BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation Addressing Rate Misclassifications by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy.	))) /	Docket No. 25-05010

NEVADA POWER COMPANY D/B/A NV ENERGY AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY'S COMMENTS IN RESPONSE TO PROCEDURAL ORDER NO. 1

Nevada Power Company d/b/a NV Energy ("Nevada Power") and Sierra Pacific Power Company d/b/a NV Energy ("Sierra" and, together with Nevada Power, the "Companies" or "NV Energy") hereby file an estimate prepared pursuant to the Public Utilities Commission of Nevada's (the "Commission") Procedural Order No. 1 issued on October 14, 2025, in this docket (the "Order").

Specifically, the Order directs the Companies to provide:

i. The estimated total dollar amount of all overcharges of customers, including taxes and charges, between 2001 and 2025;[1] and
ii. The estimated total dollar amount of all overcharges of customers, including taxes and charges, between 2001 and 2025, using other reasonable method NV Energy believes would be appropriate.

Exhibit A attached hereto provides an estimate that addresses these directives.

As explained in more detail in Exhibit A, the estimate is based on a series of assumptions that are needed to provide an approximation of the amounts overcharged as a result of the misclassification of multi-family premises as single-family premises during the relevant time frame. The Companies believe that these assumptions provide a conservative estimate, in that the assumptions upon which the estimate is premised likely result in a figure that overstates the actual amount of overcharges. For example, the estimate is based on a premises-level calculation using an estimated amount of electricity usage at each premises that has been identified as

[1] As explained in more detail in Exhibit A, the billing differential estimate time frame covers April 1, 2002, through 2025 for Nevada Power and June 1, 2002, through 2025 for Sierra. These are the dates when Nevada Power and Sierra, respectively, began billing under the multi-family rate schedules.

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

misclassified, but the estimate assumes that every such premises used the average amount of electricity from the date it was assumed to have been misclassified, without taking into account any vacancies or disconnections that occurred over time. As a result, the estimate likely overstates the actual amount of overcharges that occurred.

NV Energy appreciates the opportunity to provide this information, and looks forward to continuing its participation in this investigatory docket.

Dated this 5th day of November 2025.

Respectfully submitted,

NEVADA POWER COMPANY
d/b/a NV ENERGY

SIERRA PACIFIC POWER COMPANY
d/b/a NV ENERGY

/s/Michael Knox
Michael Knox
Senior Attorney
6100 Neil Road
Reno, NV 89511
Telephone: 775.834.5793
Facsimile: 775.834.4098
michael.knox@nvenergy.com

EXHIBIT A

Estimation of Potential Overcharges for Misclassified Multi-Family Residential Premises 2002-2017

Produced by:
NV Energy Pricing Group
November 3, 2025

Summary

This report presents Nevada Power Company d/b/a NV Energy ("Nevada Power") and Sierra Pacific Power Company d/b/a NV Energy's ("Sierra" and, together with Nevada Power, "NV Energy" or the "Companies") response to the Public Utilities Commission of Nevada's ("Commission") Procedural Order No. 1 dated October 14, 2025, in Docket No. 25-05010 (the "Order"). The Order directs NV Energy to provide:

i. The estimated total dollar amount of all overcharges of customers, including taxes and charges, between 2001 and 2025; and

ii. The estimated total dollar amount of all overcharges of customers including taxes and charges, between 2001 and 2025, using other reasonable method NV Energy believes would be appropriate.

The Companies previously provided a calculation of the approximate amounts that had been overcharged between June 23, 2017, and 2025.[1]

To provide the estimate as directed, NV Energy developed a premises-specific estimation methodology using the difference between historical rates for the Residential Single-Family and Residential Multi-Family rate schedules. Additionally, the Companies utilized seven years of premises-specific kWh billing data for each northern and southern misclassified premises.

The results provided herein are an estimate of total overcharges in accordance with the Order's directive. This document outlines the methodology, step-by-step calculations, and total potential refund estimates by service territory.

Objective and Scope

- Estimate the total amount of overcharges for:
    - Nevada Power - April 2002 to May 2017;[2] and
    - Sierra - June 2002 to May 2017.[3]
- Date Range: April 2002-May 2017 and June 2002 – May 2017, respectively.
- Territories: Nevada Power and Sierra.
- Level: Premises-level estimation (not customer specific).

[1] Docket No. 25-05010, NV Energy Comments dated September 18, 2025, at 14.

[2] Nevada Power began charging multi-family residential premises a different rate than single-family residential premises on April 1, 2002. See Tariff No. RM Residential Service – Multi-Family, issued April 1, 2002, Docket No. 01-10001.

[3] Sierra began charging multi-family residential premises a different rate than single-family residential premises on June 1, 2002. See Tariff No. DM-1 Domestic Multi-Family Service, issued June 3, 2002, Docket No. 01-11030.

- Evaluated Rate Components: Basic Service Charge (“BSC”), Base Tariff General Rate (“BTGR”), Energy Efficiency Rate (“EE”), and Franchise Fee.

Methodology

NV Energy employed a premises-level approach to estimate the difference between multi-family and single-family charges for multi-family residential premises misclassified as single-family premises since the date of implementation of such rate differentials through the end of May 2017. This approach aligns with the Order and reflects available data granularity in NV Energy's system.

The premises-level approach estimates the billing differential based on the rate differences and average energy usage for each affected premises, independent of specific customers.

Scope of Calculation

- **Premises Data**: A census of the multi-family residential premises identified as misclassified under single-family residential rates was used. For modeling purposes, misclassified premises are assumed to be misclassified in the year and month of the install date as identified in the Banner customer information system (“Banner”). Premises with install dates prior to the beginning of the refund eligibility period were considered to be misclassified from the beginning of the refund eligibility period.
- **Rate Data**: Historical residential single-family and residential multi-family rate schedules (RS, RM, D-1, DM-1)[4] from inception through 2017:
  - BSC ($/month)
  - BTGR ($/kWh)
  - EE ($/kWh)
  - Note: Tax Reduction Rider (“TRRR”) and ON Line Temporary Rider (“ONTR”) rates were implemented after the timeframe of this analysis; thus, these temporary rate adjustments were not incorporated into this analysis.
- **Consumption Data Steps**:
  - Misclassified premises’ kWh consumption was estimated by using up to seven years of premises-specific kWh billing data.
  - The kWh for each premises was averaged by premises and month over up to seven years of billing data.
  - This monthly average kWh was then mapped to each year and month that a misclassified premises.

[4] Nevada Power’s single-family rate schedule is Schedule RS and its multi-family rate schedule is Schedule RM. Sierra’s single-family rate schedule is Schedule D-1 and its multi-family rate schedule is Schedule DM-1.

  - This was performed for each premises to calculate the difference or delta between RS and RM for Nevada Power and D-1 and DM-1 for Sierra for each individual month in which a premises was misclassified beginning in April 2002 in Nevada Power's service territory and June 2002 in Sierra's service territory (the beginning of multifamily rate classification in each respective service territory). This was performed for each premise through to May 2017.
- **Franchise Fee**: An assumed Franchise Fee of 5 percent was applied to the revenue difference between rate classes.

Methodology Rationale

This premises-based estimation is:

- **Data-appropriate**: Relies solely on premises-level and rate data, avoiding dependence on incomplete or missing historical billing records.
- **Transparent and Reproducible**: The algorithm and formulas are documented, reviewable, and can be rerun by other parties.
- **Consistent with Order**: Provides a conservative estimate that complies with the Order's directive.
- **Extendable**: The estimate can be adjusted to incorporate taxes, month specific franchise fees, customer-level data, e.g. vacancy adjustments, or additional components if needed.
- **Balanced Design (Flexibility-Complexity-Performance Trade-off)**: The chosen approach uses simplifying assumptions while maintaining manageable computational complexity for thousands of premises and delivers results efficiently.

Limitations

- Issue 1: Premises identified to be misclassified are assumed to be misclassified from the year and month of meter installation to May 2017. The premises-level refund estimate does not account for vacancy periods, foreclosures of buildings, or changes in use of buildings or intervening changes in classification, if any.
- Issue 2: The Order directs the Companies to provide an estimate of billing differentials from 2001 to 2025; however, the estimates begin in 2002 and extend through 2025.

  Explanation:
  - In 2001, preparatory work was conducted in the Banner system to support the implementation of new multi-family rates that initially became effective in 2002.
  - The Multi-Family Tariffs went into effect as follows:
    - Nevada Power: Schedule RM was introduced on April 1, 2002.
    - Sierra: Schedule DM-1 was introduced on June 1, 2002.

- Issue 3: Billing differential estimates include an assumed 5 percent franchise fee, which is modeled for estimation purposes and does not reflect actual taxes.
  Explanation:
  - Franchise Fees vary by county and were subject to frequent changes, particularly in northern counties during the economic downturn from 2008 to 2012.
  - Incorporating these fluctuations would have delayed the delivery of the estimates.
  - To expedite the process, the team opted to assume a 5 percent Franchise Fee for the estimates.

Assumptions

- Estimation performed at the premises level (not customer level).
- Date range for refund estimation:
  - Nevada Power
    - April 1, 2002, to May 31, 2017.
  - Sierra
    - June 1, 2002, to May 31, 2017.
- Rate and charge components: BSC, BTGR, EE
- Charge date range for premises kWh:
  - Nevada Power: June 2017 to October 2025.
  - Sierra: June 2017 to October 2025.
- Billed kWh was averaged by premises and month using Banner billing data. This monthly average was used for each unique premise to calculate a per month refund for each month that each premises was considered misclassified.
- Overestimation risk: A refund is calculated for each month that each premises is misclassified until the end of the study period. Some premises may have had vacancies or disconnection periods not accounted for in the current model. The methodology assumes that misclassification began when the premises was created. Finally, the methodology assumes the highest possible franchise rate of 5 percent.

Step-By-Step Calculation

Overview

The total estimated billing differential was computed across service territories, premises, months, and rate components. The overall process consists of three major phases: data preparation, estimation, and aggregation.

Data Preparation

Compiled List of Affected Premises

- Identify all multi-family residential premises that were misclassified under single-family rates.
- For each premises, include premises number, premises start date, and premises end date (if applicable).
- Group the list by service territory (Nevada Power, Sierra).

Compiled Rate History (2002-2017)

- Review historical residential single-family and residential multi-family rates from 2002 through 2017 including a comparison against historical tariff sheets.
- Organize by effective date, rate component, and customer class.
- Ensure inclusion of all relevant components: BSC, BTGR, and EE.
- Determine the start date of the analysis period based on the first month each unique premises was created.

Monthly Average kWh by Premises

- Calculate by premises and month the unique monthly average kWh for each premises using billed Banner kWh.

Algorithm Implementation

1. Initialize Parameters and Data
    - Import rate schedules rate differential, single-family rates less multi-family rates by rate component.
    - Import premises with initial meter install date.
    - Calculate premises-specific average monthly kWh.
2. Generate a time series for each premises for each year and month within the refund calculation period.
3. Loop Through Premises
    - For each premises, we assumed that misclassification began in the year and month of premises creation, as described in the Scope of Calculation section above.
    - Append binary indicator variable for misclassification year(s) and month(s) to refund calculation timeline for each unique premises.
4. Calculate Overcharges per Component by Premises
    - For each rate component and month, calculate potential billing differential using the rate differential between single-family and multi-family.
    - Sum results to the premises-level total for reporting.

$$\text{Overcharges}_{\text{fixed}} = (\text{SF Fixed Charge} - \text{MF Fixed Charge})$$
$$\text{Overcharges}_{\text{volumetric}} = (\text{SF Rate} - \text{MF Rate}) \times \text{Monthly kWh average}$$

Aggregation and Reporting

Aggregate Results

- Sum estimated billing differential for all date periods, components, and months for each unique premises.
- Combine premises-level totals by service territory (Nevada Power and Sierra) to estimate billing differential.

Output

- The final outputs include:
    - Total overcharges by service territory and time periods.

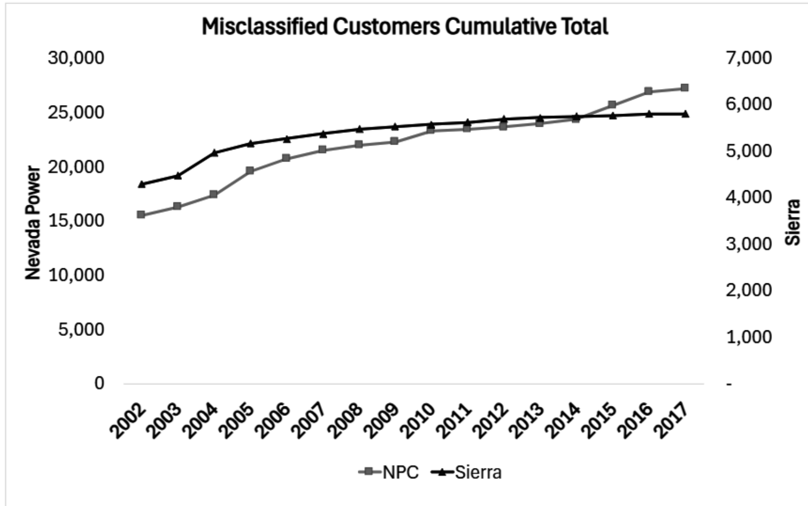
Results and Summary Table

Misclassified Multi-Family Billing Differential Estimation: 2002 – 2017

April 2002 - May 2017 NV Energy Total:		
Without Franchise Fee:	$	26,120,350
With Franchise Fee:	$	27,426,368
June 2002 - May 2017 Sierra Pacific Power Total:		
Without Franchise Fee:	$	7,341,958
With Franchise Fee:	$	7,709,056
April 2002 - May 2017 Nevada Power Total		
Without Franchise Fee:	$	18,778,392
With Franchise Fee:	$	19,717,312

Misclassified Premises Cumulative Total

Year	NPC	Sierra	NV Energy
2002	15,489	4,296	19,785
2003	16,290	4,478	20,768
2004	17,360	4,970	22,330
2005	19,536	5,166	24,702
2006	20,732	5,265	25,997
2007	21,535	5,373	26,908
2008	21,950	5,478	27,428
2009	22,309	5,532	27,841
2010	23,279	5,574	28,853
2011	23,453	5,625	29,078
2012	23,653	5,688	29,341
2013	23,971	5,720	29,691
2014	24,351	5,746	30,097
2015	25,630	5,767	31,397
2016	26,884	5,799	32,683
2017	27,196	5,808	33,004



The Companies previously provided a calculation of the approximate billing differential amounts for the misclassified premises between 2017 and 2025.[5] The total approximate billing differential for misclassified premises is $65,477,461 (the sum of the 2001 to 2017 estimate and the 2017 to 2025 calculation).

[5] Docket No. 25-05010, NV Energy Comments dated September 18, 2025, at 14.

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing filing for **NEVADA POWER COMPANY D/B/A NV ENERGY AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY** in Docket 25-05010 upon the persons listed below by electronic mail:

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

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

Anthony Walsh
Raquel Fulghum
Samuel Taylor
Bureau of Consumer Protection
100 N. Carson St.
Carson City, NV 89701
bcpserv@ag.nv.gov
ajwalsh@ag.nv.gov
rfulghum@ag.nv.gov
staylor@ag.nv.gov

Michael Saunders
Attorney General's Office
Bureau of Consumer Protection
10791 W. Russell Road, Suite 204
Las Vegas, NV 89148
msaunders@ag.nv.gov
bcpserv@ag.nv.gov

Tony Simmons
PO Box 571300
Las Vegas, NV 89157-1300
tonysimmons@runbox.com
tony@JustAndReasonable.Energy

Julia Hubbard
Solar United Neighbors
2100 Candle Rock Ct.
Reno, NV 89523
jhubbard@solarunitedneighbors.org

Angel DeFazio
PO Box 29194
Las Vegas, NV 89126
ntefusa@aol.com
angel@ntef-usa.org
info@nvestopsmartmeters.org
info@pucwatchdogs.com

Mary L. House
CHR, Inc
4616 W. Sahara Avenue #436
Las Vegas, NV 89102
drmlhouse@chrinc.net

Caitlin Gatchalian
Southwest Energy Efficiency Project
2334 Broadway Ste A
Boulder, CO 80304
cgatchalian@swenergy.org

Julia Hubbard
Solar Untied Neighbors
2672 Idlewild Dr
Reno, NV 89509
jhubbard@solarunitedneighbors.org

Tony Simmons
PO Box 571300
Las Vegas, NV 571300
Las Vegas, NV 89157-1300
tonysimmons@runbox.com

Amanda Sanchez
Holland & Hart LLP
5470 Kietzke Ln, Ste 100
Reno, NV 89511
alsanchez@hollandhart.com

Anita Goss
4505 Queens Hill St
N Las Vegas, NV 89031
nitabroker@gmail.com

April Shepard
8320 Blushing Heights
Las Vegas, NV 89131
Sallybinfire5@gmail.com

Barbara Bassong
656 Integrity Point Ave
Henderson, NV 89012
Lindbar04@yahoo.com

Barbara Dye
7424 Ravines Ave
Las Vegas, NV 89131
Barbaradye429@gmail.com

Candy Solowitz
195 Bailey Island Dr
Henderson, NV 89074
Candy195isdandy@yahoo.com

Carlin Dinola
8645 Tomnitz Ave #103
Las Vegas, NV 89178
Cdinola001@gmail.com

Carol Powell
6149 Powdermill St
Las Vegas, NV 89148
annpowell@vegasdeserthomes.com

Christina Mundy
Messner Reeves
8945 W Russell Rd, Ste 300
Las Vegas, NV 89148
cmundy@messner.com

Darcy Spears
KTNV
3355 S Valley View Blvd
Las Vegas, NV 89102
Darcy.spears@ktnv.com

Debbie Panice
10035 Sand Key St
Las Vegas, NV 89178
2500roseworthy@gmail.com

Felix Faella Jr
2405 Banora Point Dr
Las Vegas, NV 89134
faellaf@aol.com

Frank Fuoco
10351 Birch Bluff Ln
Las Vegas, NV 89145
frankfuoco@yahoo.com

Fred Voltz
1600 Broadmoor Cir
Boulder City, NV 89005
Zebedee_177@yahoo.com

Holly Balmer
1708 Pacific Castle Pl
Las Vegas, NV 89144
hbalmer@gmail.com

Irwin Silver
7765 Wind Willow Ave
Las Vegas, NV 89113
Irwins1947@yahoo.com

Kimberly Dillard
1011 Aspen Rose St, Unit 102
Las Vegas, NV 89183
mskdillard@gmail.com

Kimberly Fakih
1720 Pacific Sandstone Pl
Las Vegas, NV 89144
kimberlyfakih@gmail.com

Leigh Hilt
7428 Raviness Ave
Las Vegas, NV 89131
Goofyfoot10@hotmail.com

Leslie Vega
900 S Fourth St
Las Vegas, NV 89101
lvega@planevada.org

Lillian Fluellyn
2405 Desert Butte Dr
Las Vegas, NV 89134
traceyfluellyn@gmail.com

Linda Underwood
741 Apple Tree Ct
Henderson, NV 89014
Linda.underwood48@icloud.com

Lynn Forkos
2512 Palmridge Dr
Las Vegas, NV 89134
lynnforkos@yahoo.com

Lynn Marine
149 Tapatio St
Henderson, NV 89074
Lm35kreative@gmail.com

Marion Heckman
513 Satin Saddle Pl
Henderson, NV 89052
Mheckman95@gmail.com

Mark Nelson
7305 Vista Grande Dr
Las Vegas, NV 89149
Mnelson1731@gmail.com

Melissa Dodson
741 Apple Tree Ct
Henderson, NV 89074
Mommydodsonof2@gmail.com

N Bizness
2782 Fountain Vista Ln
Henderson, NV 89074
Internetprivacy03@gmail.com

Nicolas Ruiz
9124 Goose Lake Wy, Unit 101
Las Vegas, NV 89149
Nicksplace2@msn.com

Patricia Trimble
8740 Rainbow Ridge Dr
Las Vegas, NV 89117
tricia@suntegrityskincare.com

Rachel Williams
3388 Pavlo St
Las Vegas, NV 89121
Rachel.williams777@outlook.com

Richard Altz
9776 Glittering Star Ave
Las Vegas, NV 89147
Falcon3785@gmail.com

Sally Mickelson
2860 Bluebonnet Dr
Henderson, NV 89074
smickelson@hotmail.com

Tari Miller
10997 Bandol Pl
Las Vegas, NV 89141
tarilmiller@gmail.com

Teresa Vatrano
816 Radient Star St
Las Vegas, NV 89145
Tarryv24@yahoo.com

Vince Morel Vilan
2850 Gold Ice Ct
N Las Vegas, NV 89086
Vincemorel.vilan.889@gmail.com

By US Mail:

Audrey Peral
Chispa Nevada
1500 E. Tropicana, Suite 226
Las Vegas, NV 89119

By US Mail:

Cheryl Peters
Faith Organizing Alliance
PO Box 61378
Las Vegas, NV 89106

By US Mail:

Kristee Watson
Nevada Conservation League
PO Box 61378
Las Vegas, NV 89160

By US Mail:

Gariety Pruitt
Utility Watch NV
6675 South Tenaya Way, Suite 200D
Las Vegas, NV 89113

By US Mail:

Christina Cabrera Georgeson
Nevada Conservation League
1380 Van Ness Ave
Reno, NV 89503

By US Mail:

Marlon Anderson
Faith Organizing Alliance
1024 W Owens Ave, Ste B
Las Vegas, NV 89106

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

<u>By US Mail:</u>

Mary Wagner
Moms Clean Air Force
PO Box 61378
Las Vegas, NV 89106

<u>By US Mail:</u>

Shaunda Johnson
Faith Action Nevada
2580 N Rancho Dr, Ste 104
Las Vegas, NV 89130

DATED this 5th day of November, 2025.

<u>/s/ Lynn D'Innocenti</u>
Lynn D'Innocenti
Paralegal
Nevada Power Company d/b/a NV Energy
Sierra Pacific Power Company d/b/a NV Energy