NEVADA LEGISLATURE
JOINT INTERIM STANDING COMMITTEE ON GROWTH AND INFRASTRUCTURE

(*Nevada Revised Statutes* [NRS] 218E.815)

DRAFT MINUTES

April 21, 2026

The fourth meeting of the Joint Interim Standing Committee on Growth and Infrastructure for the 2025–2026 Interim was held on Tuesday, April 21, 2026, at 9 a.m. in Room 165, Nevada Legislature Office Building, 7230 Amigo Street, Las Vegas, Nevada. The meeting was videoconferenced to Room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and video recording of the meeting are available on the Committee's meeting page. The video recording may also be found at https://www.leg.state.nv.us/Video/. Copies of the video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblymember Howard Watts, Chair
Senator Rochelle T. Nguyen, Vice Chair
Senator Carrie Ann Buck
Assemblymember Max E. Carter II
Assemblymember Venise Karris
Assemblymember Heidi Kasama
Assemblymember Jason Patchett

COMMITTEE MEMBER ABSENT:

Senator Fabian Doñate (Excused)

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Keely Latham, Senior Policy Analyst, Research Division
Anthony Ciaramella, Senior Policy Analyst, Research Division
Terese Martinez, Research Policy Assistant, Research Division
Lauren Spratt, Deputy Legislative Counsel, Legal Division

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Items taken out of sequence during the meeting have been placed in agenda order.
[Indicates a clarification.]

AGENDA ITEM I—OPENING REMARKS

Chair Watts:

Good morning, everyone. Welcome to today's meeting of the Joint Interim Standing Committee on Growth and infrastructure. Would our Committee staff please take the roll?

[Roll call is reflected in Members Present.]

Please mark Senator Buck as present. Please mark Senator Nguyen present when she arrives, and mark Senator Doñate as absent-excused. With that, we do have a quorum.

A couple of housekeeping notes before we get started. Anyone wishing to provide public comment, please sign in at the table in the back if you are here in person. If you would like to provide public comment by phone, we will have public comment periods at the beginning and end of our meeting. You can find the call-in information on our agendas which are publicly posted, including on the Nevada Legislature's website. Today, if you would like to make public comment, you can call (888) 475-4499. When prompted to provide the meeting ID, please enter 813 2541 8843 and then press pound. We will be asking folks to limit their public comments to two minutes so that we can hear from everybody and also get through our agenda today. With that, we will be hearing several items today related to utilities and energy issues—but before we do that we will start with public comment.

AGENDA ITEM II—PUBLIC COMMENT

Chair Watts:

Anyone wishing to make public comment either here in Las Vegas or in Carson City, please come on up—have a seat. Please remember to state and spell your name for the record before you begin. We will start here in Las Vegas. Welcome.

Danny Thompson, International Brotherhood of Electrical Workers (IBEW) 396 and 1245:

Morning, Mr. Chairman, members of the Committee. I am here in opposition to several of the proposals and concepts presented today, including rooftop solar expansion, virtual power plants, and the creation of intervenor compensation mechanisms. While each of these are presented as a solution, taken together they raise serious concerns about reliability, cost, and fairness for Nevada taxpayers—ratepayers, I mean.

First, on reliability rooftop solar is inherently intermittent. It depends on weather, time of day, and season. On cloudy days or during peak evening—peak demand—output drops or disappears entirely. Because of that, the grid must still maintain fully dispatchable generation and spinning reserves at all times. So, in practice, we are not replacing traditional generation, we are duplicating it. Virtual power plants attempt to aggregate the same intermittent resources, but they do not eliminate that underlying problem—that they still depend on customer participation, distributed equipment performance, and real-time coordination, which introduces additional uncertainty when the grid is under stress.

Second, there are significant cost implications. These programs require incentives, technology integration, and ongoing management, and those costs are ultimately passed on to the ratepayers. At the same time, rooftop solar customers rely on the grid as their

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backup system and effectively as their battery. They export power during the day and draw from the grid when their systems are not producing, but the grid must be maintained and ready 24/7, and that cost is shared by all customers. This creates a situation where some customers reduce their bill while still relying on the full grid, shifting fixed cost to non-participating ratepayers. That raises real fairness concerns for renters, working families, small businesses who do not have access to these technologies.

Finally, on intervenor compensation Nevada already has a statutorily-created consumer advocate—the Nevada Bureau of Consumer Protection—whose sole purpose is to represent ratepayers in utility proceedings. Creating a system to pay additional intervenors does not fill the gap—it duplicates an existing function, and in my view, makes absolutely—

Chair Watts:

Mr. Thompson, you are over your two minutes, so if you can wrap up please.

Mr. Thompson:

Okay, let me just finish. Nevada should prioritize reliability, transparency, and fairness. Until these programs can demonstrate their reduced cost and maintain dependable service without shifting burdens onto other customers, we should be cautious about expanding them. And I will tell you—I have workers that I represent in California, where you have these intervenors—all that does is add cost to the rate base for the existing ratepayers. Thank you.

Chair Watts:

Thank you.

Mary L. House, Ph.D., Co-Founder and Chief Executive Officer (CEO), CHRINC-Caring, Helping & Restoring Lives:

Good morning. I want to thank you for facilitating today's discussion. See, there is a lot happening right now in Nevada's energy landscape, and this is a critical moment. The topics you will hear about today will directly impact the bills families are already struggling to afford and will shape whether energy becomes more affordable and stable or more costly and uncertain. With appeals to federal programs, tax incentives, and investments, it is more important than ever for Nevada leaders to step up. As you already know, we have a strong bipartisan renewable portfolio standard—a clean energy requirement of 50 percent by 2030 and a goal of 100 percent by 2050. At the same time, we continue to hear that electricity demand is growing rapidly with new large users such as data centers and AI [artificial intelligence]. We are concerned when we hear decisions about serving this demand by building new gas-burning power plants, which would cause us to fall behind our clean energy progress. We cannot afford to backtrack. Expanding gas systems would deepen reliance on fossil fuels, expose customers to sudden price spikes, and make it harder to stay on track with our clean energy goals. We need leadership more than ever to step up and meet the moment to forward-looking solutions, not decisions that pass along long-term risk onto customers. We encourage a strong focus on local, clean, non-polluting energy, and programs that reduce energy use and lower bills and urge a thoughtful, proactive approach to protecting Nevada's utility customers as decisions and discussions move forward. We will be following these issues closely, and we look forward to continued engagement. Thank you so much.

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Chair Watts:

Thank you, Dr. House. Always good to see you. Next.

Hector Arreola, Policy Fellow, Nevada Environmental Justice Coalition:

Good afternoon, Chair Watts and members of the Committee. We believe one reason utilities are increasingly unaffordable is because the Public Utilities Commission of Nevada (PUCN) lacks accessibility/accountability to the public they serve. During our listening session this year, we repeatedly hear from community members who are concerned about increasing electricity and natural gas bills. Many people, especially those with low or fixed incomes, express making sacrifice between paying their bills or their groceries and medication. This is not an—it is not easy to engage with the PUCN—on speaking to a state body that successfully provides remote participation, something guaranteed for commissioners and utility companies, yet not guaranteed for consumers. During this Committee last meeting, a PUCN representative said this, "There is no legal requirement for telephonic calls and that they can become unwieldy." This is frustrating considering the PUCN location and meetings are not accessible. If you are disabled, lack access to a vehicle, and rely on public transit, getting to the PUCN office can take two to three hours. In southern Nevada, the office is on the edge of town, and it is not centrally located. In northern Nevada, the office is located in Carson City, and the last bus from Carson or Reno leaves at 6 p.m. Meeting schedules in the middle of a workday do not allow working people to participate. An example of this are the times and dates for the annual general consumer session meetings—meant for consumers to voice their concerns about utilities. The northern Nevada session is scheduled on the last day of early voting at 1 p.m. on June 5th, and in southern Nevada the consumer session is also at 1 p.m. on June 16th. Also submitting a written comment is confusing and difficult to navigate. That is why we want to see guaranteed remote access and scheduling consumer sessions in the evening that work for the public. In addition, the PUCN cuts comment time in half for non-English speakers, limiting access for many community members. Lastly, we want to thank this Committee for allowing the Energy Equity Project to make a presentation about intervenor compensation; this is a tool we can use to make the PUCN more accountable. Thank you.

Chair Watts:

Thank you. Seeing nobody else— Come on down. If anyone would like to comment in Carson City, we will be going up there next. Whenever you are ready, please go ahead.

Audrey Peral, Program Director, CHISPA NEVADA:

Good morning, Chair and members of the Growth and infrastructure Committee. I am here today in strong support of intervenor compensation and the need to make Public Utilities Commission (PUC) more accessible to the communities it serves. Right now, meaningful participation in PUC proceedings requires significant time, technical expertise, and financial resources. These barriers exclude many community members and community-based organizations as well as everyday Nevadans, especially those most impacted by the decisions around energy affordability and infrastructure. Intervenor compensation is essential to leveling the playing field. It allows organizations like ours to bring forward community perspectives that would otherwise go unheard, ensuring more equitable and informed decision-making. At the same time, accessibility must go beyond compensation. The PUC should prioritize language access, clearer processes, and more transparent engagement so that everyday residents can participate without needing to be experts in regulatory systems. CHISPA NEVADA has participated in the PUC consumer sessions going back to at least seven years. Multiple times we have requested interpretation services in

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person and in writing for Spanish-speaking community members and have been told that this is not something the PUC can provide. Multiple times we have brought dozens of community members asking for the PUCN to reject any rate increases and hold utilities accountable. And while commissioners listen, they are not required to take into consideration these community perspectives—they only have to listen to intervenors. Multiple times we have met with commissioners and asked how we can make the commission more community friendly and been told that this is the Bureau of Consumer Protection's (BCP) role. When we talked to the BCP they say they do not have any funding or duties to engage consumers directly. All of this leaves community members in a lurch. It is not only difficult for the average Nevadan—not to mention working-class families who speak Spanish—to participate in the PUCN hearings and consumer sessions, it is also nearly impossible for community comments to be taken seriously without community members showing up directly. However, they do not have adequate representation in PUCN dockets. CHISPA NEVADA tries to cover these gaps, but it is not enough. Community members deserve an accessible public body if we want decisions that truly reflect the needs of Nevadans. We must invest in making participation possible. I respectfully urge this Committee to support intervenor compensation and take steps to ensure the PUC is accessible, inclusive, and accountable. Thank you for your time.

Chair Watts:

Thank you.

Rick McCann, Member of the Public:

Morning, Mr. Chair, and members of the Committee, and staff. My name is Rick McCann and today I am here representing me on the intervenor compensation. I am not the brightest bulb in the box—most of you know that—I do not get this. President of the United States, every time there is a protester outside the White House, he says they are paid, and that is a bad thing. We have our Governor who says when there are protesters out there, they are paid, and that is a bad thing. The Energy Equity Project, which I believe is the author of this particular consumer intervenor compensation, says that paid protesters are a good thing, and I got to pay for it as a ratepayer. I do not get that. I do not understand it. We have a consumer advocate—use it. I do not understand where this is coming from. I appreciate that people have a First Amendment right to come down here—do your thing—but that is what advocacy is. Get off your butt and get here. We do not have to pay you to be here. That offends me as a ratepayer that we are even discussing this. Thank you.

Chair Watts:

Thank you.

Juan Carlo Guardado, Organizer, CHISPA NEVADA, and Resident, Las Vegas, Nevada:

Good morning. I am here because energy decisions like a demand charge, net metering, and Nevada Energy's resource planning have real consequences for Nevada families. For many households, utility bills are already too high, and new policy that adds confusion or raises costs will hurt working families, seniors, and people living on fixed incomes. I also want to raise concern about the lack of accessibility of the Public Utilities Commission for many community members. The PUCN process is difficult to follow, difficult to participate,

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and not always accessible for our community members. I ask this Committee to put affordability, transparency, accessibility, and clean energy first, and also ensure that the public can participate in the process with the Public Utilities Commission. Thank you for your time.

Chair Watts:

Thank you. We appreciate you participating in our public process. Okay, now, seeing nobody else coming up down here; seeing nobody coming forward in Carson City. We will go to our AVH [Audio Visual Hearings Unit] staff to see if anyone would like to provide public comment by phone.

AVH, Information Technology Services, Administrative Division, LCB:

Thank you, Chair. If you would like to provide public comment, please press *9 to take your place in the queue. Again, to provide public comment, please press *9 now.

Manuel Santa Maria, Veteran:

Hello, I am a veteran, and I am here to talk about the Public Utilities Commission of Nevada and their poor accessibility in order to attend meetings. As a veteran, I know a lot of other disabled veterans, and they have a hard time trying to keep up, and they are also very much impacted by these rate changes. So, I just wanted to put that out there. Please make these meetings more accessible, and please listen to the people that are affected the most. These are people on fixed incomes. Most of them are older. They are disabled, or they are challenged in their mobility. Please, make these meetings more accessible. Thank you.

Tristan St. Dennis Roberts, Nevada Conservation League:

Good morning, Chair Watts and members of the Committee. We would like to thank the Committee for their time and for including presentations on several important energy topics today. Nevada's renewable portfolio standard, or RPS, requires 50 percent of the state's electricity to come from renewable sources by 2030. This requirement passed unanimously through the Legislature and was also enshrined in the *Constitution* by Nevada voters. Local clean energy is critical for reducing pollution, growing our economy, and establishing a reliable and affordable energy system. However, recent reporting indicates that NV Energy is currently not on track to meet the RPS and instead wants to invest in new gas-burning energy sources. Rising fuel costs, expensive fossil fuel power plants, and utility proposals that shift more risk onto customers are driving energy bills higher. Many Nevadans are already struggling to keep up, with some forced to choose between paying their utility bill and covering basic necessities such as food or medicine. With energy demand rising from new large loads like data centers, we need utilities focused on affordability, innovation, and real solutions that put customers and communities first. Additionally, allowing NV Energy to sidestep responsibility for wildfires would shift financial risk onto Nevadans while rewarding poor planning and infrastructure management. Rather than giving utilities blanket immunity and slowing down real progress, we should be taking action to strengthen wildfire prevention and modernize our grid. Nevadans are counting on decision-makers to ask tough questions and provide oversight to monopoly utilities to protect consumers. The path forward is clear—accountability, transparency, and investment in clean, affordable energy that strengthens Nevada's economy and protects families. Thank you.

AVH:

Chair, there are no additional callers at this time.

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Chair Watts:

All right, thank you everyone. Again, we will have a public comment period again at the end of today's meeting. With that, we will move on to Item Number III on our agenda, which is the approval of the minutes for our February 3rd meeting.

AGENDA ITEM III—APPROVAL OF THE MINUTES FOR THE MEETING ON FEBRUARY 3, 2026

Chair Watts:

Members, are there any discussion, questions, corrections for these minutes? Seeing none, I would accept a motion to approve these minutes.

ASSEMBLYMEMBER KARRIS MOVED TO APPROVE THE MINUTES FOR THE MEETING ON FEBRUARY 3, 2026.

ASSEMBLYMEMBER CARTER SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

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AGENDA ITEM IV—PRESENTATION ON DEMAND CHARGES, 15-MINUTE NET METERING, THE IMPLEMENTATION OF ASSEMBLY BILL 452 (2025), AND NV ENERGY'S LATEST INTEGRATED RESOURCE PLAN

Chair Watts:

We will now move into our presentations for the day. Just as a note, due to some scheduling issues, we will be taking some presentations out of order and may be doing a little bit of back and forth on at least one of the items. Our first presentation is from NV Energy who will be discussing some updates on rates, resource planning, and other issues. Welcome, Mr. Sanchez. I think we have Mr. Elicegui up in Carson City. Welcome to you both. Go ahead, take a moment to get ready and as soon as you are—you may begin.

Tony Sanchez, Executive Vice President, Business Development and External Relations, NV Energy:

Thank you, Mr. Chairman, members of the Committee. I am joined today, as you noted, Mr. Chairman, by my colleague, Shawn Elicegui, from your Carson City hearing room. Shawn is our Senior Vice President of Regulatory and Resource Planning, and he has a presentation that he will walk you through, and we would be happy to answer any questions after that.

Shawn Elicegui, Senior Vice President, Regulatory and Resource Planning, NV Energy:

Good morning, Mr. Chairman. Thank you for your time today, members of the Committee. Tony, do you want to run the slide deck? (Agenda Item IV) Okay, we will start off—our presentation covers four topics today. First, we are going to cover the mechanics of 15-minute netting for new net metering customers in northern Nevada. Second, we are going to cover the mechanics of daily demand for residential customers in southern Nevada. Third, we will provide an update on AB 452 [Assembly Bill] and customer misclassification

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refunds. Fourth and finally, we will cover NV Energy's—the status of its 2026 Joint Integrated Resource Plan. I want to note by starting, that topics one and two—that is 15-minute netting and daily demand—involve the exact same topic that we spoke about a couple of weeks ago with respect to data centers. Specifically, these topics focus on fair and responsible cost sharing, which ensures that energy remains affordable for all customers. The point and the bottom line—the fundamental element of the discussion with data centers, as well as these two topics—is ensuring that the activity that drives utility costs pays for those utility costs.

Fifteen-minute netting. The basics of 15-minute netting is NV Energy has meters that measure the exchange of energy. That is how much energy is delivered, and how much energy is received by NV Energy from a customer generator, as well as delivered to the customer generator every 15 minutes. The value of energy varies based on time.

Monthly netting works in the exact same way as 15-minute netting with one difference—the point at which you measure how much energy was exchanged between the two parties. In 15-minute netting, you calculate how much energy was delivered and how much energy was received every 15 minutes, and you then net the two. Monthly netting, you do the same thing but at the end of the month.

Why is 15-minute netting important? Because monthly netting does not accurately measure when a customer generator produces energy and when a customer generator uses energy. Because energy has value based on time, it is important to ensure that the customer who generates energy in a 15-minute window gets compensated for that energy. It is equally important to ensure that when NV Energy delivers more energy in a 15-minute window, the customer pays for the energy that is delivered. This is precisely how energy markets work. NV Energy has participated in the energy imbalance market since 2016. We exchange energy with California, Oregon, Washington, Utah, Arizona, Idaho, and New Mexico. We settle the exchange of energy or the imbalance of energy every 15 minutes, which is precisely what 15-minute netting does in northern Nevada for new net-metering customers. It settles the exchange of energy every 15 minutes. If the Committee would like, Mr. Chairman, I would be happy to take questions on this topic before I move to the next topic or just save questions for the end, whatever your pleasure.

Chair Watts:

Thank you, Mr. Elicegui. I think it would be best for you to finish your presentation, and then we will take questions on all of the topics. So, members, please take notes if you have questions on some of these issues as we go along, and we will make sure to go through all of them at the end. Please proceed, Mr. Elicegui.

Mr. Elicegui:

Thank you very much, Mr. Chairman. I appreciate that. Turn to the mechanics of daily demand. As I mentioned, NV Energy's advanced metering measures energy every 15 minutes. Daily demand is calculated based on the highest 15-minute usage each day. At the end of the month, the usage, the highest 15-minute usage on each day, is counted up and a charge is assessed. Daily demand measures how—not when—customers use energy. Why is this important? Because the utility's costs fall into three basic buckets.

1. Costs that we have just because we have a customer. For example, a meter or the billing system. That is why we have a monthly basic service charge.

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2. Costs that vary based on how much energy a customer uses, for example, fuel. That is why we have a volumetric or a kWh [kilowatt-hour] charge.
3. Third, costs that vary based on how a customer uses energy. Those, for example, are investments in transformers. It depends on how a customer uses energy, the nature of the appliances or the equipment on their side of the meter.

A daily demand charge measures exactly that—how a customer uses energy, and it ensures that the costs of how a customer uses energy are aligned with the charges on the customer bill, further ensuring that fair and responsible cost sharing leads to more affordable energy for everyone.

What is the impact of daily demand charges? The average residential customer will see a bill reduction. Why is that? Because as we introduce a daily demand charge, we take costs that are currently reflected in that volumetric or kWh rate, and we move them to the demand charge which aligns with how a customer uses energy; and that reduces the kWh rate. This is not a new cost; it is just a new way of presenting a charge on the bill. So, customers who actually alter their behavior can also reduce their bill even more.

NV Energy intends to implement daily demand billing for residential customers in the South beginning January 1, 2027. The company is building reports and tools on what usage and appliances influence daily demand. The comprehensive education and information program that will provide as billed and will be billed pictures throughout the summer to customers. Direct grassroots and media outreach will also provide daily demand education, as will social media and website channels.

I will move on to the status of AB 452 and misclassification refunds. I want to start this section of the presentation by first being accountable and acknowledging our conduct. The company apologizes for misclassification errors. We are accountable for those errors, providing refunds to the tune of $63 million to customers because of those errors. I want to put the misclassification, as well, in context. Less than 4 percent of current residential premises were misclassified. If I focus solely on multifamily premises, less than 11 percent of multifamily premises were misclassified. This means that fewer than one in ten customers will see a refund, which we expect to roll out at some point during this summer. I also want to assure the Commission and the public that the company has taken steps to fix the root cause and strengthen controls so that this error and misclassification does not happen again. To prevent this, NV Energy has put 11 new controls in place, grouped into 4 reforms:

1. Initial classification controls;
2. Billing system enhancements;
3. Enhanced oversight and cross-functional reviews; and
4. Alignment of controls.

I will move on to the last topic, Mr. Chairman. This is the status of NV Energy's 2026 IRP [integrated resource plan] filing, which we are scheduled to make, and plan to make, on or about April 30, 2026. I want to start first with a description of the Distributed Energy Resource Plan. What is notable about this Distributed Energy Resource Plan is it will propose non-wires alternatives—embedded within the system—for the first time in the company's distributed resource planning process. The Transportation Electrification Plan will propose a $16.9 million budget. Energy efficiency—I should have moved the slide deck along. I apologize.

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I will move on to the Demand Side Management Energy Efficiency Plan. This plan will propose a $238 million budget, two-part energy goals of saving 171 megawatts, and almost 7 billion—700 million kilowatt-hours for 2027 and 2029.

Lastly, we will turn to the Supply Side Plan. It is very important to note that the core element of the Supply Side Plan is renewable energy additions. We will propose more than 4,300 megawatts—actually almost 4,500 megawatts—of new renewable energy generation, almost—over 5,100 megawatts of battery energy storage systems and almost 200 megawatts of geothermal energy production. To address the reliability point that Mr. Thompson made earlier, we do plan to propose about 1,200 megawatts of thermal generation. That ends our presentation, Mr. Chairman. I would be happy to entertain questions from the Committee.

Chair Watts:

All right, thank you. Members, do we have questions for our presenters? We will begin with Assemblymember Kasama.

Assemblymember Kasama:

Thank you, Chair. Thank you for the presentation. My question is with the new 15-minute metering—the highest demand charges during the day—is it possible that a ratepayer could actually be paying more money—or more on their bill—than the energy they are using? Or are there protections in place not for that to happen?

Mr. Elicegui:

The answer is that customers will not pay more for the amount of energy they are using. The kilowatt-hour rate or the volumetric charge will actually be reduced as the new daily demand charge is implemented—so, customers will pay for the energy they use based on the kilowatt-hour charge.

Chair Watts:

I am going—thank you. First of all, please remember to state your name each time before you speak, Mr. Elicegui—I know it is cumbersome.

Mr. Elicegui:

I apologize for that—

Chair Watts:

I want to follow up on that. I have heard a lot of confusion, and I think part of it is—I understand what you are trying to say when you say that it is not a new cost because you are essentially—you have lowered one piece of the rate structure in the volumetric rate and then have created this demand charge. But there is currently not a demand charge mechanism in residential and small-business bills, so I think there is a lot of confusion when we hear that it is not a new charge, but it is a new charge. We also see the average bill will go down, and I think the question my colleague was asking is—that means—usually, when there is an average, there will be—some will go down, some may go up—so is there any protection in place to ensure that residential customers will not see a bill increase as a result of this demand charge being implemented.

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Mr. Elicegui:

Thank you, Mr. Chairman. The short answer is, again, that the kilowatt-hour charge, for example, will be reduced by 1.8 cents. That is over a 10 percent reduction in the kilowatt-hour charge. The design of the entire rate is revenue-neutral for the company. Meaning that the company—the amount of revenue that the company is set to collect through its bills will not increase because of this charge. What is happening is that the demand charge itself reflects how the customers use energy, i.e., their highest 15-minute usage on each day. If they have a bad day, and usage—if a customer runs their air conditioning and loads it up at the same time with other appliances, that only impacts that day, and the very next day their daily demand is reset. It is based on the usage in that day—again, on how they use energy, not when they use energy.

Chair Watts:

Thank you. It sounds like there—again, we are using the law of averages here—so there is not a particular protection for individual customers. In the example you gave, if the general use pattern for a customer is—they come home in the summer; air conditioning is running all the time to try and keep the house comfortable; they pick up the kids; they get home; they do the laundry; they do the dishes; kids got the TV on; all the appliances are running; then basically they are going to have a high demand that triggers a larger daily demand charge. And if that happens most days, then they may be on the side of the average that actually sees higher bills, instead of lower bills. Is that a fair characterization?

Mr. Elicegui:

Chairman Watts, I think—two points. One, a customer who uses energy consistently throughout the day—it is what we call a higher load factor customer—they should actually see a reduction because, again, the kilowatt-hour charge goes down, so the volume of energy they are using—they are paying less for that amount.

With respect to protections, what I can say is that the Commission's order requires reporting to the Commission on an annual basis—requires the company to calculate whether customers—to randomly pull from customers and to see what their bill would have been and compare it to what their bill was. So, the protection lies in the Commission's ability to restructure rates as the company moves forward and to determine whether or not the results that the company predicted—that we will better charge customers for how they use energy—is actually a goal that is satisfied by the daily demand charge implementation in southern Nevada.

Chair Watts:

Thank you. It sounds like then, the protection would be that we would get data and potentially see that certain customers are facing higher bills, and then that would be something that would be addressed in a future rate case in a couple of years.

The one other thing you mentioned that is—you are working on deploying some modeling in public education. Again, I think one of the issues that I have heard a lot is no one knows what the impact of this is going to be. I have actually—I am familiar with the company. I have looked at your time-of-use calculator—I think it is a wonderful tool. Someone can go onto your website and put that information in, and it shows—it looks at their past usage and shows this is—looking back, this is what your bills would look like under a time-of-use rate. I have not seen anything like that deployed, so far, for the demand charge where people can make that side-by-side comparison. In the absence of that information, I think there is

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a lot of concern. I have seen there have actually been some grassroots efforts to develop a calculator for the demand charge itself that does not factor in the reduction in the volumetric charge—so this is a very complex kind of equation. I think it would be very helpful for people to be able to go on and see—again, very similar to the other calculators you have—based on their past usage patterns, what would that look like—what would their bills look like under this. Can you give us any information on when you plan to roll that out, so that customers can have some of that information?

Mr. Elicegui:

I appreciate the question, and thank you for it, Chairman. With respect to a bill calculator, that is a question I have asked the team. We do not have an answer at this point as to whether we will be able to develop and roll out a bill calculator. What I can tell you is that customers throughout the summer—we expect at least one in June and at least one later in the summer, and then the third communication in the fall where the customers will receive an as-billed comparison—that is how they were actually billed—and then a was-billed comparison—to what the bill would have looked like with a demand charge. So, it provides exactly that information you spoke about, Mr. Chairman. It implements, effectively, a shadow bill that shows the customer what the reduction in the volumetric rate would have done and what the demand—or the daily demand charge—would have done, recalculates the bill, and presents a side-by-side comparison for the customer. We expect three of those to roll out over the course of—two of those to roll out over the course of this summer and one to be rolled out in the fall—together with other information about how stacking of appliances affects daily demand and other activity that affects daily demand.

Chair Watts:

Thank you. I appreciate that. I will take the opportunity to say that I think that being able to roll out something that has kind of like a 12-month lookback would be something that would be very helpful, I think, based on what you have said. It could provide a lot of peace of mind to the average ratepayer. Then it could also get those who may see higher bills as a result—it would allow them to know that, to see what they can do—also to be engaged with us as lawmakers, the Public Utilities Commission, and others, so that we can be aware of what some of these impacts look like on the front end, especially since the implementation of this is now on a fairly long time horizon. It was originally planned to go into effect at the first of this month, and now we are looking at January 1st. I think that would be something that would be very useful. In addition to just the look-back, it would be helpful—and the generic information about appliances—it would be helpful to actually educate people on when their peak demand is on given days, even on average, so that people can understand, "Oh, in general, it is at 5 o'clock on this day when I see my energy use go up, and it goes up x percent," for example. I think those educational resources would be a great benefit to the community so that they can truly understand what the impact of this will be. Members, additional questions? Yes, Assemblymember Carter.

Assemblymember Carter:

Thank you very much. My District has a significant portion—a significant amount of lower income and senior citizens in my District. In fact, the area I live in, a lot of the houses were built in the '70s, and '80s, '90s, and that are with retired members like me—retired—that either built or bought their homes back then and are on a fixed income. Last month we heard a lot about cost shifting. What is going on with—is there a cost shifting going on in

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the residential world where those who are fortunate enough to be able to afford rooftop solar are getting a benefit that is being cost shifted down to the lower income and those who are on fixed incomes that are not able to afford to put rooftop solar on or are afraid of being scammed by so many of the problems we have seen in that industry?

Mr. Elicegui:

Thank you, Assemblyman Carter, for the question. The Public Utilities Commission's order in the last Nevada Power and Sierra Pacific rate case documented a cost shift caused by the installation of rooftop solar. That is precisely why the fair and responsible cost-sharing mechanism of 15-minute netting and daily demand were implemented. Those are both designed to ensure that the activity that drives the cost—for instance, peak demand associated with a customer generator—pay for the costs that activity drives. Short answer to your question is yes—the Commission concluded that costs were shifted based on a presentation made by NV Energy and took action to have a more fair, and responsible, and equitable cost-sharing mechanism to drive more affordable rates for all customers.

Chair Watts:

Thank you. We will go next to Assemblymember Karris.

Assemblymember Karris:

Thank you, Chair. I would like to dig back into the peak demand and what it means because you mentioned behavior. I myself know that it saves me a great deal of money to run my dishwasher with the wonderful timers they have—at 1 in the morning, 2 in the morning—when businesses are not needing the massive load. So, I alleviate that and save myself a little bit. With this new peak demand—so then maybe my peak demand in the not summer months may be at 2 in the morning. How is that going to affect my bill? Am I now still seeing a savings by doing it when it is not needed by the massive amount we need in the high points of the day for air conditioning? Or is that now gone?

Mr. Elicegui:

Thank you for the question, Assemblyman [*sic*] Harris [*sic*]. That is precisely the type of activity and usage that the daily demand charge is intended to incentivize. So, not stacking an appliance, running your washing machine at 1 a.m., and not also running your dishwasher and your air conditioner at the same time should lead to bill reductions for customers because the volumetric rate will be reduced as that daily demand charge is introduced—and therefore your overall bill should see a reduction if your behavior, or how you use energy, aligns with the purpose of the daily demand charge, which is to drive activity to not be stacked upon each other and to other times of the day when the system is less congested. So, yeah, short answer is that activity is what we are trying to encourage, and we appreciate that, and I apologize for calling you Assemblyman [*sic*] Harris, Assemblyman [*sic*] Karris.

Chair Watts:

Thank you. I actually have a follow up question on that—because this demand charge is not based on time of use, it is based on peak demand at any time of the day. So, if that scenario is that somebody's dishwasher is running at 1 a.m. while their electric vehicle is charging, and the A/C [air conditioning] might kick on—which it has been known to do down here when the low, at 4 a.m., is in the 90s—that would basically contribute to a higher—potentially, that could be the point that triggers the demand charge—if some of

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those things are being moved off-peak—even though the market price overall for energy is lower because we are relying more on base generation and not that peak that we see in the evenings. Is that correct?

Mr. Elicegui:

Thank you, Chairman Watts. If activity is stacked—meaning if a customer—how the customer uses energy by stacking electric vehicle charging, with a washing machine, with an air conditioner, that will drive daily demand regardless of the hour of the day in which it occurs. So, the optimal solution for the customer and the grid—to ensure that the grid operates reliably and operates in the most efficient manner—is to not stack that activity and to stagger your electric vehicle charging, followed by the washing machine, followed by an air conditioner, so that they are not all occurring in the same 15-minute window.

Chair Watts:

Thank you. That is a lot of scheduling. Which actually brings me to a question related to the resource plan and some of the demand management. Do you have any—do you envision plans to essentially work with services that can help customers maximize these things, where they could sign up and essentially work with the utility to schedule out their smart appliances in order to maximize both the grid resiliency but also maximize the cost savings that individual properties could get under this scenario?

Mr. Elicegui:

The Demand Side Plan will have a $238 million budget. That will involve programs such as battery storage, demand, response, and—I call flexible load—but battery storage flexible load, school flexible load, home flexible load. Those are all designed to help customers structure their energy usage to produce 171 megawatts of flexible load savings for customers and, ultimately, to reduce customers' bills through participation in those programs, Chairman Watts.

Chair Watts:

Thank you. I guess my follow-up question is will some of those home programs, for example, be specifically tailored to assist customers that have various smart technologies to minimize the impact of the demand charge?

Mr. Elicegui:

Chairman Watts, I do not know the specific answer to that question—so that is one we can follow up on in writing, if that is acceptable.

Chair Watts:

Thank you. That would be great. Then the other question that I have that came from my colleague's question is can you describe the interaction of the demand charge with a customer that is already enrolled in time-of-use pricing?

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Mr. Elicegui:

I do not have the time-of-use pricing schedule memorized. What should happen in a revenue-neutral rate design is that as a daily demand charge is implemented, the volumetric rates for the various time-of-use periods should be altered, so that consumption in those time frames reflects the cost of energy in that time. But that is a question that I should also follow up in writing on.

Chair Watts:

Thank you. Again, I think that the issue is that right now those are pretty clear blocks of time, and so for folks that can see a benefit from that, they are moving and maybe stacking some of their energy use during those off-peak times, and that could actually lead to a higher demand charge and blunt some of the benefits that they get under a time-of-use policy—which, again, I think just points to how complex it is and how important it is that we get information out to people about these changes. Then can you describe particularly how this demand charge interacts with customers who are net metering with rooftop solar?

Mr. Elicegui:

Chairman Watts, I will do my best to do so. As rooftop solar production falls off and customer energy usage increases during the late afternoon and early evening hours, customers will see their demand—how they use energy—hit the grid. So, the interaction there is—as the demand charge takes place—you can go back to our slide—you will see the average monthly bill for a solar single-family residential customer will likely increase from $58 to $70. That is because—how they use the system—the cost that they are driving as their demand is pushed into the system—their bill now reflects that usage of the system.

Chair Watts:

Okay, so the average solar bill will go up. I think the thing I am trying to figure out is obviously, since they are generators, they could also try and shift some of their demand into periods when they are generating excess energy—but those times might also not be necessarily off-peak times. Do you have any sense of how that would work?

Mr. Elicegui:

I think—again—that, Chairman Watts, that is precisely the type of behavior or usage that the demand charge is intended to drive, specifically—ideally—for a solar residential customer. Using and stacking usage at a time when their generator is producing max output allows them to control their demand charge because the demand is served by the customer generator and is not relying on the grid.

Chair Watts:

But, for example, that could take a customer who may be charging their electric vehicle at night, and they are now going to charge their electric vehicle using some of the excess solar generation during the day, even though that is actually increasing overall demand on the grid—perhaps going all the way to 5 p.m. as we are starting to enter peak demand. Am I understanding that right?

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Mr. Elicegui:

Chairman Watts, the point being if the charging is scheduled with the maximum output of the solar generation, the demand does not push to the grid, i.e., they are just reducing excess energy that is pushed into the grid, and the electric vehicle demand is being satisfied by the customer generator, so it relieves the peak demand on the grid.

Chair Watts:

But then those are also electrons that cannot go and serve other customers, correct?

Mr. Elicegui:

Chairman Watts, yes, the utility will produce the energy that is needed to balance the load, that is, to ensure that generation is in balance with the load, and/or procure energy back to that 15-minute energy imbalance market. You know, there are periods of time when other utilities are pushing excess energy to the company. Sometimes that is negative-priced energy, and if a customer's usage is consistent with the grid's usage, not putting demand onto the grid, we have the ability to draw excess energy from our neighbors.

Chair Watts:

All right, thank you. I think one last question I have. I know that the utility proposed a low-income rate in its last rate case—as we discussed about trying to moderate the impacts of various programs on our low-income users. Can you speak to that briefly?

Mr. Elicegui:

I will do my best, Chairman Watts. The company did propose a low-income rate. It was not approved by the Commission. We are reevaluating low-income rate proposal for our next rate review proceeding, which will be in northern Nevada. Ideally—optimally—we would like to align that system with other funds and other options available to low-income customers to maximize the benefit of that system for low-income customers.

Chair Watts:

Thank you. We will go next to Assemblymember Carter.

Assemblymember Carter:

Thank you. We are bouncing around a bit, but I had a question regarding the demand side controls that you are talking about—implementing the programs and such. Right now, you know that there is—I have heard anecdotally—too many stories about using PowerShift and having somebody come out, put in a thermostat—a smart thermostat—and then get given a report, "This is what you need to do." And then going, "Okay, what do I do with this?"

I am concerned about effectiveness—to where it is more of a one-stop—to where—when somebody comes out to give an analysis that the upgrades that are needed—insulation, windows, whatever—is taken care of and scheduled at that time. Also that—and I see one of my very active constituents sitting back there, Ms. Prentice, who is very active with Make the Road and with CHISPA—and I am curious if NV Energy is considered partnering with organizations like that to take in—penetrate—my community. The reason I ask that is we are a very high percentage of English as a second language households, and we watched already low participation in our community allow I-11 to get plowed right through the center

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of town because that language barrier and also the fact that we have stressed out households where most of the adults are working one, two, three jobs and do not have time to take in—seek out—these programs. I am trying to see if there is a way that NV Energy is thinking about penetrating my communities, which represents a lot of communities in the valley. Those are the questions I have about the demand side controls you are talking about putting in so that my community can participate in that easier.

Mr. Elicegui:

Assemblyman Carter, thank you for the question. As a company that believes in continuous improvement, I will take that feedback to our Demand Response and Energy Efficiency team and ask them to identify ways to partner with other organizations to better achieve penetration of those programs. I know that team is very enthusiastic about their programs, so they will always look for ways to improve the acceptance and use of those programs. I will take that back to the team and provide that feedback to them, Assemblyman Carter.

Mr. Sanchez:

Thank you—and if I might, Mr. Chairman—I just wanted to supplement Shawn's testimony. Assemblyman [*sic*] Carter, our PowerShift advertising is in Spanish. Our materials are in Spanish. Our contractors that provide those services—we will go in; we will give you an assessment of the needs—the possible opportunities to save money in your home. We do not perform that work ourselves. That is not a thing that we make money at. That is, we certainly have lists of contractors and individuals that meet our criteria to be able to do that work. Those materials are in Spanish. Our PowerShift contractors have bilingual staff, so that is something that we have been doing for many, many years. In our television advertising, radio, print—all of that is done in different languages, and we will continue to do that as Shawn—Mr. Elicegui—indicated, and we are always looking for additional ways to make those communications and to be able to penetrate those communities—to your point.

Assemblymember Carter:

Thank you very much for that. I appreciate that, and I appreciate the openness to looking at partnering with activist communities within the community. I still do have a concern, and I have looked into it and other jurisdictions about that flow and how we see too much interruption between what NV Energy does and then getting the contractors actually doing the work to making it effective. I know you guys are working on it, and I just want to see that we continue to work on trying to make sure that it is effective and actually gets things done because as we know—especially in those older houses—that the energy efficiency things are the most effective way to lower rates for residents. Thank you.

Chair Watts:

Senator Buck.

Senator Buck:

Thank you so much, Chair. I am not sure if now is the appropriate time, but I have been getting a lot of calls recently from ratepayers—and in March, Nevada Energy filed the largest NDPP [Natural Disaster Protection Plan] budget request to date, approximately $410 million. A significant portion of the spending is for Mount Charleston and NPC [Nevada Power Company] resulting in a projected 120 percent increase in the 2027 NDPP rate for

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southern Nevadans. Additional increases of 14.6 percent and 17.81 percent for 2028 and 2029—so, it is not really going to matter when I run my air conditioner, or my dishwasher, or my washer—I just need to know what to say to these ratepayers when they call me.

Mr. Elicegui:

Commissioner [*sic*] Buck, I am not well-versed in the NDPP plan. Let me take that question back to the team and respond directly to you as to how to address those questions from your constituents.

Chair Watts:

Thank you, and I know that we will have a presentation that is related to more of the wildfire-related issues—so, perhaps that is also an opportunity in the next couple of hours to see if somebody might be able to help address that question in the following presentation. Okay, members, other questions?

I do have one more. The Integrated Resource Plan—does that plan that you have brought forward—will that allow the utility to continue to meet its renewable portfolio standard obligations? Obviously, that has been an issue that we have talked about in previous Committee meetings, and it has been an item that has come up in the press as well. I know it has been an issue that your company has brought up as a concern—so, will this plan brought forward under the IRP allow the state to continue to meet its renewable portfolio standard obligations?

Mr. Elicegui:

Chairman Watts, so that plan will bring forward 4,560 megawatts of renewable energy, 5,400 megawatts of battery storage representing the single most significant renewable energy expansion in an Integrated Resource Plan filing. The company will be challenged to meet the renewable portfolio standard in the near term, and that is a product of: (a) load growth; and (b) increases in the renewable portfolio standards step changes—an 8 percent increase, and then ultimately another 8 percent increase in 2030.

The company does plan—to the extent it fails to meet the renewable portfolio standard in any year—does plan to achieve renewable portfolio compliance in subsequent years of the plan. I cannot say whether we will meet the renewable portfolio standard because it is a backward-looking standard. It depends on how much energy of that 4,560 megawatts of renewable energy projects—none of which are company owned, all of which are power purchase agreements—whether those projects meet their timeline, whether they deliver the energy that they are scheduled to deliver, and whether the load materializes as we have projected load to materialize in our load forecast.

Chair Watts:

Thank you, and those definitely are ifs—with the federal administration that seems very hostile towards allowing us to develop our clean energy resources in this state. But I just want— Currently, it sounds like you are unsure—even if everything plays out as projected in this plan—it is unclear if we will be able to meet our renewable portfolio standard projections in each year. It is either that—it is that close. It sounds like also that there may be an individual year where we are not projected to meet that, but you said that longer term you are projected to meet that. Can you just add any additional clarification on that?

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Mr. Elicegui:

Chairman Watts, the renewable portfolio update filed on April 15th did show that 2029 may be a year where the company does not achieve noncompliance. I think as we get into the April 30th filing, there may be one or two years where it is unclear whether we will meet the renewable portfolio standard. Again, that is influenced by various functions. We do project regaining compliance to the extent we fail to meet compliance by the 2032 to 2033 time frame. That is heavily dependent upon renewable energy projects meeting their schedules, being permitted on time, and reaching commercial operation—and delivering all of the energy that they are projected to deliver—notwithstanding the significant addition of those resources.

Chair Watts:

Okay, thank you for that. Last question, this one is a bit of a curveball. I have been talking to folks in certain neighborhoods in the District that I represent who have complained about frequent power outages in their neighborhood. I was just wondering if the utility has any programs put in place that compensate or assist residential customers who see more frequent outages and therefore decreased electric reliability.

Mr. Elicegui:

Chairman Watts, I am not aware of any programs that compensate customers in decreased reliability areas. I can tell you that the company generally provides some of the most reliable electric service to its customers across—throughout the United States. We strive for top-tier reliability, top-decile reliability, and particularly in southern Nevada, we have significant—a significantly reliable electric system.

Chair Watts:

Thank you, I appreciate that. It is, again, a question that is fresh on my mind. I think overall our reliability is good, but whether it is neighborhoods in the Historic Westside, down here, or whether it is some of the other historic neighborhoods that I represent, there are folks who see noticeable differences and decreases in that reliability. We talk about regular outages whenever the wind blows, and we know the wind can blow quite a bit down here. As we are talking about cost shifts, I just think about basic service charges and other things that we are paying to maintain a grid. Some of those customers are not seeing the same reliability and access to that grid as other customers. I just wanted to put that on the record and maybe that is something that we can continue to discuss and dig into some of the details on moving forward. Okay, seeing no other questions, thank you very much for the presentation and for answering our questions. We appreciate it.

Mr. Elicegui:

Thank you for the opportunity to address the Interim Committee, Chairman—appreciate that.

Mr. Sanchez:

Thank you, Chairman

Chair Watts:

Thank you.

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AGENDA ITEM V—PRESENTATION ON VIRTUAL POWER PLANTS

Chair Watts:

We will now move on to the next item on our agenda Item Number V. We will be moving back to a presentation on virtual power plants. We have representatives joining us from Advanced Energy United. We have folks in Las Vegas and on Zoom—so, welcome. Whenever you are ready you can go ahead and begin.

Emilie Olson, Senior Policy Principal, Advanced Energy United:

Thank you so much, Chairman Watts. Good morning members of the Committee. We are an industry association of technologies representing the full spectrum of advanced energy and transportation solutions. I am also joined by my colleague, Chloe Holden, who will be presenting—pretty soon here—our slide deck in person from Las Vegas. We are really grateful for this opportunity to talk with you all today about virtual power plants, a practical and timely strategy for addressing both rising utility costs, as well as rising electricity demand by harnessing existing devices that are already in people's homes and garages. The good news is the basic concept of virtual power plants is not new to Nevada—as you will soon hear from my colleague—there are existing efforts underway to build on current offerings to make sure we are getting maximum benefit for the grid and for consumers from available technologies, as well as from the interactions between those technologies.

With that, in the interest of time, I will gladly turn it over to my colleague and our subject matter expert, Chloe Holden, to go into more detail. We are happy to answer questions after the presentation. Thank you.

Chloe Holden, Senior Principal, Advanced Energy United:

Hello to the Committee. Thank you, Chair Watts and Assemblymembers, for having me on to present. As my colleague mentioned, we are with Advanced Energy United, a trade organization representing companies from across the advanced energy space, including the virtual power plant space. Going to pull up a couple of slides. (Agenda Item V)

Chair Watts:

We can see them on this side, so we will give you a second to get everything—

Ms. Holden:

Terrific. In my remarks today, I am going to cover three main topics. One is virtual power plants and peak demand—how virtual power plants help meet Nevada's peak needs at the times of day and the times of year when we need the most power. The second topic I plan to cover is the virtual power plant scale in Nevada. How big really is this resource? How does it compare to conventional resources? Third, I will cover the current policy and regulatory landscape in brief—talking about where we are in our virtual power plant implementation process in Nevada.

Let us start with virtual power plants and peak demand. What is a virtual power plant? A virtual power plant consists of resources at homes and businesses that are increasingly common. These are things like smart thermostats, batteries in homes and businesses, flexible commercial loads, and electric vehicles, and electric vehicle charging. These devices on their own are not a virtual power plant. We also need software that orchestrates the devices and coordinates them together in groups of thousands and tens of thousands. Then

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there is a third component that makes all of this work together—that is a usable virtual power plant program. That program needs to compensate customers for the services that their devices provide to the grid when needed—so, there needs to be terms of exchange. All of these things in combination are what we call a virtual power plant.

Another way of looking at this is that we currently have three options for addressing peak demand on the grid today. We have centralized, large, fossil-fuel power plants. This has been how we have met the peak needs for our customers for a long time. These are plants like gas peakers. You also have centralized renewable power plants—wind, solar, and large battery storage systems. These are located on the transmission system. And third, we have virtual power plants. These are resources that are just like the other two except, instead of being located at one site, it consists of devices located across thousands of homes and businesses, and they are remotely operated.

I want to talk about why virtual power plants work well to meet peak needs. Peak demand hours, as we know, are the periods of time when electricity demand is the highest—could be late on a summer afternoon, for example. High peaks tend to drive higher electric bills. I will talk quickly about why this is. There are two main reasons why high peaks drive higher electric bills. One is that the generation that we traditionally have used during peak hours is costly. Traditionally we have used gas peaker plants to meet these needs. These are expensive plants to build that only run—often—10 percent of the time, and they are expensive to run, and the power at this time of day is expensive. For that reason, the more we use them, the more ratepayers pay in their electric bills. Virtual power plants are a less expensive alternative to these traditional peaker plants.

A second reason that high peaks drive high bills is that our transmission and distribution grid that delivers our electricity is built to meet peak need. So, we need enough poles and wires and substations and transformers to meet whatever the highest water line is for demand in a given season, on a given day, in a given year—and we pass those costs along to consumers. When the peak is not occurring, a lot of that infrastructure goes underused. Virtual power plants reduce peak by reducing the amount that a home or business is drawing from the grid during peaks, thereby we can reduce the amount that we need to invest in transmission and distribution infrastructure, and we can save ratepayers money.

Let us look at Nevada. Nevada has significant summer peak shift potential from virtual power plants. That refers to the number of resources that have been installed in Nevada. Many of these resources today in Nevada are not currently part of a virtual power plant. They are in homes and in businesses but are not being used to their full capability. These are resources that can be remotely operated to reduce peaks. Currently, the company Renew Home estimates that there is almost 500 megawatts—so half a gigawatt—of residential peak shift potential associated with just HVAC [heating, ventilation, and air conditioning] and smart thermostats in Nevada. They also estimate 67 megawatts of summer peak shift potential associated with electric vehicles and 20 megawatts associated with residential batteries. Again, this is only residential numbers. Looking at the scale of this, we can see it is already comparable in scale to traditional peaking generation resources. These are only numbers for 2025.

The numbers in 2028, 2030, and 2035 will likely be much greater, which makes it all the more important to establish a program to harness these resources now. Distributed energy resources (DERs) are already being adopted all across the country very rapidly, as this chart shows. There were hardly any of these resources installed in the United States in 2019—that is the bar to the far left. We can see how quickly this type of resource is growing. I think it is also interesting to point out—the line that you see going from left to

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right on this graph is utility-scale resources. The number—the amount of resources on the distribution grid rivals utility-scale resources nationally. The analysts at Wood Mackenzie predict hundreds of gigawatts of distributed energy resources, smart thermostats, EVs [electric vehicles], batteries, flexible commercial loads by 2028. We are going to see more and more of these every year, and capacity will rise and rise.

Where is Nevada in all of this? I just mentioned Nevada's vast potential for meeting its peak needs through distributed energy resources, and homes, and businesses. Nevada is already making progress toward harnessing these resources. NV Energy has a talented team working in this area who are tapping into these resources through the PowerShift program, which harnesses only smart thermostats. But the next step is to make this program more sophisticated and ensure that it encompasses multiple types of resources. There need to be programs that encompass different types of distributed energy resources so that no capacity is left unused on the table. To do this, Nevada's regulators are working with stakeholders and developing a platform for virtual power plants with the Grid Services Rider, which Advanced Energy United is engaging on. The Grid Services Rider, or the GSR, is an update to existing NV Energy tariffs, and it will be a foundation for the expansion of virtual power plants in Nevada. The tariff is going to create a basic structure that would work for different programs and different technology types and establish a structure that is needed to compensate distributed energy resources for the services that their devices provide to the grid. The question of which resources to compensate is a very important one. As I noted, Nevada currently, mainly, only compensates smart thermostats and is moving toward compensating multiple DER types. We want to make sure that as other DERs grow in capacity we can harness them. Especially as electric vehicles proliferate, we will see a lot of potential from those, and we are also seeing increasing potential from residential and commercial batteries—as well as smart building automation systems at new large customer sites. So, as new large customers come onto the grid, there need to be incentives for those customers to be flexible and be good grid citizens. All of these resources can be harnessed as virtual power plants (VPPs).

One thing we want to see is an avoided cost framework in Nevada for performance compensation. Virtual power plants limit new generation, transmission, and distribution investment that is needed. It allows us to use resources, instead of higher-cost resources. So, virtual power plant resources are an alternative to higher-cost alternatives. Because of this value that VPPs are providing to the grid, it is important that the compensation that flows to customers who are involved in VPPs matches the avoided costs that they are delivering for the grid and all repairs.

I would also like to note that utilities will be operating these programs under regulatory oversight—so these are not programs that are outside of our traditional utility or regulatory framework, although individuals, businesses, and residences are providing the equipment, and there are third parties involved. Utilities are working closely with those third parties, and the programs that are established through the GSR and approved in the IRP would be operating these resources on par with the traditional resources that we have used to meet demand. It is important that these third-party resources are participating so that we can have the most significant amount of virtual power plant capacity and ultimately control rates in Nevada. I will end my remarks there. I am very happy to take questions. Thank you again to Chair Watts and Assembly for having me.

Chair Watts:

All right, thank you very much for the presentation. We will open it up for questions. First, I would just like to revisit the last point that you brought up—because we have heard some

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concerns—particularly about a third-party's role in aggregating or managing some of these distributed resources. Can you speak to the policy framework that has been used elsewhere or to the vision that you just described of how coordination or—the role of the utility, first of all, because it sounds like obviously we have utility-run programs with the thermostat program currently. So just talk about the role of utility both in their own programs and then also how they would be involved in collaborating with any third-party programs that might be developed.

Ms. Holden:

Thank you, Chair Watts. Where—third-party providers would be participating in new utility programs that are approved in the IRP. These programs would not just incentivize smart thermostats as is done currently, but would also incentivize flexible demand from other DERs as I described—so those are batteries, both stationary and mobile in electric vehicles, charging commercial systems, etc. There is some significant values to having third-party aggregators participate in this program under regulatory oversight. Third-party aggregators may already have relationships with their customers. They develop different business models to attract and retain customers. They are often able to reach a considerably broader customer base than an NV Energy branded program. We have advocated that NV Energy allow for a stable compensation framework for these participants, meaning a consistent performance payment for a period of five years or so. That would allow customers and third parties to predict the compensation they will receive, and then they can invest in new DR systems and expand the universe of available DERs. The role of third parties is really one of a—competitive customer choice. These are, at the end of the day, consumer technologies that business owners and individuals are adopting voluntarily, and those technologies are not coming from the utility—they are coming from the marketplace. However, there need to be programs to harness them, and that is what the utility programs do—again, under regulatory oversight. There are numerous virtual power plant programs across the country that follow this model successfully.

Chair Watts:

Thank you. I will do a quick follow-up on that. I think one thing that you mentioned, so this would be incorporated into the resource planning process, so there would essentially be—similar to all the other generation resources and other elements—there could—there would be a request for proposals; there would be things put out there, and then they would essentially be incorporated into the plan of the projected impacts that would all be built into the modeling. Then it sounds like there would be ongoing communication and collaboration with the utility, so that this is not something that is essentially just being done from the outside that the utility is not aware of and has to adjust to. Feel free to educate me further—but one of the things I think of—I have a Google Nest thermostat. NV Energy actually has expanded their partnership, so I can go on through Google Nest and sign up to participate in their Smart Thermostat Program, and they help provide that link. Obviously, there is the Google Home. You can put all kinds of things on there—lights and appliances, and all kinds of things. I know they are just one company—they are a large one—but as one example, theoretically, that platform could partner with the utility, utilize that model, and essentially say, "Click here, and we will help optimize all of your smart appliances to save you money." Is that one potential way that an expansion of this program could look like?

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Ms. Holden:

That is exactly right. The integration between Google, for example, and NV Energy—looking at smart thermostat production and remotely managing the energy use from a smart thermostat is an example of a virtual power plant that NV Energy runs with—in partnership with a third party today. We are interested and excited about the opportunity to expand that to different technology types within the home and in businesses. That is a perfect example.

Chair Watts:

Thank you. Members, additional questions? All right, seeing none. Thank you so much for the presentation.

Ms. Holden:

Thank you to the Committee.

Chair Watts:

Thank you.

AGENDA ITEM VI—PRESENTATION ON THE STATE OF ROOFTOP SOLAR

[This agenda item was taken out of order.]

Chair Watts:

Now we are going to take an item out of order, and we are now going to move to Agenda Item Number VI, a presentation on the state of rooftop solar. We have representatives from Solar United Neighbors (SUN), I believe joining us via Zoom. We will give our presenters a moment to get ready—get everything set up. Once you are ready, you can proceed.

Julia Hubbard, Nevada Program Director, SUN:

Hello, everyone, can you see my screen?

Chair Watts:

We can.

Ms. Hubbard:

Great. All right. My name is Julia Hubbard; I use she/her pronouns, and I am the Nevada Program Director of Solar United Neighbors. I am also joined online by my colleague, Shannon Anderson, who can also answer any questions. Before we get started, I just want to address a few things that came up earlier. I think this was to Mr. Thompson's point, rooftop solar is not using the grid as a battery; the utility is taking all those exports, and the consumer does not get that energy back. Solar is also not intermittent. It is variable, and we can predict its output. That is really important. Finally, I am not going to talk about this in detail—I hope this can be the start of our conversation on the cost shift, but utilities are

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supposed to recover costs of providing service, plus reasonable profit. Not buying electricity from a utility does not create a cost shift. Rooftop solar has been reducing demand while utilities have continued to spend—gold plating distribution systems, socializing data center costs, and inflating returns on equity. With that, let us get started. (Agenda Item VI A-1) (Agenda Item VI A-2) (Agenda Item VI A-3) (Agenda Item VI A-4)

SUN believes in creating a more equitable and democratic grid with rooftop solar as the cornerstone by helping people go solar, join together, and fight for their energy rights. Again, I hope that today's presentation can be a starting place to create a conversation around this issue. There is a lot to this, so this is going to take one-on-one conversations, and we are here to be a resource and support this dialogue.

All right. Give me one moment here—so sorry about that. My notes are on the other screen. Okay. All right, so today's grid is centralized, inefficient, and overbuilt. It has really been driven by utilities' business model to spend and not necessarily consider what are the resources that already exist, like rooftop solar, and how to be smart and coordinated about those resources—whereas tomorrow's grid is coordinated, decentralized, and full and open access.

Distributed solar is cost-competitive with utility-scale and can save billions. This comes from the Institute of Local Self-Reliance's analysis. When you compare utility-scale with distributed solar apples to apples, they are actually very comparable, and that is because we are—we do not have delivery costs. We do not have transmission with rooftop solar. That energy is being generated and consumed locally.

We also know that local solar comes online in months, not years—which is really critical. The big picture here is that these individual rooftop solar systems create a more resilient, stronger grid. We start to get a grid that looks like a web rather than just a vertical line. We also know that solar is helping reduce demand and helps us reduce the need to overbuild. We will get to another image of that shortly. Local ownership, people owning these systems is creating more reliability, more affordability, and ultimately more equity.

This is a whole list of benefits that Richard McCann provides in an analysis created looking at distributed solar benefits. I am not going to talk about all of them but just want to talk about a few here. Solar is reducing our reliance on volatile fossil fuels—especially with our current war in Iran, we know how important it is to have consistent prices for us. We also know that solar reduces the need to build out transmission. Finally, solar is produced and consumed where it is at that house.

All right, so this is a graph of California—a hot summer day in California. You can see that the peak load here is that top line, and all of that striped, yellow line is rooftop solar. You can see rooftop solar is doing what it is supposed to do here—it is reducing demand. We are not having to build out to that peak demand because rooftop solar is helping meet that demand. That is so important because then we are not building out gas peaker plants that cost billions of dollars that ratepayers are stuck paying for—for decades.

If we talk about rooftop solar, we cannot forget talking about net energy metering. Net energy metering has been a key policy driver for rooftop solar adoption in Nevada. You all should also have a flyer that talks about solar policy history in Nevada. I am not going to go into all the details of this, but we know that—we know very much that net metering is critical to rooftop solar in Nevada. Net energy metering is a policy that allows a solar owner to receive a credit for the extra solar energy that they are sharing with the grid that their neighbors are then using—consuming—immediately. This is a fair policy that has helped

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encourage rooftop solar adoption and also makes it financially viable for people to make this investment with their own private capital. Simply put, that net comes from your grid consumption minus your exports—that is where we get that netting, and that is a really important thing to understand here. This has been a one-to-one credit historically; however, in Nevada, we do not have one-to-one net metering. We have monthly netting at 75 percent the retail rate for current solar owners and then a tiered rate for previous solar owners that went into effect years ago. Also, in the North we have 15-minute netting, not monthly netting—so this is not true net metering.

All right, so let us understand the difference between monthly netting versus 15-minute netting. With monthly netting, your production and usage are balanced throughout the month at a one-to-one rate. Then at the end of the month, your usage is assessed with your credits, and then you determine what that is at the end of the month. Whereas with 15-minute netting, your production and usage are balanced every 15 minutes. That means that if you are not using your electricity in that window, you could be—while your solar is generating—you could be experiencing a value loss. The value loss with monthly netting only happens once a month, whereas the value loss with 15-minute netting on a hot summer day in Las Vegas when there is 14 hours of sunshine could be happening as many as 56 times a day. So, the biggest thing here is we are seeing that 15-minute netting devalues solar.

I am not going to talk about the demand charge in detail here, but I just want to say that the regulatory assistant project—which are utility rate experts—does not recommend daily demand charges as effective rate-making tools because they are difficult for customers to understand and predict, especially with not having the right tools to change their usage in real time. They also are typically used for large customers who do have those tools and also are creating much more grid strain than a residential or small business customer.

This is just providing a snapshot of our solar crediting policies across our largest utilities in Nevada. We have NV Energy in the north and the south, but also Valley Electric—just to give you a sense of where we are with those.

I think it is important to take into context Australia here—14.2 percent of electricity is from rooftop solar in Australia. That is, one in three homes have solar in Australia, and in southern Australia one in two homes have rooftop solar. This is providing a lot of energy for their grid, and it is helping reduce costs. In Quarter 4 of 2025, 50 percent of renewable energy—excuse me—that solar reduced costs by 50 percent and then—excuse me—from 2024. Then in 2026, they are actually looking at free electricity for homes during three hours of the day during the height of peak solar production, which is really exciting.

Let us take a look at Nevada now, where we have 4 percent of electricity is from rooftop solar, and that ends up coming from about 140,000 distributed solar systems—mostly in southern Nevada—which equates to about 1,200 megawatts of distributed solar capacity. That is about the equivalent capacity of the gas plant just north of Vegas. The gas plant, again, is going to be about—billions of dollars. I think I was looking up recently—and I can verify this number—but it is about a $2,000 per-kilowatt cost comparison versus the rooftop solar is about $3 per kilowatt. These are different scales, of course, but I just want to put into perspective the costs that ratepayers get stuck with—with these huge infrastructure investments that then also is the incentive for the utility to make a lot of profit off of that. There is no problem with—utilities should be able to make a reasonable profit. We are all for that, but we want to make sure that we are using our resources wisely and that we are optimizing what we have. And we know that we are facing rising utility bills in the face of volatile fuel prices when we rely heavily on natural gas already in Nevada.

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This just gives you another look at what the penetration of solar is in Nevada. In southern Nevada, we have just under 12 percent of customers with solar. In northern Nevada, that is less than 4 percent.

This image here is just a ten-year snapshot of solar installations—be it from residential, commercial, community solar, or utility. You can see that there was a market crash from the gutting of net metering back in 2015, and you can see the recovery of the industry through the years following. Then, of course, we get to 2025 with the residential tax credit ending, and you can see that there is this drop off—with uncertainty around whether it makes sense to go solar or not—with that incentive being lost. One thing I want to point out here is that there is very little community solar—that is that light blue on the chart. Just to put into comparison—Minnesota, from the years 2016 to 2023, installed 905 megawatts of community solar. We have next to nothing on this graph here. That is really because Minnesota has a competitive, robust market for community solar that allows for third-party ownership; whereas in Nevada, we only have utility-owned community solar—as well as operated community solar. And we need solar, right? We are facing giant, staggering demand forecasts. This comes from NV Energy's IRP back in January—their meeting. You have already heard from them today, but solar can be part of the solution, especially when we consider it a distributed resource with other distributed resources and look at aggregation and how we can use those resources smartly.

All right, so I am going to conclude here with—rooftop solar really provides system-wide benefits and savings. This is, again, private capital—people are making this investment with their own dollar, on their own dime, and it is providing energy where it is needed. It is also providing local investment and strengthening local economies. Those dollars are going back into local communities, and it is improving resiliency, especially when paired with batteries and reducing demand. I am going to end there and say thank you again for this opportunity to present. I am really eager to continue the conversation, and again I apologize my notes were not accessible. I am happy to answer any questions.

Chair Watts:

All right, thank you very much for the presentation. I know that you have provided some of this information to several of the members of this Committee—with some events that you hosted over the last month—but wanted to make sure that we are able to get this out to everybody on the Committee, as well as members of the public. Members, do we have any questions for our presenters? Assemblymember Carter.

Assemblymember Carter:

Thank you for a very thorough presentation—gave a lot of data there. One thing I did not hear that I am curious about is you have mentioned 1,200 megawatts of solar generation—rooftop solar generation. How much of that generation is actually owned by consumers, and how much of it is owned by unregulated energy companies?

Ms. Hubbard:

Great question, Assemblymember Carter. I believe 1.1 megawatts is rooftop solar, but let me double-check with you on that. I can get back with you. We pulled that data from the Energy Industry Association website, so I can confirm that.

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Assemblymember Carter:

Okay, and just to be clear—I am trying to understand how much of that generation that is on those rooftops is actually owned by the consumers, and how much is owned by unregulated pseudo-utilities.

Ms. Hubbard:

I think I understand your question now, Assemblymember Carter. That is a good—I think you are potentially maybe meaning like rent versus own? Because otherwise all of that rooftop solar is likely NV Energy, but also Valley Electric. You saw that the penetration was pretty low there. Valley Electric is 20,000 customers, so the majority of this rooftop solar is in NV Energy's territory and subject to—I would say—regulation.

Assemblymember Carter:

Follow-up?

Chair Watts:

I will go ahead and follow up first. I think the question—yes, you got pretty close there. I think the question is— What is the breakdown between owned versus leased systems? I do not know if you have any of that information available or if that needs to come from somebody else.

Ms. Hubbard:

I do not have that information available, but that is something we can definitely look into. Thanks for clarifying that.

Chair Watts:

Thank you. Members, additional questions? I have one request which is—and if you could provide us some follow-up information—it sounds like there are a lot of debates about the overall costs and benefits of rooftop solar. I think many rooftop solar advocates have argued that not all of the benefits associated have been fully incorporated into some of the studies that have been done. You are welcome to speak to that if you have that information available top of mind, but if you could follow up with some resources that we could distribute to members of the Committee to understand what has been brought forward and some of the things that we have seen and that we heard, for example, in the previous presentation and some of the things that you believe may be missing—that would be helpful. The question that I have is currently the net metering rate is 75 percent of the retail rate. When a customer generator generates excess energy that may be subject to—that is subject to net metering and either it—varying forms now, depending on whether you are in northern Nevada or southern Nevada. So those electrons likely then flow over to the closest properties that are needing electricity. NV Energy then bills those customers at full retail rate—is that correct?

Ms. Hubbard:

That is correct, Assemblymember Watts. A solar owner is producing excess electricity, sending it to the grid; they are getting credited—the current solar owner is getting credited for 75 percent of the retail rate, and then that electricity is getting turned around and sold for 100 percent of the retail rate to that solar owner's neighbor. I will also say that I am

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happy to provide resources around—just looking at the total benefits of solar to the grid that talk about how those benefits are omitted and not included in a lot of analysis, and there has been a lot of studies in the last number of years that are starting to include those benefits.

Chair Watts:

Thank you. Members, any other questions? All right, seeing none. Thank you again so much for the presentation.

AGENDA ITEM VII—PRESENTATION ON COMPENSATION FOR INTERVENORS IN REGULATORY PROCEEDINGS CONCERNING PUBLIC UTILITIES

Chair Watts:

Just a quick heads-up to everybody, we are going to do our next agenda item, Agenda Item Number VII, and then we are going to move into Agenda Item IX following that. The first presenter we are going to hear from will be the Nevada Rural Electric Association—just so everyone can plan. We are trying to accommodate everyone's schedules and needs. With that we will go on to Agenda Item Number VII—presentation on compensation for intervenors from the Energy Equity Project—I believe will be joining us from Zoom. Welcome.

Justin Schott, Director, Energy Equity Project:

Good morning, Chairman Watts, and members of the Committee, and the public. can you hear me okay?

Chair Watts:

Yes, we can; please go ahead.

Director Schott:

We were founded in 2021 at University of Michigan, and we are a small nonprofit dedicated to ensuring that marginalized communities receive an equitable share of the clean energy transition benefits and have a significant voice in how that transition plays out. I think intervenor compensation is a really important piece in this. It is an under tapped resource that states have an opportunity to adopt, and it is a pretty simple concept. It is offering public funding so that we can expand the number of participants in regulatory cases before the Public Utilities Commission.

I will talk to you about where intervenor compensation is active across the U.S. and how it is designed in peer states, talk to you about some of the benefits and the design considerations, and share some specific outcomes from Michigan—where I have got the greatest familiarity—and then entertain questions about what a program might look like if introduced in Nevada. (Agenda Item VII)

Intervenor compensation—this is a source of public funding. It is typically provided through ratepayer collection, and the idea is to bring additional witnesses and participants into contested dockets. These can be a range of underrepresented voices and communities that are particularly sought out and do not have an opportunity to navigate both the technical challenges of participating and also to cover the expenses that are involved in legal

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representation, paying expert witnesses, as well as the time that it takes to engage in the cases. We have got about 18 states that have enabling legislation, but only 8 that are active, as far as I know. You can see most of those states with active participation in the dark green—those are your neighbors in the West and my neighbors here in the upper Midwest.

Intervenors play a range of roles. They are typically, again, bringing underrepresented perspectives and voices into official dockets. They may be focused on transparency, consumer protections, different preferred designs for distributed energy resources. They are often especially focused on the bottom line and ensuring that utilities are not introducing expenses that do not align with ratepayer interests. They can also inspire commissions to pursue new rulemakings on emerging areas and new innovations. One of the greatest outcomes—and if there is one thing to remember—it is the value of intervenor compensation that comes back to the ratepayers who fund it. They are often achieving benefits of 10 to 100 times what that investment is.

Going to give you an example of the Utility Consumer Participation Board, which implements the intervenor compensation program in Michigan—and this is just a sample of the transparency from their website. Intervenor compensation—the goal is that this is a model of procedural equity and something that is very accessible to the public. That is generally the primary goal of the programs—enhancing public participation and an understanding of how the PUC operates and how they can have a meaningful impact in the outcomes of those decisions.

One of the groups that receives funding in Michigan is called the Detroit Area Advocacy Organizations. It is a coalition of environmental justice organizations. They have been new to the issue, so they have been heavily impacted by a range of utility decisions but did not have a way really to affect those decisions until starting to learn about and take advantage of intervenor compensation. This is one of their annual reports from an electric rate case intervention. They were successful in getting about $57 million in IT [information technology] disallowances. They made a successful case that grid equity investments needed to better support communities—particularly in the City of Detroit with lower reliability—and to ensure that those communities were not subsidizing faster restoration times outside of the City. Another thing that they did was to really focus on the outcomes of the time abuse program and to ensure that these were in fact known about by a lot of the low-income participants and that they had a real opportunity to weigh the pros and cons of that program before participating.

That same group was responsible for helping to accelerate coal plant retirements, securing an $8 million program for deep home retrofits in particularly-impacted communities as part of a settlement negotiation, expanding energy storage that the utility was willing to adopt, and promoting stronger low-income assistance programs. Not surprisingly, like many intervenors, they were focused also on executive compensation and spending on membership dues that worked against their own interests.

The costs of intervenor compensation range significantly by states. You have states like California that has a major program spending tens of millions of dollars on intervenor compensation, to something as small as Idaho, which is on the order of $50,000 per year for its entire program—so a wide range of choices there.

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This is a snapshot of where the expenses go. You can see a typical case here in Michigan for this group was running about $80,000 in direct expenses, counting administrative costs. They also received significant pro bono assistance from a law clinic that represents them in these cases. The intervenor compensation is enough to fund those additional expenses beyond what they are able to secure as pro bono.

This is one of the most impactful reports that I have seen on intervenor compensation. It comes, again, from the board that oversees it in Michigan, and they track the financial benefits that come back to ratepayers as a result of the investments to these intervenors. The bottom line here is nearly $600 million in financial savings that resulted from $821,000 in grants. That is a return of about $239 for every dollar invested—or sorry $729 for every dollar invested. I know Michigan customers that are facing increasing bills are very happy to have this program in place. It really levels the playing field given that utility customers are also funding the utilities and presenting their rate cases and all of the utility expenses for their expert staff and attorneys—so this helps to balance those investments.

In terms of the design considerations, they are pretty manageable. There is the total budget that you want to set up behind intervenor compensation, thinking about whether to limit the amount that goes to each intervenor, making the application procedures as accessible as possible, and knowing that even if this is a procedural tool to increase participation, there is still a significant learning curve for new organizations. The payment timeline is maybe one of the most important. We have seen delays in California of several years—if a case needs to be closed before reimbursement is made—compared to having at least a partial upfront payment that enables intervenors to pay a retainer for an expert witness or a law clinic representing them.

We had some graduate students do a survey of the existing programs that are out there. These are some of the differences. Again, you will find a range of budget limits per intervenor, but something around—in the $10,000 to $200,000 range tends to be around the median here. Some of these also have an emphasis on supporting environmental justice communities and intervenors specifically and earmarking a portion of the funding for them.

Again, intervenor compensation—the data that we have on this—shows a lot of money coming back to ratepayers because of these investments. There is generally widespread agreement that the programs are effective at expanding the voices of marginalized and underrepresented groups. As a result, it does take some time, and so I think this is a good thing—that there is a learning curve. We see pretty good self-selection of participants. To my knowledge, the dockets have not been flooded by requests here for intervenors. It is really people that have had an interest in the work of the PUC that take advantage of intervenor compensation, and we can evaluate it. We can use these metrics, particularly the dollars saved, but there are other qualitative outcomes that are really important to consider as well. I will stop there and welcome any questions that you have.

Chair Watts:

All right, thank you very much. I will start off with one quick question. Can you describe the difference or relationship between—in Nevada we have the Bureau of Consumer Protection. I am sure other states have a consumer advocate that participates in utility dockets, so can you spend some time discussing the distinction—what sets apart these entities and their advocacy from that of a consumer advocate's office?

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Director Schott:

Thanks for the question, Chairman Watts; it is a good one. We do have public advocates, which can sometimes be a dedicated public advocate; in other states, it is the Attorney General's Office that plays that role. But they are typically funded to play a certain role in many of these dockets. It may be that the emphasis that they play on a recurring basis, for instance, is to present their own evidence about returns on equity. I think something that is especially valuable about the intervenor compensation is that we see it complementing those kind of standard arguments or pieces of evidence that a public advocate may be bringing and bringing in evidence from people with their lived experiences that has not been on the record previously. I have heard personally from a number of commissioners that they have wanted to speak to these perspectives, but because they have not been introduced as evidence, they have not been able to weigh them in decision-making. That is often a standard feature, I think, that public advocates do not have is using community witnesses to present how some of these decisions are impacting residents, especially in environmental justice and majority BIPOC [Black, Indigenous, (and) People of Color] communities.

Chair Watts:

Thank you. Members, additional questions? All right, not seeing any—I have two more then. First, one of the things that I think you mentioned in one of your examples was reliability concerns. I do not know if you heard earlier in the meeting where I was asking some questions about certain communities facing greater incidence of power outages in their neighborhood. Is that an issue that you could see an organization like this bringing up and trying to get addressed in various utility regulatory proceedings?

Director Schott:

Yeah, absolutely. We saw that in Michigan. One of the intervenors that participates in the intervenor compensation program, Soulardarity, worked with a couple of organizations to do that research and by engaging in the rate case, they were able to get the data actually at the census-tract level from the utility about reliability, different causes of outages, outage durations, restoration times—because that previously was not publicly available. They brought a lot of transparency to those disparities and were able to use regression analysis to look at how utility investments by census tract were correlated with those reliability metrics, and that became really important. The commission decided that using our EJ [environmental justice] screening tool needed to be one of the approaches that the utility took in its next filing, in order to specifically consider communities that had both poor reliability metrics but also history of underinvestment in their grid.

Chair Watts:

Thank you. Last question—you mentioned there are several states that have this. Have there been any states where the results have not been quite what was envisioned? Where the results or the returns to overall ratepayers have not matched the investment in the intervenor compensation program. If so, have there been any kind of lessons learned from those instances?

Director Schott:

Yeah, I think you may find individual dockets where—and certainly individual requests or proposals that do not move forward that the intervenors made—but, on the whole, no, I am not aware of any place that cannot point to significant ratepayer savings as a result of its

intervenor compensation program. I think a lot of the proposals that move forward, whether this is on transparent data reporting, support for census tract-based affordability and reliability programs—these are often innovations that were not raised by intervenors who were consistently in that cycle, and I think people can fall into their kind of traditional roles. That is one of the things that is so valuable is—after many years of rate cases that have a similar pattern and often similar outcomes—bringing in these new voices and people that are excited to engage for the first time in these formal dockets really does shift the evidence that is presented. By doing that, they are able to shift and get significant benefits coming back to the ratepayers.

Chair Watts:

All right, thank you for that. I would have one request, which is that if you can share, as a follow-up—work with our staff to share some of the research and backup for some of the data that you have provided in this presentation. I think that would be very helpful. Members, any questions? Okay, seeing none. Thank you so much for your presentation today.

Director Schott:

Absolutely. Thanks so much for having me.

Chair Watts:

Okay, that concludes Item Number VII

AGENDA ITEM VIII—PRESENTATION ON THE IMPLEMENTATION OF LEGISLATION ENACTED DURING PREVIOUS LEGISLATIVE SESSIONS AND OTHER RELEVANT PROCEEDINGS

Chair Watts:

We will move to the last presentation that we have today, which is from representatives of the Public Utilities Commission of Nevada (PUCN). I believe we have presenters joining us both in Carson City and down here in Las Vegas. Welcome. Go ahead and take a moment to get everything ready, and then you can begin whenever.

Garrett Weir, General Counsel, PUCN:

Thank you, Chair Watts and Vice Chair Nguyen, members of the Committee. Joining me in northern Nevada is Sam Crano, hearing officer for the Public Utilities Commission. I was not sure whether I would be able to make it today in time, and I appreciate the accommodating us and placing us at the end of the schedule. My colleague, Mr. Crano, is prepared to walk through the presentation that was originally planned. Then, I was hoping at the conclusion of his presentation to provide some remarks addressing issues discussed earlier today. With that, I will hand it to Mr. Crano.

Chair Watts:

Certainly, thank you. Welcome, Mr. Crano. You can begin when you are ready.

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Sam Crano, Hearing Officer, PUCN:

Great. Thank you, Chair Watts, members of the Committee. The presentation I have has all of the rulemakings we have conducted from bills from the last two sessions, but I understand that you are interested more in AB 524 from 2023, AB 452 from 2025, and AB 458 from 2025, so I will give a rundown of those three bills, but feel free to ask me any questions you have on any of them. Hopefully I can answer them or, if not, get you some answers and then any questions you have on the stuff that was gone over earlier today—from the PUC's perspective—we are happy to try and answer any questions you have.

If that is acceptable, I will go ahead and start with a short rundown of AB 524 from 2023. There were 19 participants in our workshops, over 550 pages of comments filed, two formal Commission-led workshops over four hours, leading to 25 pages of regulations (regs). Those regs went to LCB twice. The first time took 11 months, and then, after we got it back, we had some more comments and another workshop from the participants, and we sent back some requested changes; that took 2 months. I am not saying that to denigrate LCB; they do great work with complex issues in many different areas. I am just saying the 30-day review that took 11 months shows how complex, and tricky, and fiddly these regs are. The workshops are intense. They are highly complex interactions with existing regulations and statutes. There is thorough engagement by the stakeholders. Unfortunately, that takes time. Again, the latest version that was returned from LCB after the second time are out to the participants for comments. We should get those in the next week or so, and a workshop on that will be held May 21st. Assuming there are no major changes that necessitate sending the regs back to LCB a third time, they should be adopted by the Commission by the end of summer. This is a less formal workshop. It is with the Commission and the participants, but it is not the formal 233B workshop. This is just to check on all the changes and make sure everything came through okay. If it did, then we will do a small business impact investigation. We will have to put out the notice for the formal 233B workshop and hearing. Each of those takes about a month. Then we will put it on a Commission agenda, get it adopted, and sent over to the Legislative Commission, like I said, hopefully by the end of summer.

AB 452 from this last legislative session. There were 19 participants, over 400 pages of comments, two formal Commission-led workshops. This docket is actually mine, so I led those workshops. Lasted about five hours—about three hours for the first one, about two hours for the second one. Again, intense, highly-complex interactions with existing regulations, statutes, lots of stakeholders. I am currently drafting regs. I was waiting until after the Commission's misclassification investigation finished to see if any regulations—see if it became necessary from that docket and the investigation done there to adopt any regs, and there were some—so I am writing those down, and we will get them to LCB soon—hopefully—schedules permitting, of course.

AB 458 from this last legislative session only had two participants, NV Energy and the regulatory operations staff of the Commission. Still there is 45 pages of comments out there. Draft regulations regarding Section 17 were filed with the Commission yesterday by NV Energy. They are not quite—the reason that took that long is they have been working with staff at a number of informal workshops outside the presence of the Commission to try and come to consensus. They are not quite consensus regulations, and staff is going to file comments in a couple of weeks regarding their disagreements—and the Commission will make those determinations and send those regs to LCB. But regarding the solar affordable housing portion of AB 458, tariffs were filed with the Commission in December to enact that portion, as the statute was fairly self-effectuating. We did get a few comments on the

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tariffs, but no party intervened as such—as with any other tariff filing before the Commission. The Commission staff and the applicant, in this case NV Energy, are working out finding consensus language. Once they do, it will go through on a Commission agenda—usually on the consent portion—for adoption, and then they will become law. My understanding is that staff and NV are working together to make the language a little more clear and transparent, so it is more easily understandable by the general public and not someone who deals with utilities all the time. There is a little too much—terms of art and language that I, having been at the Commission 19 years, am familiar with, but someone coming in off the street probably would not be—and so they are trying to simplify that language and make it more clear for people who just want to participate in the program.

Regarding the misclassification investigation. The staff, again, filed a petition regarding the misclassifications in early May of 2025, went through multiple rounds of comments, multiple workshops, and a thorough investigation by the Commission staff and the BCP, the Bureau of Consumer Protection, during which time the amount at issue went from an initial admission of 6 million to 17 million, and finally they arrived at 63 million, which does include interest. The Commission issued a report and order on February 27, 2026, requiring refunds to occur between 120 and 240 days, so people should be starting to see those bill credits soon. The way it is going to work is anyone who is still a customer will get a credit on their bill for that amount. Anyone who is no longer a customer, they will send a check to the last known address that we have or that the power company has—I mean, you are supposed to give them a forwarding address when you terminate service, but— Any of those that are returned not cashed or unable to locate the former customers that money will escheat to the State General Fund. It will not go to the Commission. It will not go back to the utility. That is all money from shareholders, by the way, that is not customer money—and our staff has been instructed to check the next few rate cases very carefully to make sure that none of that is customer money.

I understand I went fast, and I apologize for that—but you all have been here a long time, so I am happy to answer any questions you may have.

Chair Watts:

Thank you, Mr. Crano. I guess first I want to see—Mr. Weir, would you like us to do questions for Mr. Crano based on his presentation and then go to you? Or would you like to go next?

Mr. Weir:

Thank you, Chair. I think it makes sense to—any questions related to Mr. Crano's presentation to go ahead and ask those now.

Chair Watts:

Okay, great. Members, any questions for Mr. Crano? I have two, and I will try and keep them very brief. One, related to the overcharging investigation, will there be any follow-up information that can then get out to the public about the amount of—obviously we see that headline figure of the $63 million. I am sure that you already have a breakdown of how much of that is going to existing customers versus what will be issued as checks to former customers. I think one of the things I am wondering is obviously, since those people may

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have moved, I am wondering how many of those checks eventually get cashed versus things that end up as unclaimed property—and so I was just wondering if there will be anything within this process that the Commission is overseeing where we will be able to get that information.

Mr. Crano:

Thank you, Chair Watts. Yeah, I mean—the utility will have to report back to us in the end. Obviously, all the original—all the remaining customers, they just get a bill credit, so that is an easy one. My understanding—and this was not my docket—but my understanding is that that was the majority of the customers at issue. There are—since this has been going on since 2002—there are some customers who are no longer customers—and that, again, are mailing checks to those last known addresses. We will get reports from the company. I know our staff is keeping on top of that and will bring us reports if there are any issues—but I can take it back to my group and make sure we get something filed outlining that, if that is your request.

Chair Watts:

Thank you, I appreciate that. We do still have representatives from NV Energy in the room, so I see head nods. I think I have made it clear what data points we are interested in. I appreciate the collaboration on—and understand that that is going to be a process as well, but it is something I think several of us have some interest in keeping tabs on—to understand that breakdown—both in numbers of customers and in numbers of dollars. So, thank you.

The other question I had was around the fuel cost sharing investigation, I believe, that was required under Assembly Bill 452. I think this is something that is particularly on my mind as we see continued fuel cost volatility across the globe. Everyone knows how expensive gasoline is these days. I recently saw a news story—as we thought we had finally gotten past the impacts from the natural gas spike following the war in Ukraine—that there is LNG terminals affected by the issues in the Strait of Hormuz. It seems the global instability can still have impacts on the volatility of fuel prices and, again, we heard there is a lot of interest in making sure that there is—we have been talking about cost sharing, cost shifting, cost allocation at various points off and on today—and at the core of that issue is how much of those costs should be borne by ratepayers versus shareholders. So, if there is any updates that you could provide with us on how that investigation is proceeding or will proceed, I think that would be helpful.

Mr. Crano:

Certainly, Chair Watts. That is proceeding. I had—and again that is my docket so I can speak with some level on this—I had decided not, at this point, to enact any regs on fuel cost sharing for three major reasons. The first is that of the five states that instituted some sort of fuel cost sharing program, three have clawed it back—which suggests to me that there is something wrong with the program. I have not—I am reaching out to those states to try to figure out why. But I do not want to just copy rules from a state that decided this was a bad program and took it away.

Secondly, in those 400+ pages of comments and the five hours of workshop—of the parties that participated—every single one who has participated in a deferred case said it was not necessary—said that they know how thoroughly staff of the Commission and the BCP go through the filing. I have been the hearing officer for six years now, but for ten years before

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that I was on staff—handled many deferred cases as a staff attorney—and I know staff goes through every transaction in the deferred case—thousands of transactions to go through and make sure that the utility was appropriately acting—and suggested disallowances. And those were accepted by the Commission in many cases—some cases they were not, in some cases they were—just like any case. The fuel cost actions of the company are scrutinized thoroughly.

The third reason was, again, as you mentioned, the Russian invasion of Ukraine was the cause of the spike which brought this matter to the fore and caused that—since, I mean, the utility did not invade Ukraine. It seemed like we might have constitutional taking issues if we just made them eat some of those costs for something that they had no control over. However, again—as you mentioned, Chair—with the new excursions into the Strait of Hormuz in that area, it is bringing that volatility to the front.

I am going to open it up and ask for more comments, I have not done that yet—but hopefully that answered your question.

Chair Watts:

It does. I appreciate that update. Again, I think I understand where that was coming from and why no regulations have been brought forward at this time. I am glad to hear that the investigation is still ongoing. Again, I think there were probably some people who thought that the issue in Ukraine was kind of a one-off—kind of black swan event—and yet here we are. The bottom line is that we are continuing to see elevated risk, and we do not know when geopolitical events could result in significant swings in fuel prices. As was discussed when the legislation was brought forward, at a time when—if those costs are passed on to ratepayers, and they have to make choices between food, medicine, and keeping the air conditioning running, I think it is fair to ask the question of what are the sacrifices that shareholders are making at that same time. Just appreciate the response—I think it was very thorough. I am heartened to hear that investigation is going to continue to move forward, particularly in light of these recent events. Members, any other questions on these items before we move to Mr. Weir? All right, thank you.

Mr. Weir:

Thank you again, Chair, Vice Chair, members of the Committee, for the opportunity to go back to some of the discussion earlier today. I would like to take the opportunity to talk a little bit more about the demand charge. There is a lot of confusion. I think there is some misperceptions out there as to the Commission's motivation in adopting this rate design and its effects—what it does and does not do—but what I can tell you is at the core of that decision that the primary, nearly singular motive in adopting it was to promote affordability of utility rates for the vast majority of Nevada households. Just to talk about a few things that were facts on the record that the Commission relied upon in making its decision.

The first of those is that regardless of any sort of changed behavior in electricity usage among households—based on historic usage—even if nobody changes the way that they use electricity, the evidentiary record in the case before the Commission suggested that over 90 percent of those households will experience lower electricity bills as a result of the demand charge being incorporated into the rate design. Now, how can that be the case by adding this charge? Well, it is because what that demand charge does is it enables the reduction of nearly 2 cents per kilowatt-hour in the volumetric rate that is paid by customers. In times when there is high electricity usage, like summer months when people are struggling, customers—even rooftop solar customers—are likely to see some significant

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savings because of that reduction in the volumetric rate. Nevada households, in the summer especially, use a lot more electricity than customers in other jurisdictions because they are running a lot of air conditioning. The demand charge or rate—that component of billing—is not just a punitive measure; it is not additive. It provides for an offsetting, in most instances, over—providing greater savings than the demand charge generates in revenues from most customers, and it provides a benefit.

The other thing—other than just the savings that will accrue independent of usage patterns historically—is that it does provide, additionally, the opportunity for customers—especially price-sensitive customers—to have greater control over their bills. We have seen the issue of trying to address revenue shortfalls in prior proceedings before the Commission—and other tools have been proposed as solutions. One of those tools is an increase to the basic service charge. The Commission and other parties that appeared before the Commission found that is too rigid of a tool, and it undermines efforts for conservation—and the Commission rejected that proposal. Really, the best available tool remaining is this demand charge that if customers adjust their behavior, which is increasingly possible now with the advancements in technology with smart appliances and thermostats, where even just slight alterations in usage can yield significant savings for customers who care to pursue those savings. Those are some of the motivations and things that we saw on the record. Most of that was not really disputed significantly, and the Commission found those facts compelling.

Regarding the impact of the Commission's decisions, these rate design decisions, on the rooftop solar industry, I understand I was not here for some of that discussion—but there were lines of questioning related to that. I do want to note, in these proceedings before the Commission, the presiding officer in the case issued a procedural order where it explicitly—the procedural order explicitly requested information from participants in the proceeding, which included numerous representatives of solar customers in the rooftop solar industry, information regarding the effects of the proposals of the rate design changes on the economics of—and the viability of—rooftop solar installation. And the Commission received absolutely zero input from those interest groups to support the notion that there would be harm. The Commission can only make decisions based on the evidence before it, and there was not any information provided regarding the viability of or the lack of viability regarding or related to that industry, or distributed rooftop solar systems, as a result of the rate design. In the absence of a showing of that harm and recognizing that proposals in other jurisdictions that frankly are more aggressive than what this Commission adopted here—given that industry continues to exist and thrive in these other jurisdictions—the only takeaway there that is logical is that the industry is able to evolve and continue despite the changes to rate design. Again, just wanted to let you guys know that it was not that any information regarding harm was ignored—it simply was not provided.

Next, regarding the net energy metering, compensation, and relative value of rooftop solar production, just wanted to provide, again, more information that was presented to the Commission—part of the evidentiary record. This is information subject to cross-examination. These are facts upon which the Commission made its decision. The production provided by these rooftop solar energy systems occurs in times when energy is less expensive. The electricity that NV Energy has to provide to customers to meet demand is most expensive during the hours of 6 p.m. to 9 p.m. That is when the sun is not shining, going down. To just provide some perspective on the relative costs of providing that electricity—and we are actually talking—let us now just talk about solar electricity. Even just during the periods of time when solar is available, the compensation structure—even with the changes to netting that the Commission proposed—are still overly generous when compared to the actual market rates. On the record, we have the real numbers here. The generally prevailing cost on average of solar electricity is about 3.5 cents per kilowatt-hour.

The compensation of 11.4 cents per kilowatt-hour at the full retail rate, on the record at the time, that compensated customers at approximately 223 percent of the market price. Even at the 75 percent rate, at 142 percent of the actual market price. Again, just to be clear, what the Commission has adopted here is not punitive; it still provides for a substantial subsidy to support that industry and participants in that energy metering. If we look at the actual price of energy that is not limited to solar resources, including utility-scale solar resources, at that point we are looking at an overcompensation to the tune of about 452 percent of the market price.

Another sort of added issue that we experience uniquely in Nevada—and I will get to why in a moment—is we are reaching a point—and this became clear, again, as part of evidentiary records and, in particular, the deferred energy accounting case before the Commission last year—where NV Energy is now being forced to curtail or not use electricity associated with power purchase agreements that customers have entered into for long-term commitments for utility-scale solar. It is much more cost effective utility-scale solar, but we are having to curtail that now because of that additional solar capacity—generating capacity—or rather production—from those rooftop solar systems that are being further incentivized to exist. We are seeing an ever-growing rate at which these systems are being installed.

I mentioned that Nevada is uniquely situated with regard to the diminishing returns of additional solar power. So that you can know and be—I think we should be proud of this in Nevada—we are the number one state in the country, in terms of per capita installed solar generating capacity. That includes utility-scale solar and distributed rooftop solar, and it is not even close. The next closest state, California, is at about half of the installed solar capacity per capita. As a result, given the relative—the composition of our resource portfolio being so reliant on solar, which is intermittent in nature, that exacerbates the problems, and it decreases the value of this solar commodity. Again, when we are talking about the value that is offered from these solar systems, the economics are different in Nevada compared to other states. There are a lot of studies out there that are accurate and compelling about the value of these distributed resources, but the assumptions are different than in Nevada—and they should be. Again, that is a unique situation compared to other states.

Finally, something that—and I do not know the extent to which this was explicitly addressed by people—but this is something that we hear a lot from concerned customers, and there is just a general, I think, misunderstanding of what the restrictions are on the Commission when setting rates or the revenues that the utility can recover. It is that the utility is constitutionally entitled to an opportunity to recover its prudently incurred costs of providing service. We cannot make the utility eat the difference between the cost of providing service and the revenues generated from those customers they are serving. If we were to do such a thing, it would be overturned immediately on appeal. There is case law a mile high that supports the idea that utilities have that right to recover their prudently incurred costs or at least the opportunity. We cannot set rates knowing that they are not going to recover their costs that were prudently incurred.

Then the last thing I wanted to briefly touch on is—again, with regard to affordability and the tools available to address that issue. One item I—my understanding is that maybe there was some brief discussion earlier today on—is the idea of a low-income rate that was explored in a prior rate case by the Commission. That was proposed by NV Energy, and one of the reasons—one of the primary reasons—that the Commission rejected that proposal is because of positions taken by parties, including the Attorney General's Bureau of Consumer Protection, telling the Commission to reject that rate because it would shift costs from too many low-income customers onto non-participating customers. There are a lot of

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discussions about cost shifts. Generally speaking, we want to avoid cost shifts and have rates that are equitable—that are designed to recover the cost of service from the customers causing those costs.

With that, I would be happy to answer any questions about those recent decisions or any other items that do not directly relate to contested cases before the Commission.

Chair Watts:

All right, thank you for that, Mr. Weir. I appreciate that. We will open it up for questions. I guess I have a couple of things that I would also mention. I appreciate some of the additional context you brought forward. I do think—at least speaking from my perspective as a Legislator—we discussed this earlier, and I brought up the need to have more information available from the utility to customers to understand the impact of some of these things as soon as possible—because this is great, but if you are not in that 90 percent that is seeing a reduction, and you are seeing an increase, I am going to hear about the folks that fall into that. If you are 1 of the only 10, or 11 percent of folks living in multifamily housing that was overcharged for a period of months to years, that is extremely important—especially when we find that several of those folks, at some point, were unable to pay and faced potential disconnection. The need to get some of this information out from the Commission to the public, I think, is paramount. That is both a responsibility of—I think it is a responsibility of all the folks who are involved in those proceedings, so not just the Commission itself, the utility, the Bureau of Consumer Protection, and others that are participating in that process, but I think it is important.

I think another thing that came out of some of the discussions today is not just the public information but public participation in some of these processes. I have heard—we did not discuss it much today—but heard about some of the frustrations and struggles folks are having participating in some of the public processes that exist currently at the Commission, whether it is general public comment or consumer sessions—and the struggle of how that feedback is incorporated. There is a feeling that sometimes it is not incorporated by an intervenor; it is not incorporated by the Bureau of Consumer Protection; it is not incorporated by the Commission; it is not incorporated by NV Energy—and so who is bringing that as evidence that has to be responded to and factored into the decisions that are coming out. It seems like it is a very complex topic, but I think it is one that we need to revisit. This was obviously one piece of the conversation that we had around Assembly Bill 524 in 2023. It is good to hear that we are hopefully getting that towards the finish line this summer. But I think we need to go back and revisit it to make sure that there is a way for the public's voice to be heard and for some of those concerns that they bring up to be carried through the various proceedings that the Commission is having.

I think, again, it seems like the conversations about rooftop solar—and the cost associated with it and the benefits—are going to continue to go on. Again, the opportunity for using smart technology, the opportunity for using batteries was another thing that came up here, and so I think there is absolutely the opportunity that we can continue to grow solar energy production here, including distributed resources, in a way that provides benefits to all. I will say, with us hearing concerns about the ability of the utility to meet its renewable portfolio standard, with some of the concerns that have been brought forward about utility-scale projects actually getting permitting and meeting their construction timelines, I think at least in the short term that shows the importance of having some of those distributed resources

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that can be deployed on a much quicker and less cumbersome timeline. That is my 2 cents, in response to your 2 cents. I will let you jump in, but I do want to see first if any other members of the Committee have questions that they would like to bring forward. All right. Floor is yours again, Mr. Weir.

Mr. Weir:

Thank you, Chair Watts. Just briefly, all very thoughtful points and very much appreciate the dialogue. One thing that I think is just important to note about that 10 percent of customers who will not see lower—or it is probably going to be less than 10 percent of customers—but who will not see overall bill reductions as a result of incorporation of a demand charge, most of those customers are folks who were not previously paying their full share of costs—I mean, based on what the cost of service was for them and what revenues were generated from them. Yes, they will see an increase, but that is not necessarily unjust.

Secondly, I was just actually going to—I know that Mr. Crano actually has some information or insight that could be helpful regarding customer engagement. Mr. Crano, if you would like to share that information, I believe that it would be helpful.

Mr. Crano:

Certainly—with your permission, Chair Watts. Just wanted to—we pulled the numbers from 2025—and in 2025, the Commission held 23 separate consumer sessions. We had 22 agenda meetings and had Commission personnel attend 19 outreach events—all of which provided an opportunity for members of the public to speak directly to members of staff or to the Commission. That is 1.2 face-to-face opportunities per week in 2025. Agenda meetings are usually held twice a month—as I said, there were 22 of them in 2025. We allow for public comment both at the beginning and end of the agenda meeting, and all three commissioners are in attendance as well as—pretty much the rest of the Commission. The Commission also welcomes comments by members of the public at proceedings that are not contested cases—like rulemakings, for example. Some of the participants in the rulemakings that I discussed earlier were just regular people; they were not necessarily companies or representatives of companies. In any docket, people can file comments. People can write down a comment and send it in, and I know that I read every single comment that is filed in all of my dockets. I know the commissioners—the three commissioners—do as well. I mean there are plenty of ways to get their—to get your voice heard. Unfortunately, as Mr. Weir mentioned, we are a quasi-judicial agency. My job is as an administrative law judge, so I am bound by the canons of judicial ethics—so I cannot discuss ongoing cases. I cannot. It would be a violation of my ethical duties, and I take that seriously—as do the commissioners. I understand your point about getting the messaging out and explaining it more. Unfortunately, even when a Commission order is issued, there is time for reconsiderations and then appeals. By the time we could ethically get out more of a description of, "Here is why we made that discussion." It is two months later, and nobody cares anymore, unfortunately. That is sort of the quandary we are stuck in. Sorry.

Chair Watts:

Thank you. No, I appreciate that. Again, I think, at the same time we have seen a message—messaging, emails, and other things—come from NV Energy on some of these issues while they are moving through the process, attempting to provide some information to customers. I want to reinforce the point that I made that that is not necessarily a burden that falls entirely on the Commission; I think there are different roles that different entities can play in proactively getting information out to the public, as some of these things move

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forward—understanding that the Commission is also a quasi-judicial function and that cases moving through—that can sometimes limit the ability of folks that are involved to make some of those statements and put things out there.

There is no response needed for this—just, I think this is a good way to close and summarize a lot of what we have heard today. Again, we have talked a lot about who pays, right? It is about—we talk about it in a lot of fancy ways in this Committee about cost allocation, about cost shifting, about cost sharing—and these are all essentially judgment calls that we make about what is fair, and that varies. You mentioned the basic service charge and the concerns about that increasing. We know that a large amount of the costs that is in ratepayers' bills is for infrastructure, and those costs are pretty much fixed. In a sense, you could have a very large fixed monthly portion of the bill and a very small portion that actually is the cost of energy. We have decided as a policy decision that that is not fair, or not equitable—and so we have designed rates in a different manner. We have decided that we are going to have the entire community in southern Nevada help make investments to protect the communities in Mount Charleston from wildfire risk because that also does have consequences that can impact everybody. Same with the Lake Tahoe Basin up in northern Nevada. Again, while I appreciate some of those things—and you also discussed concerns about low-income rates and other folks paying for some of that. We have people that chip in to help make investments in bill assistance and energy efficiency programs. Again, fundamentally, these are policy decisions that fall to the Commission as a regulator, but also to the Legislature to decide, ultimately, what is fair. I think one of the big things that we have to consider is not only making sure that—it is not just making sure that we split the costs up in some way that is mathematically correct and assign that, but also understand that sometimes if we do that in a certain way, it is going to put somebody out of business, or it is going to lead to people that we represent not being able to make ends meet. So, we have to make policy decisions to adjust that in order to address some of those real-life concerns that people have. I think we will have the opportunity to do quite a bit of that and have those discussions in a future legislative session, but I appreciate you raising up some of those issues and appreciate the Committee members permitting me to put a little bit of additional context on the record. Thank you very much. We appreciate you coming. We appreciate your presentation.

AGENDA ITEM IX—PRESENTATIONS ON WILDFIRE LIABILITY: ROLES, RISKS, AND PERSPECTIVES

[This agenda item was taken out of order.]

Chair Watts:

As noted, we are now going to move to Item Number IX where we have four different presentations related to wildfire—particularly wildfire liability—and we are going to begin with a presentation from representatives of the Nevada Rural Electric Association (NREA). Welcome back. It is good to see you again. Go ahead and take a few moments to get yourself ready, and then you can begin.

Lisa Levine, Executive Director, NREA:

Thank you, Chair Watts, I appreciate you allowing us to go first. As wonderful of a Nevada story as it would be if we all went into labor together today—I appreciate you being so accommodating. I am also joined by my Board members and colleagues in southern Nevada—MeLisa Garcia, General Manager and CEO of Overton Power District Number 5; Dane Bradfield, General Manager of Lincoln County Power District Number 1.

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In Carson City we have representation by Kevin Robison, CEO of Mt. Wheeler Power, as well as Ryan Brodsho, Director of System Planning and Reliability of Wells Rural Electric Company. Thank you. Together, I am joined by more than a century of expertise in Nevada public power—so, certainly hopeful if you have technical questions at the end that they will be able to provide some color to that.

Just a quick overview, we were just with you a month ago, so I am not going to spend too much time on this. (Agenda Item IX A) Of course, on the population side, Nevada's public power utilities represent—certainly—a smaller number of population than our counterpart at the IOU [investor-owned utility] with NV Energy, but when we look at the map and we are thinking about wildfires, it is close to half the land mass—so we very much appreciate you including us in this conversation. Nevada's public power utility providers include general members of NREA who are on the distribution side, as well as three members—who are my associate members—on the generation and transmission, and the general members that includes municipal utilities, power districts—which is defined under NRS and cooperatives.

This map really demonstrates the wildfire hazard potential that we are seeing across the country. This is from 2023, but as climate and weather just gets drier, harsher, and natural disasters get more extreme, wildfires continue to be a top of mind issue for us. If you really hone in on that Nevada map and then you go back and look at the members who I represent, you can see where this is a significant challenge and problem that my members are faced with every single day. One thing we have seen over the years is that there used to be a season for wildfires—that season is now 365 days of the year.

Before we can talk about liability, I think it is really important that we highlight the mitigation and prevention efforts that my members take. These are just some of the best practices that we think about, but operational best practices includes vegetation management, workforce training—so that members have the expertise. Some of my members, their electricians are actually also trained to be firefighters so that they can be doing multiple tasks when they are on the job depending on the situation, and these different preparedness assessments.

Under emergency preparedness, of course planning on the response and recovery is a big part of this. Coordination and collaboration—as all of you know, in rural Nevada there is multiple different jurisdictions in terms of BLM [Bureau of Land Management] field offices, whether it is Department of Forest Services. There is constantly bureaucracy, and because of that there are multiple coordinating efforts that need to be made when these disasters occur. Communication protocols and making sure that is constantly updated between the state, local jurisdictions, and my members. Then the plan monitoring and strengthening, making sure that there is resiliency and that there is—constantly these plans are updated because the expertise, the knowledge base, and certainly the technology used is ever-changing.

Just to hone in on that a little bit more, this is some example of the lens that my members have when really thinking about how they respond to wildfires. One of the things that NREA was able to secure—in its first time in 52 years that we have been around—is we actually were just awarded an IIJA [Infrastructure Investment and Jobs Act] grant from the Department of Energy through the Governor's Office of Energy, and it is entirely for wildfire mitigation and grid resiliency. We are very excited about that. NREA is a 100 percent pass-through, so this is divided amongst nine of my members, and it is almost $1 million per member, which goes a long way in rural Nevada for my member utility providers. That is the type of innovative approach—one thing that we, perhaps, differ when thinking about the budget from public power between our colleagues in the private sector—it is a much

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smaller budget that my members are working with. Because of that, the resource allocation to this is very important, and it is prioritized—but they also have to be even more strategic about how they spend those dollars, so the grant is going to be a big help to really implementing these different aspects.

The majority of public power—rural utility providers across the country—they actually utilize one insurance company, and it is called Federated Rural Insurance. It also has a co-op model, so my member utility providers are also the owners, if you think of it in that way, of the insurance company that they utilize. As many of you understand with insurance, there is a bidding process, and one of the things that they have found that Federated talks about is it used to be that when they would kind of bundle and then go and get investment to back the insurance that there would be potentially like 20 different financial firms doing that. Now it is about 2, because this is seen as such a risk, and it is easy to see why. Other than 2023, just in the last five years, wildfire claims have more than doubled. If we were to put a monetary value on that, they have really tripled.

Thinking about the challenges and opportunities, certainly the opportunities are presented in the sense that mitigation and prevention is top of mind, constantly being adopted, modernized. My members do a great job at utilizing third-party expertise as well. This is something that nationally has really popped up on the consulting side. But as you can see the coverage for insurance is pretty small. As wildfires become more persistent, intense, and frequent, with that, coverage becomes less—and specifically for my members there is no coverage for noneconomic damages. When we think about, of course, the brick-and-mortar aspect of this, if there is anything further, that is a direct cost to my member utility providers, and because they are essentially owned by the rural Nevada constituents who they represent, it is a direct cost to the constituents, their ratepayers.

On the FEMA [Federal Emergency Management Agency] side, this is something that certainly is very important for us, and we have seen a lot of whirlwinds on the national headlines about FEMA. Certainly, there is a lot of opportunity for it to be improved upon, and we are part of those conversations nationally and with the federal delegation who represents the state. We are hopeful that there can be an even further expansion for wildfire disasters since this is no longer just a West Coast issue but really a national issue, as that heat map earlier demonstrated. But certainly, FEMA is something that we are also very concerned about at the federal level.

Something that we say pretty openly is you cannot have a conversation about permitting without also having a conversation about wildfires—the two go hand in hand. Some of my members have had some pretty drastic horror stories that perhaps they could talk to you about during the Q and A, but if they do not get access to their right-of-ways that is on federal land to do vegetation management, that can be a serious trigger for a potential wildfire—depending on the day, and the climate, and the season. Things like that do happen. In fact, some of my members sometimes will—even if they do not get access via email or on paper—they will still go out there and do the vegetation management, because they understand that if they do not, it could cause a serious natural disaster. Regardless of whether they get access or not, they are going to be held liable.

Just with that, I think it is really critical that we emphasize this—and I do not mean to sound sensational—but truly Nevada's public power utilities are just one wildfire away from completely shuttering and not existing. They do not have the financial backing—because they are public power—to be able to survive something that significant, and so they take this very seriously. They are owned and operated by their community members. All of my general managers and CEOs—they live in the rural utilities that they also serve, and it is

deeply personal for them because it is their community. So, just kind of this overarching question—who would power rural Nevada if these utilities were to go bankrupt because of a significant natural disaster? That is something that is top of mind to each of them. I am sure they could highlight that to you. Chair, we are happy to take any questions.

Chair Watts:

All right, thank you so much for the presentation. We do have some questions. We will begin with Vice Chair Nguyen.

Vice Chair Nguyen:

Thank you. I appreciate that. I think I am a little bit more familiar—when I say little, I emphasize the word little—a bit more informed about like the NDPP for like NV Energy. Do you have similar type of planning, and have you seen kind of the increases that we are seeing proposed here in southern Nevada for your Natural Disaster Protection Plan?

Executive Director Levine:

I am happy to answer that question, Senator Nguyen, but I do want to see if Kevin Robison, who is in the Carson City office, wanted to also elaborate on that before I jump in.

Kevin Robison, CEO, Mt. Wheeler Power:

Absolutely, Lisa. The funding that goes into our prevention plans, Senator, is funded by our members and directly by the ratepayers that we serve. We do not have an increment or a mechanism within the rate structures within the utility to specifically handle those types of funding. Anything that we do, from the economic standpoint, is funded directly by the members.

Executive Director Levine:

Senator Nguyen, if I can add to that. My members are not regulated by the PUCN, but what they do is they do have wildfire plans, and those are submitted to the PUCN, I believe, on an annual basis. They are also all posted on their websites for the transparency of that as well.

Vice Chair Nguyen:

Thank you, and Chair, I have a couple other questions if that is okay. Can you talk about how you distinguish between utility-caused fires and damage from wildfires that are naturally caused and kind of the distinction that you have—or is it all lumped up in one bunching.

Executive Director Levine:

That is a great question. Kevin, I am also going to phone a friend to you on this one.

Mr. Robison:

The distinction or the determination of fire cause is definitely done by the land jurisdiction or the entity that is investigating. Those are all just one for us. If we lose poles and wires in the field, then we are responsible to put those back up. Those are not insured assets. Those assets have to be paid for by the members once again to reestablish and restore those. It is

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a—we are not trying to negate or hide away from cause, if we are a part and party to that. If we find ourselves at fault, then we have to be responsible and own that. But the determination is typically done by the fire jurisdiction agency, whether it be the federal land agencies or the local fire districts.

Vice Chair Nguyen:

I appreciate that, and I understand that aspect. I am just wondering what percentage of the damage that is caused in these fires—if you keep track of that kind of statistics and data—and I do not expect you have it here, but I am wondering how much of that is of your own liability and your own doing as opposed to something that is naturally occurring.

Executive Director Levine:

Senator, that is a great question. I will tell you that last summer I sat through a presentation that the BLM Nevada—I cannot think of his title right now, but I can follow up with you on that—and he did a presentation, and he showed just that—what you are asking—if these incidents were being held liable by the utility provider or if it was more of a natural disaster that maybe was connected but not at the fault of the utility. I do not want to say a number that is false, but it was significantly low. It was a single digit number that the utility was actually found to be at fault. One thing that we are seeing—and I have a member in the northwest part of the state that this happened—there was a significant fire, and the federal field office for federal land adjacent to him found him at fault, and he was actually able to maintain his equipment, have it third-party tested, and it turned out he was not at fault. His equipment was not at fault; his lines were not at fault—and he was able to no longer be held liable. So, it is a really tricky question, and it is one of those things with all utilities that we are working through. But I do want to emphasize something that Kevin mentioned earlier. My members work, live, and breathe in their communities—and so for them the prevention is not just for a financial reason. The prevention is truly because they do not want to see this happen in their communities. These are their friends, their neighbors, former folks that they went to school with. That is really the mindset that they have when they think through these problems.

Vice Chair Nguyen:

I do not know if you answered this, so I apologize if you did already and I just missed it, but how much would you say that your members spend on utility-caused fire mitigation? I know you said there were some challenges with easements and other things that you are working through that are outside of your control. But how much did you spend in, I guess, your last cycle that you could measure? And has there been an increase moving forward in that kind of utility-caused mitigation work that you are working on?

Executive Director Levine:

I do not have that number collectively. It is something that I could work on getting this body, certainly, as a follow up. If you will allow me that, then I will work on that. That is a great question. Certainly, I can tell you it is a number that is constantly increasing. That I can say, matter-of-factly. I do want to open that up to see if— Yeah, that is something that I can circle back with you on.

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Vice Chair Nguyen:

The reason I am asking is I am—I had indicated at the start that I was a little bit more familiar with southern Nevada and NV Energy's plan—hopefully they are listening and might be able to answer some of these in the future. Because I saw that as a part of their filed $410 million Natural Disaster Protection Plan that was a 120 percent rate increase predicted in 2027. I am wondering if, throughout the state, you are seeing that similar drastic increase as a part of those protection plans that you are putting together.

Executive Director Levine:

I think that is one reason that we are so excited about the IIJA grant that we received. It was a $7.1 million grant from the Governor's Office of Energy, and then the Office of Federal Assistance actually threw in an additional $1.2 million matching grant. That provides close to a million dollars per utility to focus specifically on wildfire mitigation as it connects to grid resiliency. Just in that sense, that right there gives you a number of how much—and that is a five-year grant, so that is about $200,000 additional that each of my member utilities will be able to have to invest specifically in this. I am happy to circle back with you more on the details about how we are implementing that. It is very new. We just started—this was our first month that we are reporting on it, so we just got the grant.

Vice Chair Nguyen:

Thank you. Thank you, Chair.

Chair Watts:

Thank you. Members, other questions? Assemblymember Kasama.

Assemblymember Kasama:

Thank you, Chair. A lot of things to be concerned about in our state, and insurance is certainly a big issue. I am looking at your comment about, "We are one wildfire away from shutting down some of these services and utilities," and I am curious if you remember what happened—I think it was Paradise—was the town in California where the PG&E went bankrupt in that community. I am curious if you know how— How did they move forward with supplying energy to that local community after that happened?

Executive Director Levine:

I am not familiar with the specifics—of course I am familiar with the wildfires that occurred last year in Los Angeles—I am not familiar with what happened to that company. That is an investor-owned utility, so certainly very different than the members that I represent. Lisa, did you want to speak to that, in terms of the mentality around "one wildfire away"?

MeLisa Garcia, CEO, Overton Power District 5:

Thank you for having us. I think that, for us, we are locally governed by our Board and, as Lisa has already said, we live in our communities. I raised my children in that community. When we think about the safety of our community, whether it is wildfire or just infrastructure that we are keeping up, that is top of mind because we answer to the most important people in our lives. When we talk about insurance—as Lisa stated—we currently are covered by Federated Insurance. If we were unable to get insurance coverage, who would—what then would happen? As every expense comes to our utility, our customers or

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members bear that cost. We do not have, as Kevin mentioned, the ability in our rates to piece out and say, "Okay, insurance is costing this much more." Every expense that is incurred is then paid by our ratepayers—that is top of mind. I want to say that is top of mind for us; keeping our rates low for our members is—next to safety—our most important aspect of our job.

Executive Director Levine:

Chair Watts, if you will allow me to add to that—when we think about wildfires, certainly it is a natural disaster. We think about the mitigation; we think about the prevention. But to Lisa's point—I cannot emphasize this enough—it is an affordability issue. Certainly, with insurance prices going up in this space—and we understand why when we look at the number of claims that have also doubled—we look at the number associated with these disasters, which has tripled—would probably be an understatement—it is an affordability issue. Specifically for my members, it is deeply an affordability issue because there is no way for that cost to get burdened somewhere else. There is no shareholders. There is no financial investors. It is them, and it is their community.

Chair Watts:

Thank you. I have one question about some of the insurance. You discussed that Federated is the provider for public power and showed the increases that are going there. It seems like each cooperative or municipal utility gets coverage. I guess the question I am wondering is obviously they are looking at the overall risk pool. I think you showed that map that shows there is a lot of risk, but I think one of the questions is—are there certain areas that have higher risk or that have had wildfires come through and there has been a finding of liability—is that essentially creating upward pressure on the insurance rates that you pay? And do you have any other options to look at to try and get coverage for your risk that might have a little bit of decoupling from what is associated with other areas and other utilities? If that makes sense—

Dane Bradfield, General Manager, Lincoln County Power District:

Chairman, I will start on that, and probably some of my colleagues can help finish on there. I am sorry, can you repeat the last part of the question, Chairman Watts? I was going through a lot of it there.

Chair Watts:

Yeah, absolutely, and I know it was a bit of a rambling question. Basically, I am wondering if you are looking—if you have any options or looked at options—to get insurance coverage that is focused more on your risk profile versus maybe what public power across the country is facing—if there is any opportunity for potential savings there.

Mr. Bradfield:

Yeah, thank you for reiterating that. The reason that you have seen all of us are with Federated, for the most part, is because they are specialized in this industry and also because, as was stated earlier, that they operate on the cooperative model, which means that they are recovering additional costs from their members and that we also—anything else extra that they gain in the end comes back to the members as well—the basic cooperative model. On an economic standpoint, it is the best insurance we can get for the money. Again, because they specialize in utility areas across the country, then it has provided us the best option that we have out there. We have shopped around in the past,

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but we keep coming back to Federated because of the relationship and the services that they offer to us. But certainly, if any of my colleagues have any additional comments on that.

Mr. Robison:

Chair Watts, one of the other items that Federated has expressed to us—they look at us each individually as far as our claim rates, and accidents, and those types of events—but one of the issues that they have encountered in the past few years is getting additional underwriters to support the product. So, as wildfires become more and more of a litigated problem—I will call it—in the courts, where awards are given that put strains on those underwriters, that it is becoming more and more difficult to obtain underwriting to add that additional insurance layer.

Chair Watts:

Thank you. I appreciate all of that context. Would you like to add?

Executive Director Levine:

Chair Watts, to summarize and to supplement to both my colleagues, I think it is actually to the point now where it is very much a real consideration and possibility that wildfire insurance will not be an option that is afforded to my members in the future. The idea of shopping around is something that I do not know that they will have a privilege to do at all, potentially. I mean, even Federated is to the point where financially they are unsure if they will be able to continue that coverage—not in the long term but in the very soon future.

Chair Watts:

Thank you. I appreciate all of that context; it is very helpful. It is really impressive to see how far the cooperative model goes within public power—so to see cooperative insurance as well—so that all those funds being put in are really focused on serving the member utilities, but ultimately again the individual ratepayers, is very interesting to me, as well as some of those issues that you described about looking at the individual risk but then still having this specialization and trying to figure out how to remain financially solvent moving forward. Okay, last call for questions. Seeing none. Thank you all so much for your presentation today. We appreciate it.

Chair Watts:

Now we will move to our next presentation from NV Energy. Welcome back. Go ahead, take a moment to get everything settled, and you can begin.

Mr. Sanchez, Previously Identified:

Thank you, Mr. Chairman. Before my colleague, Max Rosen, who is here with me—he is with the law firm of Munger, Tolles [& Olson LLP] out of California—and he is here to give an overall view of recent activities in wildfire reform around the western United States.

Prior to that, though, I did want to follow up on your request, Mr. Chairman, which was as a result of a question from Senator Buck that asked about our Natural Disaster Preparedness [*sic*] Plan—current case that we have pending—and any potential rate impact. So, if I might have a moment to answer that follow up question. Through you to Senator Buck—Senator, we did file, as you noted, a case earlier this February. It is our triennial Natural Disaster

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Protection Plan that we file with the Public Utilities Commission, which outlines efforts that we are going to undertake over the next three years related to wildfire protection efforts. Those include everything from vegetation management, rebuilding and undergrounding particular lines, the buildout of microgrids at Mount Charleston—as you noted—I think you referenced Mount Charleston. That case will—intervenor testimony will be filed in July—and that case will go to hearing in front of the Commission in August. I would say, overall, this plan—the cost of the plan—is consistent with previous plans that we have filed. It is slightly lower than previous plans we filed. However, one noticeable difference—southern Nevada costs are borne by southern Nevada ratepayers, and northern Nevada costs are borne by northern Nevada ratepayers. Those are the two areas you are going to hear about, in particular to Nevada, that are particularly high risk are Mount Charleston and the Lake Tahoe areas, which is not a surprise to anybody.

But we are—since the last case that we did file, you are seeing some decreases in costs because the vegetation management efforts that we have undertaken are now moving into more maintenance-related efforts, which you would naturally expect over a maturing NDPP process. Also, we have improved patrol and inspection efficiencies. We are planning fewer public safety outage management events, which will be very welcome news to our customers around the state. For those reasons, our costs of operating the NDPP system, again, are coming down. In particular with the southern case, we are proposing a microgrid at Mount Charleston, which comes at a cost—we would expect that would decrease over time as well. But those issues related to that cost impact will be fully and transparently discussed and litigated before the Commission this August, with the December—with a decision expected by November—later this year.

At the same time, we are always very cost conscious. We have had a number of good news efforts related to costs in Nevada of late—over the past six months. Recently, publications like *The New York Times,* and *The Wall Street Journal,* and others have been analyzing costs across the country—and obviously it is something top of mind for us, always—but we are very pleased that over the past five years—from 2020 to 2025—Nevada had the second-lowest incidence of rate increases in the country. Our retail rates overall in the state are 60 percent lower, for example, than in California and 28 percent lower than the U.S. natural average. That is not to say that we are resting on our laurels and that we will not continue to find ways to provide cost savings to our customers going forward—but cost is always top of mind. But at the same time, ensuring that our state is protected from the threat of wildfire destruction is also top of mind. With that, I will turn over the presentation to my colleague, Max Rosen.

Max Rosen, Attorney, Partner, Munger, Tolles & Olson LLP:

Good afternoon—or, I guess, still good morning. Good morning. I am a lawyer, and I am here on behalf of NV Energy. Just briefly, my background is I have worked on wildfire legislation efforts across the West Coast in various states. I have also been involved in wildfire litigation in a number of states—Hawaii, California, in particular—involved in the Maui settlement. I have been studying efforts across, I would say, the last five years in various different states across the West Coast in particular to craft legislation to address wildfire liability and—not exclusively, but in particular—the wildfire liability of public utilities. I am here to give a presentation on where that stands—not to advocate for any particular position, but to discuss what states have been doing, and how they have been trying to address this issue. (Agenda Item IX B)

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First, I think we all understand that wildfire risk has been increasing extraordinarily over the last 20 to 30 years. I think what these charts show—which is not always appreciated—is it is not so much that there have been more wildfires, but that the severity of damage and the scope of wildfires have been increasing. That is because of a number of factors that I think we are familiar with—climate change, land management, population growth in the wild and urban interface, which means more people living in areas where their homes are more likely to be destroyed. All of that is resulting in this crisis where we are seeing what we call super-catastrophic wildfires—wildfires that do more than $250 million, more than a billion dollars, in some cases more than $10 billion in damage—in particular, in the last few years.

I also think every time we think that we have reached some kind of threshold, and we understand the wildfire risk that western states are facing, we discover that, in fact, our models were not right. You can see that in both Maui and Los Angeles. Maui was not considered prone to wildfire risk, and yet it had one of the most destructive wildfires in history when you take human life into consideration. In Los Angeles, in January 2025, we get the most economically destructive wildfires in California's history. To put that in perspective and why that is so significant, California is a state that has led the charge in trying to prepare for the risk of wildfire. In 2019, it created a $21 billion wildfire fund for the three largest investor-owned utilities. Then the LA fires happened in 2025, and it was widely understood that that fund of $21 billion was no longer sufficient. So, in September of 2025, they created an additional $18 billion fund. Then recently, the California Earthquake Authority (CEA) issued a report in April 2026, saying those two funds are not sufficient and more pathbreaking legislative reforms are necessary to protect the cost of electric service in California. So, that largely stems from the LA fires. It is also really significant that these were fires in Los Angeles, which, like Maui, was not considered susceptible to a catastrophic wildfire—so they are not wildfires in areas everybody understood could face a catastrophic wildfire, like Tahoe. They are wildfires in urban areas or other areas not considered prone to wildfire risk.

We do have evidence that Nevada specifically faces the risk of catastrophic wildfire. I will not go through all of it—I am sure you are familiar with much of it. The Nevada utility submitted an application—I think a year and a half ago now—for self-insurance for wildfire liabilities, a $500 million excess self-insurance policy. With that, they submitted the expert testimony of Nate Pollak, who is an actuarial expert—so an expert who quantifies the risk of wildfires. He has done this for a number of states. He has done this for the Defense Department. He has worked in California and is working in California. Nathan analyzed risks in Nevada, and he concluded that there is at least a 10 percent chance of what he calls a $2 billion economic damages fire in the next ten years. That is not a fire that leads to $2 billion in damages—it is a fire that leads to $2 billion in direct economic loss. Then, in theory, you would add onto that noneconomic damages. You could add what we call indirect costs, which are costs that sort of happen over time. There could be personal injury costs and other economic costs associated with that. That is sort of a threshold baseline number that gives you a sense of the kind of risk that Nevada is facing. To put that in perspective as well, there are 4 counties in Nevada that FEMA ranks on its National Risk Index in the top 100 most risky counties in America, and then there are 2 in the top 25, and all 4 of them rank higher than Napa, Boulder, and Maui—which are all counties where we have seen catastrophic wildfires in the last few years. So, it is a Nevada problem, but we have been fortunate enough, so far, to not see a catastrophic wildfire in Nevada—in particular, a utility-implicated one.

The PUC in Nevada issued an order on July 30, 2025, as part of this ongoing sort of self-insurance application, and it had a couple quotes that I think were interesting that represent PUC findings: that Nevada is uniquely at high risk of wildfires and related financial

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damages in the next 10 to 20 years because of the increased intensity and difficulty of controlling and containing wildfires due to climatic and weather factors, rising temperatures, drought, wind, and a number of other circumstances. Ultimately, the PUC said that sort of failing to prepare for this risk could expose ratepayers and NV Energy itself to devastating financial burdens that other utilities across the West have already experienced. Tony put that in perspective with California, where California—which obviously has had a number of catastrophic wildfires and has had to deal with them—has electric costs that are 2 to 3 times higher than our electric costs and 2 to 3 times higher generally than electric costs throughout the state—excuse me—throughout the country.

Wildfire mitigation is obviously important—I think there is no question about that—but for a number of reasons, a number of states have concluded that it is not the entire solution to this problem. In other words, you cannot hedge against the risks created by catastrophic wildfires simply by deciding that you are going to prevent them. That is for a number of reasons, including that there are a number of factors that make this a moving target—climate change, drought, et cetera—that increase the risk of wildfire. It is also because although utilities can invest a great amount of money in wildfire mitigation, there is a point where we see diminishing returns or where costs get extremely high, and even then utilities cannot control the factors that take a wildfire and turn it into a conflagration. There is a really interesting quote in a recent report that the California Earthquake Authority issued in April 2026 in response to legislation asking it to create this report, where the CEA says, quote, "The conditions that determine whether an ignition becomes a catastrophe—accumulated fuels, community vulnerability, and building stock—lie largely outside the utilities' direct control and outside of the purview of mitigation investments." That does not mean those investments are not important; it does mean a number of states have concluded that that is not the entire solution to the problem.

There are also various issues with the status quo. Some of those are issues that our colleagues in the Rural Electric Association talked about, which also are problems that investor-owned utilities are dealing with as well. There are challenges providing enough funding in advance to hedge against a catastrophic wildfire. There is shrinking availability of commercial insurance, and it is getting more expensive—and that is true for IOUs just as it is true for smaller utilities. There are also potential exposures in the billions of dollars, which typically exceed the amount of insurance that can reasonably be acquired in any particular year. As we have seen, that has led and can lead to credit downgrades. In PG&E's case, it led to a bankruptcy in response to the Paradise fire—which I remember somebody brought up the Camp Fire in 2018—in 2019.

There are other challenges in the status quo—after-the-fact regulatory cost recovery, which means that there is a fire, and the utility seeks to recover its costs—its prudent costs—associated with resolving those claims. If those costs total in the billions, you can have what we call "rate shock." You have not prepared for that problem, and all of a sudden rates go up a tremendous amount, and they do so in a short period of time. And we have the challenge that states like California that have created funds repeatedly have to go back and add more to their funds because if the fund alone is the solution, they reach a point where there just is not enough money to keep creating a larger and larger fund. They have to be more creative, and they have to figure out longer-term solutions that do not involve consistently trying to fund every potential exposure.

Credit rating agencies, which are obviously one stakeholder in this process, have noticed legislative movements and have started to react to them—when states pass laws that are designed in various different ways to prepare for wildfire liabilities. This is a quote from Moody's in November 7, 2024, where Moody's said, "A robust policy framework that

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addresses liability exposure and incorporates legal and financial safeguards against extreme event risks is vital to protect utility credit quality and retain investor confidence in the event of catastrophic wildfires."

States that have passed legislative reform have cited a number of different possible rationales for it. I am not endorsing those rationales, but I am trying to give an overview of various rationales that have been cited. One that is commonly cited—and we see this in the California Earthquake Authority report on many different pages—is that legislative reform is necessary to protect the creditworthiness of utilities, preserve the integrity of electric service, protect ratepayers, facilitate infrastructure investments. The CEA report tries to quantify the financial consequences to ratepayers in California from catastrophic wildfires and from the fact that California, although it has created these enormous funds, has not created other reform efforts to try to handle this problem. In the CEA report they say that every notch credit downgrade that an investor-owned utility in California has experienced probably results in 5 to 10 additional dollars for each customer per month on their bill. That is because utilities have to raise capital in order to fund their ongoing operations. And when there is a risk—and an unmitigated risk—that a utility could go bankrupt, like PG&E did, it dramatically raises the cost of capital, and that is not a wildfire-specific problem. That is the cost of capital for green energy initiatives, for other infrastructure investments, for ongoing service, et cetera. The CEA report does not necessarily suggest that wildfire is the entirety of the cause, but it flags the fact that California rates are 2 to 3 times higher than electricity rates in other states.

Next is this cost-of-service utility model, which is essentially the rate shock point that I was making—that if you do not address this problem in advance, then, under the cost-of-service model, if a utility acted prudently, it is permitted to pass costs on to ratepayers. So, it is not just an IOU liability; it becomes a ratepayer liability. We see that in California, where it is routine for utilities to make cost recovery applications for the amounts that they paid out in settlements and to have many—sometimes all—of those costs passed on to ratepayers.

The next argument that I have seen is that the tort regime, as it currently exists, does not do a good job of accounting for the collective problem of wildfire risk. Part of that is what the CEA flagged—that even if the utility controls the ignition risk, it does not control the spread risk. So, it does not control the various different factors that cause a wildfire that 30 years ago might have been small to now be a $2, or $5, or $10 billion wildfire risk. But oftentimes under tort law, the utility can be liable for the entirety of those payments.

Other arguments are that regulated utilities are not the same as private companies, so they have a duty to serve even high wildfire risk areas. A private company might divest itself from the places where it is the most likely to cause a catastrophic wildfire, but regulated utilities typically cannot do that—so they have to find some other process for handling that risk. Finally, an argument that I have seen is that for all of these reasons, public entities and public utilities have some of the same qualities as actual governmental entities—and we give those entities typically some form of sovereign immunity. I think in Nevada you cap liability on a tort claim against a public entity at $200,000, and you do that in order to protect its ability to provide service to the public and avoid having tort interfere with vital public services.

Finally—and the California Earthquake Authority drills into this—there are a lot of arguments that the status quo is bad for wildfire claimants. In California, typically litigation is the method for recovery. Oftentimes settlements take four to five years. They divert billions of dollars to litigation costs. The CEA report talks about how sometimes claims are assigned to hedge funds or litigation funders, and the effect is that you burn a lot of money that could

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go to claimants, and claimants themselves do not get money for a number of different years. California right now is exploring through this report a number of alternative mechanisms for recovery in order to provide better services to their claimants after wildfires as well.

Reacting to these various factors, a number of states have adopted new legislation since 2019. Most of it is the last couple of years, but I think it is helpful to start with 2019 because that is when California passed its first wildfire fund.

I have grouped such legislation into four categories—others might disagree whether these are the correct categorizations.

1. We have laws that create funding to resolve wildfire claims—so, wildfire funds, self-insurance.

2. We have laws that limit the substantive liability of a utility, i.e., when a utility can be held liable—and also laws that limit the damages that can be recovered against utilities for wildfire claims.

3. We have laws that create administrative reforms to the process for resolving wildfire claims, like the 9/11 Fund; not a wildfire fund, but a classic example of a fund that created an administrative process for resolving claims outside of litigation to do it more efficiently and lower cost.

4. Then we have new socialized approaches to try to solve wildfire problems at societal level and often look beyond utility-caused wildfires to come up with state solutions to wildfires generally—so that if a claimant loses their home in a wildfire, the process that exists for recovery is the same no matter the cause of the fire itself.

To go through these laws—to start with wildfire funds—I think California's are the main ones—the ones that we have all heard of. California AB 1054 was a 2019 law that created a $21 billion wildfire fund for California's three largest utilities. After the Eaton and Palisades Fires—the LA fires in January of 2025—through Senate Bill 254 in September 2025, California passed a new law that contemplates an additional $18 billion in what they call the continuation account—and also directed the California Earthquake Authority to look at numerous different factors across the state to try to come up with a more durable solution.

The California wildfire funds function sort of like insurance—so they do not pay claims directly to claimants. What they do is they provide funding for utilities through litigation to settle claims or to pay judgments, and then they have a number of processes for requiring, for instance, utility shareholders to pay back the fund up to a certain cap in the event that they are found imprudent—and for tying some of the standards of review in that context to whether utilities have safety certifications—which is to say—to integrate into the process incentives for wildfire mitigation on a continued basis.

In March of 2024, Utah passed SB 224, which does a number of things—and I will come back to it. For purposes here, it allows large utilities to apply to create a fund—I think it would be $1 to 1.5 billion for Utah's largest electric utility. And it allows the Public Services Commission of Utah to order the utility to reimburse the fund up to a cap if it finds settlement amounts paid out were unreasonable.

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In July of 2025, Hawaii passed a law directing its Public Utilities Commission to do a study on a fund. That Commission ultimately concluded that a fund would probably be necessary in the future, but that the fund itself should not be created until after Hawaii creates an aggregate cap on economic damages for wildfires—which I will discuss in a little bit.

You also have a number of states where we have now self-insurance—which essentially is ratepayer funded in a captive insurance product to replace increasingly unaffordable private insurance for utilities. So, Southern California Edison (SCE) and PG&E now have a billion dollars as their first layer of liability coverage of wildfire self-insurance, which is typically in that case paid for by ratepayers with a small shareholder co-insurance payment—depending on how high up the tower particular liability payments go.

Texas, in June 2025, passed a law that authorizes its Commission to create self-insurance for utilities, and Nevada has an ongoing application for a self-insurance product from the Nevada Public Utilities Commission that has not been resolved yet.

I have talked a lot about the CEA, and I just wanted to flag it one more time. It is an interesting comprehensive report that demonstrates the limits of funds—where the California Earthquake Authority concluded in this very long report in April of 2026 that even though California has by far the largest funds, there are a number of issues that those funds have not solved, including:

- Delays in recovery to claimants;
- Inequities depending on who causes a wildfire—whether it is an investor-owned utility or whether it is arson, for instance;
- That insurance has become increasingly unaffordable for homeowners in California, and wildfire fund has not solved that problem; and
- That lots of money is going to litigation costs, which is increasing the costs for ratepayers.

The CEA report recommends a number of different possible solutions, which we will go into when they come up—like new limitations on liability, different kinds of utility funds, potential state insurance products—that are all designed to replace the California wildfire fund—or supplement it in some cases.

Next, a number of states have passed laws to revise the standard of liability for utility wildfire claims that are often tied to utility wildfire mitigation plan compliance. For instance, North Dakota passed a law in 2025 saying that a utility cannot be strictly liable for wildfires, and that compliance with the wildfire mitigation plan creates a rebuttable presumption of reasonable care. Arizona passed a law in 2025 that compliance with a wildfire mitigation plan is a defense to a negligence claim and failure to comply is not, per se, negligence. We have a number of other states including Montana, Wyoming, and recently—although not on this slide—South Dakota in March of 2026 that have also passed laws that are designed to provide some kind of protection to a utility in a tort claim—if it can show that it complied with its wildfire mitigation plan—or in some cases if a plaintiff cannot show that it failed to comply. For instance, South Dakota recently passed a law that a plaintiff—to establish liability in a wildfire claim—must prove that a utility failed to substantially comply with an essential element of its wildfire mitigation plan. There is usually more complexity to some of these laws, which I will not get into here—but that is the essence of what they do.

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There are also a number of laws that limit an individual's recovery in a wildfire claim. For instance, Utah SB 224 limits economic damages for real property loss to the lesser of the cost to rebuild a home or the loss in fair market value of the property. It is not always the same cost—does not always cost the same, for instance, if you have an old home—to rebuild it after a wildfire versus the fair market value of the property at the time the wildfire occurred. Utah says now that the lesser of those two values are the economic damages that can be recovered. The law also capped noneconomic damages at $100,000 for nonphysical injury claims, $450,000 for physical injury, and incorporated no cap for wrongful death.

Idaho made clear that it has a noneconomic damages cap that was already in existence that applies to wildfire claims of $490,000—but creates exceptions for willful acts, reckless misconduct, or felonies. Wyoming has eliminated noneconomic damages except for bodily injury or death. To explain what that means, that is a response to noneconomic damages claims where somebody's property was destroyed, but they were not physically injured. We have seen that in Oregon with claims against PacifiCorp, where in some cases a plaintiff might recover 10 times as much on noneconomic damages for property loss, including up to $19 million per person—so not a physically injured person, not a wrongful death claim—but noneconomic damages associated with emotional distress from the destruction of property. So, some states have passed laws to eliminate or restrict that category of noneconomic damages.

Additionally, some laws—although there are not too many so far—place aggregate damage caps on wildfires. This is inspired by a nuclear industry law—the Price Anderson Act—that placed an aggregate cap on total damages from a nuclear incident for nuclear reactor facilities.

Hawaii recently passed a law directing its Public Utilities Commission to create an aggregate cap on economic damages from one or more wildfires based on a long stakeholder-involved docket process—which I think will probably end at some point in the next two years. That is the first wildfire aggregate cap law that we have seen.

In the California Earthquake Commission report, they do not recommend any particular approach—they just highlight options—but they highlight as one option a $150,000 noneconomic damages cap on wildfire claims and the elimination of punitive damages. They also—again, not recommending it, just putting it out—propose limiting or eliminating recovery for insurers on subrogation claims—noting that those claims in California can comprise 35 to 40 percent of settlement costs after a wildfire.

We also have laws that are reforming the process for resolving claims. The classic example is the 9/11 Fund, which creates a claim process where individuals submitted claims straight to the Fund. It was voluntary, and they received settlement offers from the Fund—and they could not sue if they chose instead to go and submit a claim to the 9/11 Fund.

California, in SB 254, recently created a small version of this—a kind of administrative reform—that provides investor-owned utilities with a right of first refusal if an insurance company wants to sell its wildfire claims to a hedge fund. So, before the insurance company can sell those claims to a hedge fund, which typically adds additional profit margin that needs to be met to settle that claim, the insurance company has to offer—on the same terms—that claim to the investor-owned utility, which can choose to buy it instead.

Wyoming has a requirement that landowners have to what we call present their claims to the utility before they sue—and then the utility has 90 days to try to negotiate or settle the claim before it turns into litigation.

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Finally, California's report contemplates what I think of as transformative reforms to wildfire recovery. For instance:

- It has a section where it considers a state-backed catastrophic reinsurance or direct insurance model that would be designed to replace private insurance for Californians for certain wildfires—modeled a little bit after a Florida hurricane insurance fund;
- Talks about potential state backstops for what we call tail-risk events, so fires that just cause orders of magnitude—more damages than anyone anticipated and that any particular utility or entity that is alleged to have caused the fire can absorb; and.
- Other broader solutions to wildfire mitigation to help different stakeholders participate, et cetera.

There is no law that has been passed based on the CEA report so far, but it goes through a number of different options. I would love to answer any questions that you have on any of that, any wildfire reforms, or however I can be helpful.

Chair Watts:

All right, thank you for that presentation. I believe we are going to have many questions. We will start with Senator Buck, then we will go to Assemblymember Kasama.

Senator Buck:

Thank you so much, Chair. Do you plan on reducing your request then for the $500 million in wildfire self-insurance, because you obtained the $250 million in February of additional wildfire coverage?

Mr. Rosen:

That is not a question I can answer. I do not know, Tony, if you can answer it.

Mr. Sanchez:

Thank you, Senator Buck, we currently have $672 million in insurance, and we do have that pending request before the Public Utilities Commission for an additional $500 million. I would point to previous PUCN filings that are contained in Mr. Rosen's testimony, specifically page 4, indicating just the breadth of the possible liability that could be faced in Nevada. It is well in excess of—even if we receive the additional $500 million.

Chair Watts:

Assemblymember Kasama.

Assemblymember Kasama:

Thank you so much. I was looking at under your—the last page there—the California SB 254 report and where we talked about some of the self- and the state-run insurance models for Florida. My understanding is that those funds have gone bankrupt—or they are not working for the state as intended. My question is—is that correct? My second question is—is there any state that has a model that you find might be a good one to hold up as a possibility for our state?

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Mr. Rosen:

To take the first question—I am not aware whether the Florida particular example is bankrupt—and I was not trying to necessarily hold it up as a model that we would follow. I think any state-backed insurance product would need to be actuarily sound—which is to say it needs to charge premiums—and that those premiums need to be high enough that it actually can cover the risk of loss. I think that in theory you could design those products so they get funding from other sources as well—but foremost is they would need to be designed in the first instance—if the state was going to pursue them—to make sure they are actuarily sound. I think that is exactly right. I do not know that will be the direction that a particular state goes in—I think we will find out.

In terms of what is the right model for Nevada, I do not have a particular recommendation. And I did not highlight the state insurance models from the CEA report to suggest that that is the right approach for Nevada—just to flag it as one different option that has emerged now—in particular in the CEA report—and that other states, like Florida, have pursued various state—I think it is a reinsurance product in Florida—to try to address and manage these risks.

Assemblymember Kasama:

Thank you.

Chair Watts:

Thank you. Additional questions? Senator Nguyen.

Senator Nguyen:

I know we have had previous conversations, and I know there have been previous presentations that you have made regarding self-insurance and just exploring what other options that we might have to tackle the growing costs and the growing reality that we are facing with these fires—whether they are wildfires that cause damage to existing lines, or they are utility-caused fires as well. Can you talk a little bit about this? Because I know when I previously—at least when I had previously spoke with you all—you were talking about how you were not sure you were going to be able to obtain any kind of additional liability coverage. It sounds like what Senator Buck had referenced is that you were able to secure an additional $250 million in additional insurance. Can you talk about what led to being able to get that coverage and how it became available? Were there any key terms to this new coverage, or limitations, or exclusions, or triggers that allowed you to be able to get this insurance? If you know.

Mr. Sanchez:

I would say the fact that we were able to obtain additional insurance after authorization earlier this year is just a reflection of a changing insurance market that is continually evolving with us. As to more specifics, we can follow up in a specific written answer to you in that question—but I was not one of the ones negotiating at that time. But clearly, in our current pending request for additional insurance, we have highlighted the need that the 672 that we have right now is not adequate to cover us in the event of a catastrophic wildfire.

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Senator Nguyen:

If it is at all possible—I know that we had talked—and I think you have been pretty open about the expense of that additional coverage—that sometimes it is upwards of 70 cents on every dollar of coverage. I am wondering if that is still the—and I just made up that number—I do not know what it was, but I remember it being like significantly high—almost a dollar for dollar kind of like situation. If, with this additional coverage that you just most recently obtained in February of this year, whether or not you have the similar kind of terms where we still need to be looking at self-insurance. So, I do not know if you know the answers to that or if that is something you can additionally get me answers to.

Mr. Sanchez:

Senator Nguyen, if it is okay with you, I would like to consult with our insurance department and respond in writing to you and the Committee.

Senator Nguyen:

No, I appreciate that. Chair, I have actually a list of questions; I will try to pare it down if you would prefer.

Chair Watts:

Yeah, I have a list too. Let me just—before you move on to the next topic.

Senator Nguyen:

Perfect.

Chair Watts:

One of the things that—my understanding is that the insurance was essentially bundled with other investor-owned utilities, including PacifiCorp, and that essentially by removing PacifiCorp from that equation it opened up some additional coverage that NV Energy was able to access. If you could provide us again with that additional background that would be helpful.

Going back to the previous question that had been asked, I think one of the things that is probably on the mind of a lot of ratepayers—you have stated the potential for a wildfire with massive liability that would outstrip this insurance, and at the same time we saw the proposal come forward for a $500 million fund. NV Energy has been able to procure an additional $250 million since that initial filing, and what we have heard is that the request still remains at $500 million because of the overall potential for something that outstrips that coverage. I think the question then becomes when might we be facing a proposal to increase that $500 million even further, since it is not being reduced in consideration of the additional market coverage that the utility has been able to find. If you could incorporate that into the follow-up, that would be much appreciated.

Mr. Sanchez:

Absolutely, Mr. Chairman.

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Chair Watts:

Thank you—and Senator Nguyen, go ahead.

Senator Nguyen:

Thank you. Kind of in that same realm—I know that you are asking for that $500 million risk. Obviously, we can look at the wildfires in both Hawaii—most recently—and California, and even with that amount of coverage that would be eliminated almost instantaneously in that. I understand the high costs of these fires. Under circumstances that are not necessarily like in California—where it appears to be a mix of natural causes, man-made causes, and also utility causes that are currently under investigation there—in a circumstance where it is a utility-caused fire, under what circumstances would shareholders, not the customers, absorb those losses?

Mr. Rosen:

I can speak to how that works in California—if that is helpful—in terms of how they have structured that and answered that question in the context of their funds. In California, under AB 1054— First, AB 1054—which was a 2019 law passed after PG&E went bankrupt—was a $21 billion fund. Half of it was paid for by shareholders with overtime contributions, half of it is ratepayer funded. The continuation account, which is the additional $18 billion fund that was created in September of 2025—an overtime fund, so it does not mean there is $18 billion that suddenly was in the fund, but the legislation contemplates it—is similarly structured around 50/50, with some different kinds of complications that allow for crediting shareholder contributions if payments are made to reimburse the fund with respect to earlier wildfires—and also some of the shareholder contributions are contingent. There is also a process under AB 1054 that is continued under the SB 254 continuation account, where—after substantially all claims from a wildfire are resolved, whether it be a settlement or a judgment—a utility can apply for cost recovery. It is a cost recovery motion, and there is, I believe, a presumption the utility was prudent if it has a safety certificate.

Then, if another party can raise what I believe is a serious doubt as to the utility's prudence and ultimately carry its burden on that, then the Public Utilities Commission can disallow costs, which means shareholders have to reimburse the fund up to a set amount. And the cap, which is integrated under AB 1054 and SB 254, is 20 percent of the transmission and distribution equity rate base of the utility. So, the regime is designed to broadly incorporate a prudence review framework—except for the shareholder contributions that are actually outside of prudence review—subject to a cap to avoid utility instability, so that the threat of a broad disallowance in a prudence review process does not destabilize the investor-owned utilities and lead ultimately to higher customer costs. Now that is the status quo in California, and obviously the California Earthquake Authority's report reflects the Legislature thinks that it should at least consider changes to that status quo. But that is just—

Senator Nguyen:

Can I interrupt you really quickly?

Mr. Rosen:

Of course.

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Senator Nguyen:

Is that something that is codified in California law, or is that just a place of practice in California?

Mr. Rosen:

California law.

Senator Nguyen:

Okay, so we do not have anything similar to that. Is that correct?

Mr. Rosen:

I am not aware of a specific law that addresses in particular cost recovery for wildfires. I do not know if, Tony, you are. Yeah.

Senator Nguyen:

I guess what I would probably—and you probably do not know this offhand, but I am curious on how—what the existing practice is within our state, if it is not codified in law like it is in another jurisdiction. So, I guess that does not really answer my question, and maybe you know that answer on how much of utility-caused fires are—like the burden is on shareholders versus customers here in our state.

Mr. Rosen:

I do not know of—and I am speaking out of turn—but I do not know of a fire that has caused settlements or liabilities that have thus far exceeded the insurance stack. And so, because like all companies, there is insurance—when you use insurance to pay, typically premiums are part of the revenue requirement, which means customers would pay premiums—

Senator Nguyen:

I understand that. I am sorry to keep interrupting you. I think we all understand how the insurance premium works, but we also understand that we are asking ratepayers to pay the insurance. I realize that it has not gone into that, but if we are asking ratepayers to pay the insurance premiums for the coverage of utility-caused fires, I want to know if you have any specific information around that. I do not know if California—their insurance premiums are also borne by the ratepayers because they have a different, obviously, statutory—a different codified law and system for liability distribution.

Mr. Rosen:

Thank you, Chair. Traditionally, premiums—just for investor-owned utilities, generally—are paid for by ratepayers as a cost of doing business. That is also traditionally true in California. There was a slight modification to that with the self-insurance stats for Pacific Gas and Electric and Southern California Edison. If I am remembering the stats correctly, generally that is a billion dollars in annual coverage, which is covered by ratepayers. For Pacific Gas and Electric, there is, I believe, a 5 percent shareholder co-insurance payment, which means that for up to a billion dollars in settlements or liability—dollar for dollar—PG&E shareholders would pay up to $50 million. So, that is

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$50 million in shareholder co-insurance payments. That would be—I guess—$950 million, in theory, of the ratepayer portion of the self-insurance fund. For Southern California Edison, I believe it is 2½ percent of the $500 million-to-billion dollar stack. So, the first $500 million would be ratepayer funded, and then, of the remaining $500 million, it would be up to—I guess that is $12½ million.

Chair Watts:

All right, I am going to jump in real quick. I think overall the question is we know that in addition to just California—which obviously has a lot of different things going on—that there have been instances in other places where— First of all, there is just generic issues of liability. But particularly in the utility realm, we know that there have been wildfires where there has been a determination that the utility is liable—especially before some of these new laws came on the books. I think what we are trying to understand is—more broadly across the western United States—what is essentially the cost allocation when those costs exceed the insurance? And how much of those are ultimately borne by shareholders versus ratepayers?

Mr. Rosen:

Thank you, Chair. Historically, if the costs were to exceed insurance, the practice—I believe—would be that a utility would file a cost recovery application. The question in that cost recovery application—if there is no statute that modifies it—has typically been one of prudence, which is just sort of how the cost of service model works. So, the utility would argue it was prudent. It would do that even if it settled claims; it would argue it prudently settled claims. It would dispute that it was imprudent even though it settled claims for certain amounts. Traditionally, a public utilities commission would adjudicate that application—and then it is application by application. In some cases, the commission might allow the utility to pass all of those costs on to ratepayers. That is usually what is required if the utility is found prudent. If the utility is found imprudent, then the utilities commission might allow some of the costs to not go on to ratepayers—or disallow costs—which would then be borne by shareholders. Then the question would be—what is the standard for that? Does it take into consideration imprudence plus factors outside of the utility control—like climate change, land management, et cetera. Does it not? And that, I think, would be absent a statute—probably a decision for the Public Utilities Commission.

Chair Watts:

Got it. Essentially those costs come back to a utility commission to review and make a decision on. So, the amount that is ultimately borne by the ratepayers depends on essentially that Commission's decision and is 100 percent or less—depending on how the review process goes.

Mr. Rosen:

I think that is an accurate statement about how things typically work—absent a statute modifying that standard.

Chair Watts:

All right, thank you. Sorry for the interruption; Vice Chair, back to you.

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Vice Chair Nguyen:

I had mentioned it with one of the other presenters earlier on, so I am not sure if you heard it. We had talked about whether or not—I know that you all have filed a $410 million Natural Disaster Protection Plan. I also see that you are projecting a 120 percent rate increase in 2027, followed by an additional 14 and 17.8 increases in the next two years after that. Can you describe how that is tied to any mitigation that you are doing—like utility fire mitigation that you are doing—versus other risks like floods, earthquakes, or any other kind of things that would fall within that plan?

Mr. Sanchez:

Thank you, Senator. As I mentioned at the beginning of our presentation, in the NDPP plan, it reflects a lower operations and maintenance (O&M) costs because a lot of the initial heavy lifting—my term—has been done in previous triennial plans going back over the last seven years or so. So, the costs that you are seeing in the current NDPP—outside of specific costs over the Mount Charleston microgrid, which is new—but other costs associated with the contracts that we signed with vegetation management companies—with the number of wildfire exercise plans that we have to undertake—those are decreasing in cost. This current plan—currently pending—reflects those lower costs, and obviously we hope that trend continues. I am speaking as to southern Nevada, and southern Nevada costs are lower in proportion to what we would see at Lake Tahoe—as you would imagine just due to the size of those—but the same efficiencies of process. Once a lot of that work has been done, I hope continues to trend positively.

Vice Chair Nguyen:

Do you have a percentage—and I do not know if you know this offhand—do you have a percentage of—or a breakdown of—those resources that are going towards, I guess, vegetation management at this point and some of the grid hardening or undergrounding? I know there is a lot of initially more expensive technologies that are out there that can also reduce some of that liability in the long run. Do you have a percentage of high-risk lines that are actually going to be undergrounded under this plan? Or is this just mostly maintenance at this point?

Mr. Sanchez:

Thank you, Senator. In the current pending plan, for example, we have added 4,700 line miles to wildfire risk tiers—and really narrowing down into targets where our mitigation efforts are going to be. As to specific technology, in the current pending filing there is what is called the Gridware program. That is a portion of the costs associated with this plan. That is to establish sensors on our overhead lines to continuously monitor overhead assets. It uses analytics to identify hazards, faults, equipment issues—it improves response times and supports fire suppression operations. That Gridware cost is a one-time at this point. I would expect that those costs would trend lower once we do the initial investment in those.

With respect to vegetation management, obviously we are using—utilizing—new satellite-informed, condition-based approaches, and that narrows the scope of work by weighting vegetation types and density. Obviously, this is a burgeoning area that we are learning a lot in, and that is why we are pleased that our overall requests for costs are not higher. They are traditionally about the same, again, with the O&M costs trending down.

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Vice Chair Nguyen:

I do not know how this is—but do you publicize, or do you publicly report on—do you have reports that the public have access to—to see—I am rambling now. How do you quantify these reductions in utility-caused fire risk? How do you quantify—and what kind of reporting do you do—to show that these investments are having the determined effect of—like, are mitigating in any way? How do utilities do that?

Mr. Sanchez:

Thank you, Senator. I think that is part and parcel of the NDPP process—that we have to transparently litigate in front of the Commission with intervenors and to go through that process. Obviously, we are learning real time from our neighbors at the same time in surrounding states. So, is it a stretch to say that we have come a long way in the last decade in terms of wildfire prevention mitigation efforts? It has been absolutely beneficial where we have gotten to today, but we could—obviously the plan that we file in front of the Commission is available for public consumption—but we could follow up with any specifics and give you more of an executive review without having to wade through thousands of pages, if that is of value.

Vice Chair Nguyen:

No, I think that would be helpful for all of the Committee members to fully understand some of the complexities of this. I do not know if you are willing to answer this—but obviously we are learning here today that some of our surrounding states have a lot of these things codified into state law—which I am imagining gives ratepayers and utilities a little bit more transparency. Is that something that we should be exploring and talking about here in our state—so it is not as discretionary with the PUC, but there is a little bit more clarity in state law for how that plays out?

Mr. Sanchez:

Thank you, Senator. That sounds like an overall philosophical question as to the difference between legislation and the regulatory process—and I would just state that as an Officer of the Company, the more transparent conversations that occur with all parties involved is something that we welcome.

Vice Chair Nguyen:

Thank you, and thank you, Chair.

Chair Watts:

Thank you. There was a lot of questions as well about the NDPP process, which is spelled out in statute and then carried out at the Commission. Obviously, the company has this wildfire fund, or self-insurance proposal, pending before the Commission. And then anything in this liability space would have to, I think, come before the Legislature just to make sure that— Where I think there is a lot of discussion about multiple different pieces of this kind of wildfire puzzle—and I just wanted to make sure we have got some shared clarity along those lines.

I have a couple of questions. Have any of these laws essentially been—related particularly to liability—have they been tested in terms of—to see what the impact is following a catastrophic wildfire? You did mention California. It sounds like—just to be blunt—it was

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a failure, right? A plan to invest $40 billion of funds from ratepayers, and then we ended up with a catastrophic wildfire that has completely outstripped all of that and has led to the—what you discussed—which is a report to look at what went wrong, and how can we try and find a way to chart a new path forward. Have any of these liability laws been tested in the other states where they have been enacted?

Mr. Rosen:

Thank you, Chair. First—on California—I would not characterize it as a failure, and I did not mean to suggest that. I do not think it was a failure. I think it really helped the IOU's credit ratings. I think without these funds we would probably see higher rates in California, and it would have been harder for PG&E to emerge out of bankruptcy. I think the fact that the LA fires outstripped the scope of these funds does not make the funds retroactively a failure. I think it just highlights that there are a number of different ways to eat this elephant and a number of—as you said, Chair—a number of different interlocking proposals that it makes sense to consider. I think California has now at least started to consider proposals beyond just a fund. But I do not think it makes the fund that they have passed or created a failure.

In terms of liability tests, I do think it is the case that preexisting non-wildfire specific limits on liability have existed in some states where there have been wildfire litigation. I also think we have seen limits on what utilities can pay getting factored into the ultimate resolution of wildfire claims. I am not aware of one of the recent wildfire mitigation plan shield laws getting applied to a catastrophic wildfire. That does not mean it has not happened, but I cannot think of a case where that has specifically been tested in court.

Chair Watts:

Thank you, I appreciate that and appreciate the note. I was not trying to put words in your mouth. I think it was a failure. We have—they are dealing with extremely high electric rates, again, as you noted, they tried to be very proactive on the front lines of developing some of these planning processes, bringing some of these funds online, and at the end of the day we have billions upon billions of dollars in damages, utter devastation in communities, and utilities that are essentially teetering on the brink of financial ruin. In my opinion, that is a failure. But, we will move on to the next question.

You mentioned both wildfire funds and self-insurance. When you talked about self-insurance, you mentioned captive insurers. Can you discuss what, if any, is the difference between a fund and a self-insurance proposal or policy? And is there a regulation and involvement by the State Department of Insurance? And who oversees some of those? Because particularly with the funds, it sounds like the utility is essentially making the decisions on claims—so just understanding what the oversight of funds and self-insurance programs looks like.

Mr. Rosen:

Sure. To start with the California Wildfire Fund—I think in California the distinction between wildfire funds and self-insurance is a number of things. The fund is first understood to approach much larger events that are thought to exceed insurance—so insurance covers up to the attachment point. Self-insurance replaced traditional private insurance and is generally understood to hit in California the first billion—whereas exogenous tail risk events are covered by the fund, which is orders of magnitude higher. In California, 19, 21—ultimately up to $39 billion in funding for a fund. It is significantly larger. Funds

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typically go through the Legislature—the California fund did. Self-insurance is typically understood as within the purview of the Public Utilities Commission because insurance is within that purview. In California, the self-insurance products were created through application and then settlement, I think, in front of the Public Utilities Commission as part of the insurance process and were a reflection of insurance premiums for the two IOUs that ultimately settled with these self-insurance programs—having really high private insurance premiums that would have been very costly for them and for ratepayers. Those are sort of the precedential distinctions we have between the two.

In terms of oversight, the wildfire fund in California is not just overseen by the IOUs. The California Earthquake Authority is its administrator, and so there are approvals of settlements. Then the PUC, of course, has its prudency review process. So, there is a lot of oversight over how those funds get spent—and legislative oversight over the construction of the fund in the first place and the terms that govern the oversight of the fund.

In terms of self-insurance, I think it is a question of state insurance law—but self-insurance, when it operates as insurance through a captive, would often be regulated by the Department of Insurance, with oversight from appropriate regulators. I believe that in the application for self-insurance that the company has pending, I think there would be regulation from both the Department of Insurance and the Public Utilities Commission—if I am recalling correctly—because it is a captive insurance company with a formal insurance policy.

Chair Watts:

Thank you, I appreciate that. I think it is important that, when, essentially, it is functioning as an insurance pool, that—and you know we have a lot of expertise on utility regulation at the PUC, and most of that is, again, in the financial area of, "Did you properly shop for insurance to get the best deal?" versus the nuances of handling your own insurance pool and handling claims, which I think is probably best within the purview of an insurance regulatory body.

You discussed multiple states that have these rebuttable presumptions when they comply with their wildfire plans. Basically, assuming that burden of proof cannot be met, does that—because I did not see it laid out in your presentation—does that protect the utility from economic and noneconomic damages? Essentially, if it cannot be proven that they were negligent, or—essentially, by carrying out the provisions of that plan, does that essentially just eliminate their liability in the event that it was caused by the utility's infrastructure?

Mr. Rosen:

For a number of states, the answer is yes. It functions as a substantive standard. I would say it eliminates liability in the same sense that—if a plaintiff asserts a negligence claim and fails to carry its burden of showing that a utility or any defendant acted without due care, that would eliminate liability—in the sense that the standard that applies cannot be met. These states that have created wildfire mitigation plan shields operate under the assumption that there is a process through which a utility and a public utilities commission, typically with public oversight, have created a plan for mitigating wildfires—and there are reasons why things might not be in that plan, i.e., undergrounding more lines was too costly for ratepayers. Having created a program like that, the state decides that it does not want the utility to face liability for failing to do something that the plan did not contemplate, perhaps because it was perceived as too costly to ratepayers to do something. It is not that

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the utility cannot be held liable in that circumstance—it is that the standard for liability is not the default one that might apply under tort—but a modified one that is designed to effectuate the goals of the wildfire mitigation plan. But to your question, it is certainly—and I cannot think right now just because I do not have them all in my head enough—I do think it is possible that those standards could apply in some cases to certain kinds of damages and not others. I am thinking of—I believe in Utah—that the cap on noneconomic damages does not apply, I think, if there is certain noncompliance with the wildfire mitigation plan, which is to say that is a rule in that case that is tied to caps on noneconomic damages. I think states are experimenting in this field and doing different things—but some of them certainly do have broader liability shields that are not damages specific.

Chair Watts:

Thank you. So, if somebody's property is destroyed by a wildfire that is determined to be caused by utility infrastructure, but under that statutory framework they—and that bar to be cleared for liability is not cleared—what happens to that person and the losses that they sustained?

Mr. Rosen:

I think the same thing that happens to them if the fire is not caused by a utility at all. So, they might have insurance, in which case insurance would ideally cover most, if not all, of their property damages. I would say, as California has seen, you can have large-scale wildfires that are not utility implicated at all—and even when they are utility implicated, absent a strict liability framework, there is always going to be a scenario where a utility mounts a successful defense in court. Even if it is implicated in the wildfire, it may have a strong argument that it was not negligent—and we just have our typical systems for recovery. I think the California Earthquake Authority concludes that the insurance available to property owners in California—especially in high wildfire risk areas—may no longer be adequate. And that is a problem if a utility did not cause a fire—and it is a problem if a utility caused a fire but has a defense. So, I think that is true here too. And I think it is—typically, insurance is the answer to that question.

Chair Watts:

Thank you. You mentioned essentially these kind of aggregated limits in your presentation. How do those work? Does that then—essentially you take in claims and then reduce them all proportionally? Is it first come, first served? How does that work when you set an overall upper limit on how much can be distributed in claims?

Mr. Rosen:

Thank you, Chair. I will give an example. There were aggregate damages caps under the 9/11 Fund legislation that were designed to protect the airline industry. The aggregate damages cap was up to their limit of insurance. To enforce it, there was a process that just started in the Southern District of New York in federal court, where one judge would take all of the cases and would, overall, enforce by approving settlements and generally coming up with processes for determining how to allocate and prorate payments—through a combination of sequencing and pro rata payments—in order to avoid exceeding the cap, but do so in an equitable way.

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Now legislation can also create processes that are designed to enforce that aggregate cap in a way that the Legislature determines is fair. It could prioritize claims—deciding that certain kinds of claims are paid out first in full before other claims are paid out. It could do pro rata allocation. Or it could just create a process rather than a substantive standard. For instance, it could say that one judge in one county will take all of the cases under a coordinated proceeding and will oversee all settlements—in order to use his or her discretion to decide how to do it. There are different ways of doing it, and I do agree with the premise of the question, which is—I do think it is important that that question is addressed and that there is a process for it.

Chair Watts:

Yes, thank you, and it sounds like that process can be pretty complex. You mentioned that states that have passed some of these laws have seen kind of favorable determinations from credit rating agencies. Have we seen that also—due to the decline in risk—any reduction in the rate of return for investor-owned utilities in those states?

Mr. Rosen:

I am sorry, Chair; could you repeat the question?

Chair Watts:

Yes. Have any of the investor-owned utilities in states that have enacted these laws seen any form of reduction or downward pressure when it comes to their authorized rate of return due to a reduction in the utility's overall risk?

Mr. Rosen:

I do not know the answer to that. I appreciate the question.

Chair Watts:

Thank you. Do you know how many of the states that have proposed or passed these laws are affiliates of Berkshire Hathaway Energy?

Mr. Rosen:

I do not—

Chair Watts:

—or have those affiliates located within them?

Mr. Rosen:

I do not know. I think probably only a few—given that we have so many different states that have passed these laws—and I am thinking of the California utilities—PG&E, SCE, SDG&E [San Diego Gas & Electric Company], right? So, I think it is not that many, but I think it is not none.

Chair Watts:

Okay. If you could follow up with some of that information, that would be helpful.

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Mr. Rosen:

Sure.

Chair Watts:

Then I do know that the firm that you are associated with was—had Charles Munger as a partner who is also a Vice President at Berkshire Hathaway. Is there still a connection between your firm and Berkshire Hathaway?

Mr. Rosen:

There are certainly clients that the firm has that are affiliated with Berkshire Hathaway. I think that has been the main connection for a long time. Charlie Munger stepped down as a partner a long time ago—before my tenure at the firm began. I think that is the connection.

Chair Watts:

All right, thank you. Members, any questions? All right, seeing none. Thank you very much.

We will now move on to our next presentation, which will be from representatives of the Nevada Justice Association.

Jamie S. Cogburn, Board Member, Nevada Justice Association:

Good afternoon. I also have Misha Ray, Director of Government Affairs for Nevada Justice Association.

I want to address a couple of things that—we are throwing around different terms of wildfires and utility fires. For our Association and for the citizens of Nevada, what we are focused on is—we are not for immunity—so we are not for limiting liability to someone that does something wrong. A wildfire is very different than a utility fire. I think that is a key distinction here. We keep—they are throwing up numbers, and we are talking about different things—but we are talking about two different key concepts here. A wildfire can happen naturally, or it can happen from a utility fire that then spreads—but ultimately the cause of that fire was the lack of maintenance and infrastructure by the utility. That is vastly different than when we are talking about just a wildfire, or arson, or those types of things.

When we are talking about the fund that California has set up—the most recent fire was the Palisades, and we all know that was done—it was arson. So, yes, they have a fund—and that is the largest expense that California has ever seen for a wildfire, but the utility is not on the hook for that because they did not do anything wrong—because it was done by arson. I think that is a key distinction that we need to talk about.

One of the questions that was brought up towards the end was—of the states that have enacted laws that regulate and limit liability, how many of those are Berkshire Hathaway companies—does Berkshire Hathaway have in those states? It is about 80 percent; so, it is not a nominal amount. We are looking at Arizona, Idaho, Kansas, Montana—Oregon has a proposal; South Dakota was enacted; Utah was enacted; Wyoming—. Those—Berkshire Hathaway all has utility companies in those states. Other than Hawaii and, I think, North Dakota and, I believe, Texas—those are the only states that have enacted laws that they do not own a utility company there.

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But, to be clear, we are talking about who is responsible when there is a utility fire—and that is what we are talking about. What they want to do is pass that—they want to shift that burden over to us as the community and as the citizens of the state.

So, they say, "Hey—." There was numbers brought up about subrogation—insurance subrogation. Let us talk about the real world events of what happens. My house burns down. Hopefully nobody is hurt. When they are talking about noneconomic damages, what we are talking about is somebody that was killed or maimed because of fire. So, to limit those to $100,000 or $500,000—let us be clear—our stance is, yes, a life is worth more than that. It is more than a line item on a budget, or the cost of what somebody—a company—spends for marketing, or the sponsorship of the Knights. We are talking about people's lives. We are talking about what they go through. Now, when we are talking about pure economic damages, we are talking about houses.

Let us take an example of a house burns down because the utility fire started because they have not maintained the power lines. So, what happens? The homeowner has to make a claim to their insurance company. That is their first step—and they are going to get the runaround there. Then they are ultimately going to make a claim to the power company. This entire time the homeowner has no money to rent a place, to live somewhere, to go somewhere, to take care of their family. The biggest investment a homeowner makes is their home. That is what—we all want to be homeowners. That is what everybody strives to do. That is the biggest investment any person ever makes, and all of a sudden it is gone—like that—from a fire. It is not a wildfire—it is a utility fire that we are talking about—and I want that to be clear. That is what we are talking about when we keep crossing over. We are talking about wildfire funds— But if it is caused by a utility because they failed to maintain their lines or their power boxes, then they should be responsible. That is how it works. Just like we are all responsible when we are on the road. If I do not do the right thing, and I am not paying attention—I am looking at my phone—and I am in stop-and-go traffic, and I hit somebody—I am responsible. I teach my kids that every day. Just because we are a big corporation does not mean that goes away.

Ultimately, immunity lowers the standards. I understand these are big numbers, and these are real risks. But what we are talking about is you can maintain—and we talked about PG&E—and PG&E went into bankruptcy. Let us be clear what happened with PG&E. They went in Chapter 11 bankruptcy. They are still around; they did not disappear. They reorganized their debt. They shedded a lot of their debt, and they still operate. But what they did not do prior to their bankruptcy and prior to the Eden fire, was they did not maintain their stuff; they did not put money into infrastructure. They paid out billions of dollars for shareholders. They could have paid out a few billion less and put that into infrastructure—and we may not be having this discussion.

Now in Nevada, when we talk about fires that have been caused by—utility fires—the last one I could think of—and I could be wrong—was in Caughlin Ranch. I think that was like 2000, I am guessing here, but I think 2012ish—somewhere around there. This is not a huge problem that we are talking about—utility fires. For those down south that do not know, Caughlin Ranch is a neighborhood in Reno, up against McCarran there, where there was a utility fire.

Utility fires are real—but the burden should not be on the homeowner who does nothing wrong, but pays their utility bills, gets insurance—does all the right things—assumes that the utility company is maintaining their lines, investing in infrastructure, making sure that things are safe for the community. They have a monopoly. I mean, let us be real. There is only one place we can go to get energy, except in the rurals—so be it. But we only

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have one option. We do not get—when we move into a new house, we do not get to say, "Hey, you know what? I like option B or option A." It is, "That is my utility company." We expect them to take responsibility and take accountability for their actions.

Some of the laws that they put up were, "Hey, we are going to diminish—we get to choose the lesser; we get to restore the house or a diminution in value." The first question I want to know is—who decides that? How does that happen? What is that process? My house is burned down partially. I live in the other side of the house because half of it is almost torn down—but I have nowhere else to go. How long does this process take? What happens? We have seen it in natural disasters for years, especially where there is hurricanes, things like that, where people go, "Hey, my house was—I had insurance, and my house cost $200,000 to fix." And the insurance company goes, "Oh, we think it is going to cost $22,000." You are like, "Well, guess what? I cannot fix my house for $22,000 because I had this contractor telling me it is going to cost $200,000. This other contractor telling me it is going to cost $195,000, so I do not know where you are getting these numbers." But that is what happens, and a homeowner does not know what to do. They cannot pay for the repairs because they do not have that kind of money—so they are relying upon their insurance company to fix it. If there is a dispute over what happens, the person that ultimately gets hurt the most is the consumer—because they do not—time is not on their side. They need to get their house fixed.

None of these people want to go hire an attorney. The reality is people like myself would be out of business if other people did the right thing. We would not be needed. But, homeowners are forced to go hire attorneys because they make this claim and go, "Hey, I just want my house fixed." And now we are talking about looking at legislation to go, "Hey, we are going to put an aggregate cap or a specific cap on how much you can recover, or how much your house is worth." I think there was an example brought up of somebody recovering $19 million for—they were not hurt, but they watched something—somebody—I guess something happened, or their property was burned. That, right now, is not possible in Nevada as it stands. If your house burns down, the most you can recover is what your house is and what your personal belongings are. Now if somebody is injured, then yes, you can recover above that—but you do not get an extra award because I saw my daughter's painting that she did from when she was three get burned down. It has a lot of value to me, but the court does not recognize that as value. In fact, they probably recognize that is just a piece of paper. Now, those memories are very important to me, but I do not get extra money because of it. We have to have a physical injury to recover emotional distress in Nevada. Those are just—I would call that a red herring that we do not even have that here. That is not even possible as it stands.

This is a complicated issue, and I do not think there is a quick solution. But one thing is for sure—giving immunity to the utility companies is not a solution that helps anybody. Because the people that will bear that cost of a wildfire—from a utility fire—ravages the neighborhood—it is going to be on the government to help if the utility is not responsible. It is on the people. It will cause devastation. The only person that makes out is a utility company, because they go, "Hey, we are limited. This is how much we have to pay no matter what." And there is no limit to what the consumer has to pay. There is no limit to what the government will have to pay or lose. Ultimately, that is not fair. That is not accountability—and that is what we are here for.

Well, I was going to speak about 9/11. I was going to say that was an act of terrorism. That was not an act of, "Hey, we just did not maintain things," so we are comparing apples and oranges. I get we want to talk about that is how a fund was, but that is an act of terrorism.

We are not talking about negligence—failure to maintain things. I do not know if this is the place to be bringing up 9/11. But with that, I would open up to questions to anybody on the Committee—and myself or Ms. Ray would be glad to answer them.

Chair Watts:

Thank you for your remarks. We do have some questions. We will start with Senator Nguyen.

Vice Chair Nguyen:

Thank you. When you are talking about this—I like the way that you have framed this. I think it sometimes gets convoluted when we talk about wildfire liability—because under these circumstances, we are talking about very limited situations where it is a utility-caused fire. I like how you framed the conversation around utility-caused fire—like, protections—and around what that actually means. Because I think that it is rare that it is a utility-caused fire. I also think we should not just put them in with natural disasters as well. But when we are talking about that, we heard a lot about some of the mitigation that these utility companies are doing. In the context of litigation that you would see for a utility-caused fire—that they also did the necessary mitigation in that thing—how does that protect a utility, but also protect a consumer that did not do anything except for have their house burned down?

Mr. Cogburn:

I want to make sure I am understanding your question correctly. It is—how does the fact that a utility does mitigation work—with clearing brush and those type of things—play into the fact of whether they are liable or not liable?

Vice Chair Nguyen:

Yes.

Mr. Cogburn:

Well, it is a multi-step process. You have to go to what the root cause of the issue is. The root cause would be—maybe they did not maintain their—or you have a downed power line. For example, I know there is technology out there now where power lines—they actually can send out signals to tell you, "Hey there is downed power lines," so you know—especially in very forested areas—very prone to wildfires. But what I think—what they are doing is they are limiting their risk if a power line goes down, for example, and it starts a fire. When you are clearing away the waste or the foliage that would catch on fire, you are ultimately limiting your risk because you are limiting the—hopefully—the spread of the fire. What we have seen in these devastating fires is, yes, they were started—however they may have started, could be the Palisades that was started by arson—and it spread quickly because of the environment that it was in. But, ultimately, you gotta go down to the root causes. If you never—if you maintain everything, and you put all these other things into your infrastructure, such as the power lines—you are notified when power lines go down—those types of things that allow you to cut off power to those power lines, then you are not going to have the issue of the fire spreading. And it ultimately goes back down to the root cause. I hope that answers the question.

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Vice Chair Nguyen:

It does; it is helpful. When you are looking at some of the proposed legislation—regulations across, I guess, the west—the west region—I think that is where you are predominantly seeing a lot of these fires. Then we obviously have the terrain that leads to increased damage. Have you seen what is going on, for example, in Utah? Has that law gone into effect in any kind of fire season where they have been limited?

Mr. Cogburn:

I have not. To be transparent, wildfires are not my area of expertise—or utility fires. But I do not think it matters whether we are talking about utility fires—when it comes from what we are speaking about—which is limiting liability and immunity and responsibility. Where we have seen that specific, it never ends well. When you limit—when you give somebody immunity, it lowers the standard—because now they are not accountable. They do not have to make safety a priority. We are talking about capitalism, so this is not a government-run program. We were talking about Berkshire Hathaway here. We were talking about Nevada Energy. I mean, I think they made $400 million last year—profit—so this is not a miniscule amount. This is an investment for them—and they have to take safety into account. If you lower that standard, all you are doing is hurting people. When you give someone immunity, that is what it does. I can remember—and I hate to say this—but years and years ago, our organization testified—the Boy Scouts wanted immunity. We testified because we always fight immunity. Ultimately, they did not get it. But years later, now it has come out that, "Oh my God, there was a lot of children being raped and molested." If they had immunity, there would be nobody held accountable. And that is what immunity does—it hides.

Vice Chair Nguyen:

Thank you, Chair.

Chair Watts:

Thank you. Next, we will go to Assemblymember Carter.

Assemblymember Carter:

Thank you. I am trying to get it clear in my head at what line do we draw between liability that is transferable to ratepayers—cause like wildfire abatement and all of the preventative causes are transferable to ratepayers—and what is not transferable to ratepayers. What I am getting at—could we see a situation where—that the utility goes over the top with wildfire abatement, says, "Well, we must underground everything at enormous expenses," which is going to fall right back on ratepayers. Trying to figure out where we find the balance in that equation. I am not even sure if I understand the full equation yet.

Mr. Cogburn:

I would go back to— This is, without a doubt, a complicated issue—and it is multifaceted. Again, I think you have to determine—are we talking about wildfires, or are we talking about utility fires? I think you have to look at what the cause of the fire is first. And whether it is to put everything underground—that is probably, realistically, not feasible cost-wise for anybody—and I think everybody understands that. But there is so much more technology out. Again, there are power lines now—where they put sensors on power lines—that as soon as there are high winds or damage to them, it notifies the utility company, so they can take

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action—whether it sends somebody out there or just completely shuts that off, so it does not spark. Those are different things, and I have no doubt that NV Energy is cutting edge and will do many of those things. But what it sounds like is being proposed is, "Hey, we should have a limit on what we are responsible for, even if we do not do what we are supposed to do." That is where I think we come in and say, "Hey, that is really not fair. That is not fair to the ratepayers; that is not fair to everybody else. You have to take responsibility; you have to take preventative measures, and that is what we would expect—but you also have to be responsible when you do not do the right thing." What you saw with PG&E—and that is the big example everybody keeps talking about—is they did not do the right thing. They paid out huge dividends to shareholders for years, and they did not put their money into infrastructure when they knew there was problems. It was not just that, "Oh, we did not know about this one over here." They knew it—and made that choice because they wanted to pay out shareholders. They did not want to make the long-term investment because that would lower shareholder dividends—and that is what ended them in bankruptcy, and that is why thousands of people lost their homes, and that is why people lost their lives. They made that choice.

Misha Ray, Director of Government Affairs, Nevada Justice Association:

If I may, may I add?

Chair Watts:

Please do; go ahead.

Ms. Ray:

Thank you, Chair. Thank you, Assemblyman Carter, for the question. I think Jamie's point is well-made, and your question is a good one, Assemblyman, because as we are learning, the mitigation efforts—the NDPP process that NV Energy is going through at the PUC—I think is a good learning exercise for how to address your question. In 2020 was the first NDPP they put forward—so that was only six years ago. It is a biannual—from my understanding—a biannual filing—so every two years. So, they have now had three times of going through this process and prioritizing where they think their resources are best placed, and that is an evolution—if I may go back to Senator Nguyen, her comment—earlier question. That it has only been in the last 15 years—my understanding—there have been 2 utility fires I think we can point to in our state. The 2011 Caughlin Ranch Fire, which was utility caused—about $10 million in damage—to my understanding. And in 2020 there was a Pinehaven Fire that NV Energy does dispute liability for—but insurance companies filed a lawsuit for subrogation, and those cases were later settled. So, there are two examples we can point to—but I would point back to 2011. Only 15 years ago did that fire occur, and thereafter the process for automatic power shutoffs was initiated. So, 15 years ago is when we learned automatic power shutoffs would be a great way to help prevent furthering the disaster—and also prevent it from trying to spread elsewhere. I think we are still learning—but I think within those last 15 years we have seen a lot in this NDPP process, from the 2019 legislation, I think is a good step forward in helping to identify those areas.

Assemblymember Carter:

I know it is probably—I know it is a ridiculous thing, but say that a utility came in and said, "Well, we must do this in order to protect from wildfire," and that is 100 percent undergrounding. But the PUC says, "Hey, we cannot dump all of that on the ratepayers;

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rates will go through the roof." Does that give a defense if something happens? "Look, we told you what we needed to do. You would not let us do it, so therefore it is not our fault." Or am I oversimplifying things there—or overdramatizing things?

Mr. Cogburn:

I hate to say this, but I think it is a little bit of both. Again, I still go back to it is a complicated issue, and I understand where you are coming from Assemblyman, which is, if they go aboard and say, "Hey, we can make this 100 percent preventable, but it is going to cost through the roof, and everybody's bill is going to go up to 3X." That would be problematic, so there is a fine line. There is an area where you go, "Hey, I can—" We are not talking about— When you talk about legal liability, it does not have to be 100 percent. This is not—that would be considered what is called strict liability, which means no matter what happens, you are responsible. For there to be legal liability against a utility for a utility fire, they would have to do something that is wrong, or they are deemed negligent, which means—they did not do something— Again, it is really—as I always put it—you did the right thing; you did the wrong thing. The way we do it in Nevada is a jury of our peers decides that, and there are standards. They say, "Yes, this was reasonable, and you did everything you were supposed to do." And it can still happen. You do not have to be perfect—but you have to make that effort, and you have to do what is reasonable, and you have to do the right thing.

Chair Watts:

Thank you. Members, any questions? Assemblymember Karris.

Assemblymember Karris:

Thank you, Chair. From what I am hearing and what I heard in the prior presentation, is maybe as we go forth—and correct me if I am wrong—as we go forth with proposed legislation or regulations, that perhaps we should have it separated from what a utility fire is and what a wildfire is—because our constituents all over the state will be facing tough insurance choices just from wildfires—having nothing to do with utility-caused wildfires. I think they are similar problems, but I think they may well need to be separate. What do you feel about that?

Ms. Ray:

I think you are on the right point. I think why we are here is because the investor-owned utilities, specifically, are looking to limit their liabilities in some ways—or otherwise be immune in some ways—for the fires they cause. I do think that any legislation that would ever come forward, if there is any, should do that identification of a utility-caused fire as opposed to the destruction of a natural fire that happens. We are a big state. We have a lot of open federal land that catches fire for all kinds of reasons, but the distinguishing factor would be that a utility would be liable for the things that it causes, as opposed to having to be a victim like the rest of us if a fire just happens to come through and burn down certain poles—and that kind of thing.

Assemblymember Karris:

Thank you. Thank you, Chair.

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Chair Watts:

Thank you. Members, any additional questions? All right, seeing none. Thank you for the presentation.

Chair Watts:

We will move on to our last presentation on this item, which is from representatives of the American Property Casualty Insurance Association (APCIA) who I believe will be joining us online, and we have somebody here in Las Vegas as well. Welcome.

Lee Ann Alexander, Vice President, Policy and Counsel, APCIA:

Thank you so much. I—because of technical difficulties—can you—I hope you can hear me. Can everyone hear me?

Chair Watts:

Yes, we can.

Ms. Alexander:

Okay, thank you. Due to technical difficulties—which thankfully I noticed while I was listening to other individuals present—Ms. Carmichael is going to help me with the slides and—or Cartwright—and thank you so much for letting her do that. I was not able to both watch the slides and see my notes and do that. As you mentioned, I am here today on behalf of the American Property Casualty Insurance Association. (Agenda Item IX C)

First, thank you so much for inviting APCIA to testify today and giving us the opportunity to present information on behalf of our members on this important topic. Of course, please feel free to interrupt with any questions, and—of course—I look forward to taking any questions at the end. I do want to say that I have learned a lot from listening to the testimony thus far, and there were a lot of great questions asked. I started to take notes, but there were so many that it was hard to get them all down to be able to respond. So, if anything that you have asked previously seems appropriate to ask of me once you have heard the presentation, please do that—and I will do my best to answer anything I can.

If we can move on to the second page—there we go. You all know this—it is nothing new, but I am going to speak very briefly to this. As you know, we are seeing a really significant increase in wildfire occurrence. A lot of those, as has been discussed today—certainly by no means all of them—are not utility caused. But while that is the case, utilities do cause a disproportionate share of highly destructive fires—and if we can stop those, we can stop a significant amount of loss. Weather patterns are increasing fuel loads, as you know. We have got dead and dry vegetation, which results in easier ignition and spread of fires. Here is a frightening statistic—wind can carry embers over 20 miles during extreme conditions. I am originally from Oklahoma—live in Texas now, and there were over 150 fires around the state a few months ago. That was generated, as I understood it, by utility ignition—but embers just fly, so they can spread quickly during extreme conditions. Hotter temperatures are not helping. The ten warmest years since 1850 have all occurred in the past decade—with 2024 being the hottest on record according to the World Meteorological Association. All of these factors have combined to increase the frequency and intensity of wildfires.

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We all know wildfires can be ignited by a number of things—natural causes, including lightning and spontaneous combustion. You can have human causes, which of course can include arson, above-ground power lines—what we are discussing here today. Accidental ignition from cigarettes or campfires, out of control controlled burns, or fires that are used for intentional land clearing, and use of sparking equipment like welders, chainsaws, grinders, mowers. We also have railway lines that can cause them.

But there are things we can do to prevent fires in the first place—or should one start, mitigate the resulting loss. At the base level, we can enact stronger building codes. We can encourage and incentivize use of better building standards, like adopting the Insurance Institute for Business & Home Safety's (IBHS) Wildland-Urban Interface model ordinance. We can also encourage use of individual home building using the IBHS Wildfire Prepared Home Standard. If we can get you any information on any of these, please let us know. Importantly, we can also insist on utility use of robust wildfire mitigation plans (WMP), which you all have in place. I think they are considered as DNPP plans in the state—if I have got that right—but if you will forgive me, I will refer to them as WMPs because it is just ingrained in me. If we insist on that—which consists of including ongoing and ever more robust requirements for utility infrastructure hardening and vegetation management, enforce those plans, and then hold utilities responsible for the damage caused by fires they ignite—that is an important set of steps.

In the U.S., more than 60,000 communities are believed to be at risk of Wildland-Urban Interface fires, according to the National Association of State Foresters; so, we really think it is critical—as I know you do as well—that we take all of these steps. Let us move to the next slide, please, Leah.

Utility involvement is a common feature in the costliest wildfires in the U.S., with a growing number of utility-involved ignitions during high wind events. This chart and graph will help to show you that—or map. In fact, in a recent California PUC report—which was referenced earlier today—issued in response to the state's Senate Bill 254 study, the California Public Utilities Commission stated that from 2011 to 2020—and this is for California—electric utility power lines ignited approximately 9 percent of the state's yearly wildfires, but 36 percent of their most destructive wildfires. They do not cause all the fires, but they cause a disproportionate number of the most destructive ones. This is caused for a lot of reasons—the areas in which distribution transmission lines are located and a bunch of things simply conspire to have that statistic be the fact. As you can see by this, just since 2017, there have been a significant number of very costly utility-ignited wildfires in the western U.S. These are just insured losses, not overall economic or emotional loss—including loss of life, livelihood, and property. So, these numbers alone—on the insured losses—significantly underrepresent the overall cost to society and individuals. Again, it is not an anomaly; it is a structural exposure—and it is growing. Leah, let us move to the next slide, if we may. Thank you.

Again, as this graph and chart show you, many of the largest insured wildfire losses involve utility-ignited fires, and that is indicated by the orange shading that you can see. This illustrates the importance of today's discussion. These are not public policy considerations that can be taken lightly, as you all are evidencing by dedicating this time to the topic today. As I often tell people when they ask—and I have been asked this—what lessons we have learned by passing bills that protect utilities from liability for wildfires they cause, here has been my response. These are the types of public policy decisions that we will only learn lessons from when the next big fire happens, people lose everything, and there are not enough resources available to allow people to begin the long and painful process of rebuilding their lives. I am going to emphasize this again. These bills can be made to sound

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favorable on the surface, but as I walk through it in more depth through the rest of the presentation—and I only have about nine slides, eight slides I am going to go through, seven actually, so do not worry; I know you are at the end here—but I think these really have a lot of lessons to be learned, but I am afraid they are going to be learned the hard way—by states that passed these bills last year, one state that passed one so far this year, and others that may consider them in the future. I do not think people will really be able to fully understand the ramifications until there is a bad fire, it is much harder for people to sue and recover, and people are simply left with a burning hole in the ground—and the inability to rebuild their lives. Leah, if we can move on to the next; thank you so much.

Because utility ignited and involved wildfires are becoming frequent and severe, there was an uptick in legislation in 2025—which the gentleman earlier went over when he spoke about a bunch of the bills that passed last year. This has continued into 2026—this introduction of bills to address prevention and mitigation and shield utilities from liability for the fires they ignite. In 2025, we saw a number of bills filed across several states that provided some form of liability shield to utilities—publicly owned or both publicly and privately owned—as utilities sought to limit their liability from fires they ignited. But this is not a new concept. Alaska had bills in 2021 and 2023—both of which failed. And Utah enacted wildfire mitigation plan/liability shield legislation in 2020—and then created a fund and expanded the liability shield provisions in 2024. Last year, bills with some form of liability protection for utilities passed in seven states. This year, several bill drafts were circulated in a number of western states, and some bills were introduced. So far, to date, only South Dakota has passed and signed legislation into law this year—but there are still a few bills that are alive. The bills that passed did so with significant opposition from the insurance industry and—similar to the gentleman who testified prior than I did—often, as well, from the plaintiff's bar, because they see the harm and destruction this can cause when people are trying to recover and rebuild their lives. So, these bills did not pass without significant opposition. The final bills were reflective of extensive negotiations and reflect language that, with regard to liability, the insurance industry still finds deeply troubling. If we can move to the next slide please, Leah. Thank you.

Here you can see the concepts—and these were discussed in detail earlier—but let me try to—you can see sort of a truncated version of what they cover, and I will go through them a little more. The premise of each bill has been that electric generation, transmission, and distribution is critical—as is keeping utility rates reasonable—and there is a balancing act required. Again, we do not disagree with the premise of that—but we do disagree strongly with the way the bills resolve the issue. Each of the introduced bills contains some version of the same basic principle, and that is—that in exchange for a filed, approved, and complied-with wildfire mitigation plan—again, which you all refer to as Natural Disaster Protection Plans, I believe—a utility would get protection from liability for the damage it caused. Also, the wildfire mitigation plan requirements contained in the bills were not robust, to say the least. As an aside, I will mention that, in general, wildfire mitigation plans have historically been more focused on addressing distribution lines, because that is what we can all see outside our homes and on the street sides. However, as the Eaton Fire illustrated in a devastating way, focus needs to be expanded to include transmission lines. So, there is room for significant improvement in wildfire mitigation plans, including enhanced use of existing and emerging technologies.

Some of these bills also created a fund to pay claims through a non-exclusive administrative process. However, of note, they limited the overall funds available and then would pay claims when that funding either appeared to be running short or they believed they would reach it; they then would pay claims on a pro rata basis. So, the funds—given that—may be insufficient to pay economic losses. A fund does not necessarily mean that there will be

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enough money to pay all losses—it simply has been used or proposed in many instances as a further way to limit claims payments. The bills often have limited the amount of allowable property damage that could be paid on a claim—should the claimant be able to recover at all—given the new presumption standards and higher threshold that the bills would create to even recover. For example, several bills allowed for the lesser of the cost to repair or replace the property or the property's diminution in value, but it is worth noting that this means that a home or business owner could be left without the resources to rebuild unless they were fully insured or able to pay out of their own pocket.

I will give a quick example that we have used in the past, which is if your home is in an area—burns to the ground. Let us say property value beforehand was $200,000; property value after is $50,000 because you still have the land—and that, perhaps, may have some residual value. Your diminution in value is $150,000, but it might cost $400,000, given rebuilding costs, to build your home. The way any of these utilities have introduced their bills—they would pay the lesser of those amounts. A homeowner, if not fully insured or not insured at all, could be left with $150,000—if they could find a lawyer to take their case and if they could meet the new raised rebuttable presumption thresholds and recover at all. If all of those could be met, and they could successfully recover, they would still be limited to $150,000—which comes nowhere close to allowing that person to rebuild.

The level with the filed and approved plan required in order to shield the utility from liability varied by introduced bill. Some said substantial compliance; some said compliance; some said with important factors—all of those would be subject to litigation to determine what that means. The bills did generally note that wanton, reckless, and intentional behavior by a utility removed them from a grant of liability shield. Some bills also provided for limits on noneconomic and punitive damages, although those are rarely paid on property claims. As was mentioned earlier, if you have an injury in some states, you can recover. Some require that you have an injury to do so; some may not. But, again, those are not of as much immediate concern to insurers in terms of our ability to subrogate, simply because we do not typically pay those types of damages on property claims. The insurance industry, specifically, would be impacted by this type of legislation due to the fact that the bills limit utilities' liability, and since insurers step into the shoes of our insureds for subrogation purposes, the bills impacted our members' ability to subrogate against the at-fault utilities for amounts we have paid out in residential and commercial claims.

Just to maybe make that a little less wordy—we have three concerns here. One is at a general societal level for uninsured individuals, who will find it much harder to recover at all.

The second is for underinsured individuals—which we certainly hope is not the case, but it does occasionally, and when it does, those individuals could be in the circumstances I have described earlier—so with some funds from their insurer, but not enough to rebuild—and in that instance, they will find it much harder to recover.

Then, with insured individuals—someone who has replacement costs and they are able to rebuild their home due to insurance that they have paid to procure over time—those individuals might be able to rebuild. But we—stepping into their shoes—will find ourselves faced with more stringent and difficult-to-overcome hindrances to our ability to subrogate, because we now pick up the rights that our insured had against the utility. That means that we are simply less able to offset the cost that we have paid by recovering from the at-fault utility. Ultimately, that is going to have a negative impact on insured—insurance availability

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and affordability in Nevada, because it simply does not allow us to offset our loss appropriately. Again, it impacts every potential group of impacted individuals, whether they are uninsured, underinsured, or fully insured. Leah, if we can move to the next slide, that would be great.

Just want to talk here a bit about our major concerns with this public policy. As the gentleman previous to me mentioned, it is a well-accepted legal standard that those who cause harm are responsible for the damages that they have caused. There are very few exceptions to this standard principle—and they remain controversial and are narrowly construed by courts with ongoing legislative and judicial scrutiny. Creating carveouts for electric utilities that allow them to start and perpetuate fires through equipment failures and insufficient vegetation and other prevention and mitigation activities—we believe—is shortsighted and dangerous.

The point that is often not made in discussions on this topic—and I think it is critical to make—is the utility-ignited wildfires can almost entirely be prevented and eliminated. Utilities can underground lines, which reduces the risk of fires to almost nothing in those areas. They can insulate conductors, which is also highly effective. These are admittedly not inexpensive options, but they are highly effective. Far less expensive—and discussed here today already—are public safety power shutoffs—far less expensive, rather—and they can be utilized to proactively de-energize lines during adverse weather conditions. Fast trip technology can also be used to de-energize lines when a fault is detected. In other words, if costs were not an issue—and I know that it is—utility-ignited wildfires due to conductor lines can technically be reduced to almost zero. There are less expensive options along a continuum that also reduce the chances of conductor line-caused ignition by significant to less significant degrees.

This is a challenging situation, admittedly, and one that utilities, I think, would have us believe can be best solved by cutting off avenues to post-disaster recovery for the uninsured, underinsured, and ultimately the insured population—but APCIA wholeheartedly disagrees with that. Not only does that ignore the hard recovery truths faced after a utility-caused wildfire and leave people unable to begin to piece their lives back together—but it also disincentivizes utilities from taking the right prevention and mitigation steps. If utilities know that by simply complying with what is in a filed wildfire mitigation plan, they are presumed to have been non-negligent, and it is therefore much harder for them to be held responsible for the harm their equipment or practices cause, then the incentives to do the right thing deteriorate. This is just cost shifting, pure and simple. If utilities are shielded from liability, then those costs are borne by others—whether it is by uninsureds, under insureds, or fully insureds. But the public policy approach that utilities would have states take, simply shifts costs from utilities and their shareholders or ratepayers to others in society—and as insurers, we would point out that curbing liability will increase pressures on affordability and availability in the insurance marketplace.

I do want to note a couple of other things here before I wrap it up at my end and take any questions you may have—because I do want to note that there are a lot of options raised in the prior presentations here today, including Florida and, in particular, the California SB 254 report. APCIA has significant concerns both conceptually and logistically with many of the concepts mentioned, and I would respectfully urge the Committee members to engage in robust research, as you are doing here today—I know you are already committed to that—and stakeholder engagement before going down any of the paths other states have followed or are considering following. And APCIA would appreciate being a resource and participant in ongoing work on this topic. We know it is complex, and we would like to be a part of any discussed solutions.

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The appendix to today's presentation that you all have, I am not going to go through, but it does give a brief summary—without pointing out the parts we do not like, but I am sure you will be able to figure that out on your own—of each of the bills that passed last year, as well as the South Dakota bill from this year.

That wraps up my prepared statements, but I would love to take any questions or answer anything that you might have for me. If I do not know, I will tell you I do not know, but I would be happy to follow up. Thank you for your time—really appreciate it.

Chair Watts:

Thank you for the presentation, Ms. Alexander. Members, any questions?

All right; it is clear we are getting towards the end of the day. I think one thing I just want to highlight—this has been discussed—but obviously we do have a couple of areas that are facing high wildfire risk. We have the Lake Tahoe Basin up north; we have got the Mount Charleston community down here that are facing high insurance premiums that are continuing to rise—as well as a loss of coverage options as well. Essentially, the point I think that you were making is that if there is a reduction in the ability of insurers to recover when a party is liable, that essentially increases the risk for the insurer and the amount of money that they have to pay out, and then that can have corresponding impacts to premiums and availability that would really, I think, probably be compounded in those areas. Is that a fair assessment of the point that you were trying to make in your presentation?

Ms. Alexander:

I am so sorry, Assemblymember; I had something go wonky with my IT right as you wrapped that up. Would you mind restating the end of that, please? I am so sorry.

Chair Watts:

Sure, no problem. You have mentioned this very briefly, but my understanding of the main point that you were trying to get across is that if there are protections from liability for those who are responsible and you are unable to recover those to assist in paying out homeowner claims or property owner claims, that essentially increases your risk as an insurer and then can have an impact of increased rates or decreased availability, particularly in some of our areas that are already struggling to find coverage and affordable coverage due to wildfire risk. Is that a fair summarization?

Ms. Alexander:

It is, Assemblymember Watts, and I apologize that I had to have you repeat that—but absolutely. When we— In the insurance industry, any recovery—whether it is that someone has an auto accident caused by someone else and the insurer goes back to the person that is responsible for the accident and is able to recover from them, or in a wildfire scenario, any situation where a third party is to blame and we are able to recover—that offsets the losses. If you are unable to offset those losses—because it becomes much more difficult to do so because the laws changed, for instance—then, yes, the result of that is that it is going to exacerbate affordability and availability issues in that state or jurisdiction. It is just an inevitable, or seemingly inevitable, and likely consequence of— Similar to prices for corn causing the cost of tortillas to go up, right? If your inputs cost more because you cannot offset those costs—or trucking/shipping costs cost more—then your ultimate output is going to cost more. That is a very simplistic analogy, but it—yes, it confirms what you just said.

That would be a fair assessment of the circumstances that may occur after bills like this pass, is that it will become more expensive for insured individuals over time—and more difficult for the marketplace as a whole—because we cannot subrogate and recoup for claims that we pay out as easily as we have done.

Chair Watts:

Thank you. I appreciate that. I think my one ask is—as a follow-up—if there—and I understand that many of these states have passed this legislation recently—but if you have any information or data that can help us see what impacts there might have been. I think many of these states also are dealing with areas that have those—that are wildfire prone—that are struggling with those affordability and accessibility issues. So, if you have any information—particularly from any of the states that may have adopted these policies earlier—that shows any sort of link between that and the experience that people are having with being able to continue to get coverage and the price for that coverage, I think that would be very helpful for us.

Ms. Alexander:

That is a very fair question, Assemblymember. I just want to mention—because I do not want to not follow up, but I would like to share this—because these bills passed last year and many of them were only implemented at the end of 2025—signed into law in May, implemented, like Texas, I think on September 1st of last year—we have not had any major utility-caused conflagrations in the states that passed these, that I am aware of, since. So we really have not— This goes back to that—I think we will learn. We will learn the lessons or see what lessons were learned after one of those major events happens, so I do not think we yet have anything actually to share that would show the direct input. There would have had to have been the bill passed, wildfire mitigation plans filed, the new law coming into play, and based on those newly submitted plans that are complied with, a more challenging time pursuing litigation. And because of the time it takes that litigation to play out, I think we are probably looking for a lesson learned over the course of years, not over the course of months since those bills became law. Over time, I am quite sure we will have information along those lines, but I do not really expect us to have any in the near term. I think it will be a few years. And even if the next fire—knock on wood—were to, heaven forbid, happen tomorrow, I still think we would not know the real lesson learned potentially for a couple of years as that litigation plays its way through the system, and we are ultimately or—able or not to recoup on some of those. Then rate filings take time to be approved and the new rates to go into effect. So, unfortunately this really is one where we just kind of have to assume that it is not going to be a good lesson learned, but we do not yet have evidence of that.

Chair Watts:

Thank you for that clarification. That is very helpful. Members, any additional questions? All right, seeing none. Thank you so much again for the presentation; we appreciate your time.

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AGENDA ITEM X—PUBLIC COMMENT

Chair Watts:

With that, we are going to move on to the last item on our agenda which is public comment. If anyone would like to provide public comment either in Las Vegas or Carson City, please come forward. We have nobody in Las Vegas. We do have someone in Carson City. Welcome. Please go ahead.

Eduardo Martinez, Public Affairs Director, Western Public Affairs:

Thank you, Chair. I will do my best to keep it short for you guys. I am here on behalf of the Nevada Solar Association. We appreciate the Committee's focus on Nevada's evolving energy needs and the range of solutions being discussed today. As demand continues to grow—particularly with new large-scale users coming into the market—it is important that the state pursue a diversified and flexible approach to generation and grid management. With the 2030 renewable portfolio standard approaching, distributed energy resources, like rooftop solar, should play a role—a meaningful role—in meeting those goals, particularly as a resource that can be developed and deployed quickly to meet the state's demand. Especially when they are paired with thoughtfully designed virtual power plant frameworks, these resources can support grid reliability and expand available capacity and provide additional tools to manage costs for ratepayers. We look forward to working with the Committee and other stakeholders as these discussions continue to move forward. Thank you.

Chair Watts:

Thank you. That was very concise. We appreciate it. Seeing nobody else coming forward in Carson City. AVH, would anyone like to provide public comment by phone?

AVH:

Thank you, Chair. Our public line is open and working; however, there are no callers at this time.

Chair Watts:

All right, that concludes our agenda for today. Thank you all for your time. This meeting is adjourned.

The following written comments were submitted for the record:

- Roberta J. Leong, Technical Architect and Resident (Agenda Item X A)
- Maria Prentice, Constituent (Agenda Item X B)

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AGENDA ITEM XI—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 2:37 p.m.

Respectfully submitted,

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Terese Martinez
Research Policy Assistant

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Keely Latham
Senior Policy Analyst

APPROVED BY:

_____

Assemblymember Howard Watts, Chair

Date: _____

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MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item IV	Tony Sanchez, Executive Vice President, Business Development and External Relations, NV Energy Shawn Elicegui, Senior Vice President, Regulatory and Resource Planning, NV Energy	Microsoft PowerPoint Presentation
Agenda Item V	Emilie Olson, Senior Policy Principal, Advanced Energy United Chloe Holden, Senior Principal, Advanced Energy United	Microsoft PowerPoint Presentation
Agenda Item VI A-1	Julia Hubbard, Nevada Program Director, Solar United Neighbors (SUN)	Microsoft PowerPoint Presentation
Agenda Item VI A-2	Julia Hubbard, Nevada Program Director, SUN	Handout/Flyer
Agenda Item VI A-3	Julia Hubbard, Nevada Program Director, SUN	Handout/Flyer
Agenda Item VI A-4	Julia Hubbard, Nevada Program Director, SUN	Handout/Flyer
Agenda Item VII	Justin Schott, Director, Energy Equity Project	Microsoft PowerPoint Presentation
Agena Item VIII	Garrett Weir, General Counsel, Public Utilities Commission of Nevada (PUCN) Sam Crano, Hearing Officer, PUCN	Microsoft PowerPoint Presentation

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AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item IX A	Lisa Levine, Executive Director, Nevada Rural Electric Association Kevin Robison, Chief Executive Officer (CEO), Mt. Wheeler Power MeLisa Garcia, CEO, Overton Power District 5 Dane Bradfield, General Manager, Lincoln County Power District	Microsoft PowerPoint Presentation
Agenda Item IX B	Max Rosen, Attorney, Partner, Munger, Tolles & Olson LLP	Microsoft PowerPoint Presentation
Agenda Item IX C	Lee Ann Alexander, Vice President, Policy and Counsel, American Property Casualty Insurance Association	Microsoft PowerPoint Presentation
Agenda Item X A	Roberta J. Leong, Technical Architect and Resident	Written Public Comment
Agenda Item X B	Maria Prentice, Constituent	Written Public Comment

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