted intervention in Phase II of Docket Nos. 16-07001 and 16-07007 may also participate in Docket No. 16-08027, subject to the scope and limitations set forth in the Presiding Officer's order granting the respective party's intervention." Procedural Order No. 4, p. 3, paragraph 15.

12. Staff, NCARE, and the Coalition have investigated the DSM issues in the Consolidated Dockets, conducted analysis of Sierra's and Nevada Power's requests and agree to enter into this stipulation as indicated below.

13. This stipulation if approved by the Commission would resolve all issues related to the DSM issues in the Consolidated Dockets.

14. If the Presiding Officer, as defined by NAC § 703.090, accepts this Stipulation, the Companies shall present their direct cases at hearing for the Consolidated Dockets, as supported by this Stipulation, to respond to the other interveners not party to the Stipulation, and the Commission. All other Signatories will not present witnesses on the Stipulated Issues and waive cross-examination of the Companies' witnesses on the Stipulated Issues.

15. If the Presiding Officer rejects this Stipulation, the Signatories shall proceed with full presentations of their direct cases and are not bound by the terms of this Stipulation.

NOW THEREFORE, in light of the foregoing considerations, the Signatories agree and recommend the following:

**AGREEMENT OF THE SIGNATORIES**

   A. The Commission should accept and approve, subject to the exceptions described below, Sierra’s Preferred Plan level of budgets for Demand Side Management programs for the
Action Plan period of 2017 – 2019 as described in Table DSM-1 found in Volume 6, page 213 of 400, of Sierra’s Integrated Resource Plan filed on July 1, 2016. The exceptions are as follows:

1. **Home Assessments:** Approve budget a $1,700,000 for each of 2017, 2018 and 2019.

2. **Commercial Demand Response Build:** Approve a budget of $750,000 for 2017, $800,000 for 2018 and $900,000 for 2019.

3. **Commercial Demand Response Manage:**
   a. Discontinue the Agriculture Demand Response Manage program and correspondingly reduce the Commercial Manage Demand Response budget by $160,000 in 2017 (which leaves $24,000 to ramp down the Agriculture Demand Response Manage program) and $184,000 in 2018 and 2019.
   b. Reduce the Commercial Manage Demand Response budget to $450,000 for 2017, $600,000 for 2018 and $800,000 for 2019 to reflect the reduction in the Commercial Demand Response Build.

4. **Commercial Services:** Approve at The Company’s preferred level, but from the approved amount reserve the following amounts for the purposes set forth:
   a. $110,000 at a minimum in each year of the Action Plan period for incentives for non-profits.
   b. $50,000 in 2017 to co-fund an Energy Manager trial in Sierra’s service territory. Sierra agrees to work with the DSM Collaborative to develop program performance standards for this trial. Sierra will report the results of the trial in its 2018 DSM Update, along with any recommendations for future activity.

B. The agreed-to budget levels for each program for each year of the Action Plan period agreed to by the signatories to this Stipulation are shown in Attachment 1 to this Stipulation.
2. **Docket No. 16-07007: Nevada Power Company DSM Update Report and Docket No. 16-08027: Nevada Power Company Second Amendment.**

   A. The Commission should accept and approve, subject to the exceptions described below, Nevada Power’s Preferred Plan level of budgets for Demand Side Management programs for the remaining two years (2017 and 2018) of the Action Plan period as described in Table DSM-1 found in Volume 2, page 122 of 266, filed on July 1, 2016. The exceptions are as follows:

   1. **Commercial Demand Response Program:** Approve a budget of $2,650,000 for 2017 and $3,350,000 for 2018.

   2. **Energy Reports:**

      a. Approve a budget of $1,200,000 for 2017. Of this amount, $500,000 will be paid from the 704B Exit Recapture Funds as described in Section 3. E. 2. below. Approve a budget of $1,200,000 for 2018.

      b. The Energy Reports program will offer residential reports and commercial reports that will be sent to small and medium commercial accounts.

   3. **Home Assessments:** Approve a budget of $3,500,000 for 2017. Of this amount, $1,024,500 will be paid from the 704B Exit Recapture Funds, as described in Section 3. E. 2. below. Approve a budget of $3,000,000 for 2018. The Signatories acknowledge that they are requesting that the Commission approve a lower budget for 2018 than for 2017, and that the Company may propose a higher budget in its 2017 DSM Update report, at which time all interested parties will have the opportunity to analyze and evaluate the implementation of the 2016 and 2017 energy assessment program, the remote assessment tool, the direct install market trial, and the development of an M&V plan for the Home Assessments program.

   4. **Schools Program:** Approve a budget of $1,600,000 for each of 2017 and 2018.
5. **Commercial Services:**
   
a. Approve a budget of $11,150,000 for 2017. Of this amount, $1,524,500 will be paid from the 704B Exit Recapture Funds, as described in Section 3. E. 2. below. Approve a budget of $11,150,000 for 2018.
   
b. From the approved amount for 2017, reserve $50,000 to co-fund an Energy Manager trial in Nevada Power’s service territory in 2017. Nevada Power agrees to work with the DSM Collaborative to develop program performance standards for this trial. Nevada Power will report the results of the trial in its 2018 Integrated Resource Plan filing, along with any recommendations for future activity.

B. The agreed-to budget levels for each program for 2017 and 2018 are shown in Attachment 2 to this Stipulation.

3. **Use of 704B Exit Recapture Funds:**
   
A. In its Modified Final Order issued on January 20, 2016 in Docket No. 15-05006, the Commission determined on page 91, paragraph 245, as follows:

  [T]he Commission finds that Wynn is required to pay a prorated amount of the rebates Wynn received as a DSM participant. The Commission finds that the net present value reflecting this amount is approximately $571,000[.74]. The Commission finds that this portion of the Upfront Fee must be paid upon Wynn's exit, and this portion of the impact fee shall be used to add to the annual DSM Commercial Services program budget.

B. In its Modified Final Order issued on January 20, 2016 in Docket No. 15-05017, the Commission determined on page 63, paragraph 182, as follows:

  [T]he Commission finds that MGM is required to pay a prorated amount of the rebates MGM received as a DSM participant. The Commission finds that the net present value reflecting this amount is approximately $2.478 million. The Commission finds that
this portion of the Upfront Fee must be paid upon MGM’s exit, and this portion of the
impact fee shall be used to add to the annual DSM Commercial Services program
budget.

C. In its Order on Reconsideration issued on January 20, 2016 in Docket No. 15-05006,
the Commission determined on pages 17-18, paragraph 40, as follows:

The Commission has the discretion, in a future Commission proceeding, where all
interested participants have notice and can participate, to move the Wynn’s DSM
Recapture payment from the 2016 Commercial Services Budget account to other DSM
budget accounts, as supported by the record in the future proceeding.

D. In its Order on Reconsideration issued on January 20, 2016 in Docket No. 15-05017,
the Commission determined on page 15, paragraph 32, as follows:

The Commission has the discretion, in a future Commission proceeding, where all
interested participants have notice and can participate, to move the MGM’s DSM
Recapture payment from the 2016 Commercial Services Budget account to other DSM
budget accounts, as supported by the record in the future proceeding.

E. The Signatories agree that the Commission should approve the use of the prorated
rebate amounts ("Recapture Funds") referred to in paragraphs A and B above by Nevada Power as
described in Sections 2.A.2., 2.A.3., and 2.A.5.

1. The Recapture Funds will be used to pay for program expenses as described in
Sections 2.A.2., 2.A.3., and 2.A.5 above prior to any other funds. For example, the
total budget agreed to by the Signatories for Nevada Power’s Energy Assessments
program in 2017 is $3,500,000, which consists of the $2,475,500 recommended budget
amount agreed to in this Stipulation, and an additional $1,024,500 from the Recapture
Funds. If an amount less than the full $3,500,000 is actually spent, the initial
$1,024,500 of expenses would be paid out of the Recapture Funds and remaining
expenses would be paid out of the DSM budget.
2. Any monies that may be left over from the Recapture Funds at the end of the 2017 program year will be rolled into the amortization balancing account.

3. Nevada Power will ensure appropriate accounting procedures are in place in order to enable Staff and other interested parties to trace and verify the spending of the Recapture Funds in the applicable deferred filing.

4. **Miscellaneous Items.**

The following items are applicable to both Sierra and Nevada Power, unless otherwise stated.

A. **Energy Reports:** The signatories agree that the Energy Reports program of each Company should be considered to be an educational program, and that the program is not an appropriate subject for calculations of cost-effectiveness. The signatories further agree that Sierra and Nevada Power will continue to evaluate customer satisfaction through surveys, and track and report in future proceedings the success of the reports at directing customers to other programs.

B. **Home Energy Assessments:** The signatories agree that the amount of direct install measures under the Home Energy Assessments program of each Company will be limited to a cap of $50 per household. The signatories agree that the average cost of direct installs per household will be less than $50, as every participant is not to receive all direct installation measures. The signatories agree that light bulbs must be installed in high usage areas of the residence, such as the kitchen and living area, and that the first priority for direct install of LED bulbs will be the replacement of incandescent light bulbs with LED bulbs.

C. **Net-To-Gross Study:** The signatories recommend that the Commission approve and accept the Net-To-Gross study presented by Sierra in Docket No. 16-07001 in Technical Appendix DSM-16, found in Volume 9 of the Integrated Resource Plan, and presented by Nevada Power in Docket No. 16-07007 in Technical Appendix DSM-17, found in Volume 7 of the DSM Update. The parties further agree that the prudence of the expenses related to the Net-To-Gross study will be determined in appropriate rate making proceedings.
D. DSM Collaborative: The signatories agree with regard to the DSM Collaborative as follows:

a. Sierra and Nevada Power will work with the DSM Collaborative and ADM, Sierra’s and Nevada Power’s measurement and verification consultants, to develop a Measurement and Verification plan for the Home Energy Assessments program, and provide a report on this work in each Company’s 2017 DSM Update.

b. Sierra and Nevada Power will work with the DSM Collaborative to build partners in the marketplace that may offer discounts or special financing to participants at no costs to the DSM program. For example, retailers could be approached to give coupons to program participants, contractors could offer discounts for services and equipment, banks could offer green financing loans, and retailers could approached to establish special discounted pricing for items such as smart power strips, chimney plugs, and the like purchased directly from approved vendors. Sierra and Nevada Power will report on this work in each Company’s 2017 DSM Update.

c. Sierra will work with the DSM Collaborative to evaluate duct, test and seal for northern Nevada customers as part of its Energy Assessment program. Sierra will report on this work in Sierra’s 2017 DSM Update.

d. Sierra and Nevada Power will work with the DSM Collaborative to evaluate whether the Schools program budget should be increased in future years to reflect the demand of public school districts in their service territories to participate in energy efficiency programs. Sierra and Nevada Power will report on this work in each Company’s 2017 DSM Update.

e. Sierra and Nevada Power will work with the DSM Collaborative to evaluate the potential of offering a low income retro-fit program through a neighborhood community outreach program. Sierra and Nevada Power will report on this work in each Company’s 2017 DSM Update.
E. The signatories recommend that the Commission approve and accept the Measurement and Verification reports for DSM program year 2015 as presented by Sierra in Docket No. 16-07001 in Technical Appendix DSM-6 through DSM-13 and DSM-15, found in Volumes 7-9 of the Integrated Resource Plan, and as presented by Nevada Power in Docket No. 16-07007 in Technical Appendix DSM-5 through DSM-14 and DSM-16, found in Volumes 3-6 of the DSM Update.

F. Directives:

a. The signatories agree that Nevada Power will report in its 2018 Integrated Resource Plan on its assessment of the interactions between demand response and photo voltaic systems.

b. The signatories recommend that the Commission find that the Companies have satisfied the directives contained in Paragraphs 34 and 186 of the Commission’s Modified Final Order issued on February 12, 2016 in consolidated Docket Nos. 15-06065, 15-07004, and 15-08011.

c. The signatories recommend that the Commission find that Nevada Power has satisfied the directives contained in Paragraph 239, Paragraph 240 and Compliances/Directives Paragraph 6, and Compliances/Directives Paragraph 5 of the Commission’s Modified Final Order issued on February 12, 2016 in consolidated Docket Nos. 15-06065, 15-07004, and 15-08011.

G. The Signatories agree that Sierra and Nevada Power can exercise their ability to re-allocate funds to an over-performing Demand Side Management program from a Demand Side Management program that is projected to underspend while staying within the approved portfolio level budget in any given year for the relevant Action Plan period.

5. Nothing in this Stipulation precludes any signatory from raising in the remaining phases of the Consolidated Dockets any matter not specifically and explicitly addressed in this Stipulation.
6. **General Provisions.**

   A. This Stipulation shall not serve as precedent for the resolution of any issue in the future by the Commission, with the exception of the matters enumerated herein and the findings that follow.

   B. In accordance with NAC § 703.845, this Stipulation settles only issues relating to the present proceedings and seeks relief that the Commission is empowered to grant.

   C. This Stipulation is entered into for the purpose of resolving all the issues relating to the Demand Side Management programs of the Companies in the Consolidated Dockets by and among the signatories as set forth above. This Stipulation is made upon the express understanding that it constitutes a negotiated settlement. The provisions of this Stipulation are not severable.

   D. This Stipulation represents a compromise of the positions of the Signatories. As such, conduct, statements and documents disclosed in the negotiation of this stipulation shall not be admissible as evidence in these Dockets or any other proceeding. Except as set forth herein, neither this Stipulation, nor its terms, nor the Commission’s acceptance or rejection of the terms contained in this Stipulation shall have any precedential effect in future proceedings.

   E. 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 Signatories by electronic transmission, which signatures shall be as binding and effective as original signatures.

   This Stipulation is entered into by each Signatory as of the date entered below:

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

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By: 
Name: Douglas Brooks  
Title: Senior Attorney  

Dated: ________
NEVADANS FOR CLEAN AFFORDABLE RELIABLE ENERGY

By: ____________________________ Dated: ____________________________

Name: Robert Johnston, Esq.


By: ____________________________ Dated: ____________________________

Name: Curt Ledford, Esq.
REGULATORY OPERATIONS STAFF

By: ____________________________
    Name: Christine Greve
    Title: Legal Case Manager

Dated: __________________________