26-05007

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Staff Counsel Division

PUBLIC UTILITIES COMMISSION OF NEVADA
Docket No. 26-05007
Phase II: DSM, DRP, TEP, LLESA

Prepared Supplemental Direct Testimony of
Anne-Marie Preisach on behalf of the
Regulatory Operations Staff

1. Q. Please state your name, occupation, and business address.

A. My name is Anne-Marie Preisach. I am the Director of the Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada ("Commission"). My business address is 1150 East William Street, Carson City, Nevada 89701.

2. Q. Does Attachment AMP-1 summarize your professional background?

A. Yes, it does.

3. Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide Staff's Supplemental Direct Testimony responding to the Commission's Procedural Order No. 4 issued on September 24, 2026, in the Joint Application of Nevada Power Company d/b/a NV Energy ("Nevada Power") and Sierra Pacific Power Company d/b/a NV Energy ("Sierra" and together with Nevada Power "NV Energy"), for approval of their joint 2027-2046 Triennial Integrated Resource Plan ("IRP") for the three year Action Plan period 2027-2029, and the 2027-2029 Energy Supply Plan ("2026 Joint IRP Application"). Specifically, I am providing further information in response to Procedural Order No. 4 requesting Staff to give specific recommendations should the Commission want to approve some form of the LLESA. Also, I will address the other large load tariff proposals filed by other parties in this docket or in Docket No. 20-08014. Nothing contained herein shall be construed as changing Staff's recommendations in the testimony filed on September 22, 2026.

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4. Q. What are your specific recommendations to the Commission regarding the issue(s) outlined in Q&A 3?

A. While Staff continues to recommend that the Commission deny NV Energy's proposed form LLESA and open an investigatory Docket to establish a Ratepayer Protection Mechanism ("RPM"), if the Commission decides to approve the LLESA in some form, I recommend the following guardrails be implemented:

1) Both Nevada Power and Sierra should establish a separate Large Load rate class under which these customers should take service, not the current Schedule LGS-3/GS-3, and require the form LLESA under that tariff. The form LLESA should contain the same terms and conditions for all customers under this schedule and should not be negotiated separately by each customer;

2) NV Energy must be ordered to implement strict accounting requirements that ensure no bleed through of costs or allocations occur to other customers and classes of service;

3) The Commission must have the authority to change the rates contained in the LLESA, and there will need to be true-ups annually and quarterly to ensure that costs are contained in that class of service; additionally, NV Energy shareholders must be fully at risk for any costs that are not recovered through the Large Load Tariff/LLESA rates and the General Rate Case ("GRC") process through errors in forecasting or other projected inputs;

4) There should be a short Open Season to cure the queue process issues Staff has previously discussed;

5) After the Open Season, NV Energy should put together a ranking matrix to order the requests for service into a queue, which then can be used to plan for incremental generation additions;

6) NV Energy should be directed to respond in rebuttal and provide specifics to the Commission about how it plans to cure all of the deficiencies stated in Staff's testimony; and

7) Staff is appreciative of Microsoft and BCP's proposals and believe there is merit in each. However, there is no way to practically implement them in the instant filing, they would need to be considered during Staff's recommended investigation.

I. NV Energy should establish a separate rate class under which the form LLESA is required and service provided.

5. Q. Are there customers who already take service under NV Energy's LGS-3 and GS-3 schedules?

A. Yes, for Nevada Power, there are approximately137 LGS-3S, 123 LGS-3P and 7 LGS-3T existing customers. For Sierra, there are approximately 40 GS-3S, 29 GS-3P, and 21 GS-3T existing customers.

6. Q. Why should large load customers served under the LLESA be separated into a different rate class?

A. In order to comply with Governor Lombardo's Executive Order 2026-005 which states that "[n]o cost of serving a data center is borne by any other ratepayer, and no ratepayer pays more because a data center was built" it is imperative to separate out data centers into their own class.[1] Keeping new data center load bundled with the LGS-3/GS-3 rate classes runs the risk of mis-allocating costs to other customers already in that class. Current LGS-3/GS-3 customers deserve the same protections as ratepayers in other classes as described in Executive Order 2026-005. Additionally, it should be easier for NV Energy to separate and track the incremental costs and revenues for these specific customers if they are in a separate rate class. Future general rate cases ("GRC") filed by NV Energy are already expected to be very complex and difficult, given the large amount of plant that is expected to be put into rates shortly. Adding another rate class to specifically track the revenues and costs of the large loads

[1] Phase II Prepared Direct Testimony of Adam Danise, Attachment AED-10, Section 1. Policy.

served under the LLESA will help make that portion of the GRC more manageable for all participants in a GRC.

7. Q. What are you recommending?

A. As a compliance to any LLESA approval, Nevada Power and Sierra should create a separate rate class that uses the current LGS-3/GS-3 rates as the basis for the initial calculations in the LLESA, but makes the class specific to large loads. The schedule should also require the form LLESA as a condition of service for every customer in that class, as previously discussed in Staff's testimony.[2] NV Energy will need to include conditions for customers who use sleeved resources and for customers who wish to bring/build their own generation ("BYOG") resources so that all customers are treated equally.[3] NV Energy will also need to update each company's Rule No. 9 to reflect this new category of service. The LLESA must clearly outline the conditions for termination and a defensible termination payment to ensure that there is no cost shifting.[4]

II. NV Energy must implement strict accounting processes and requirements to separate out any and all costs relating to service to the large load class of customers.

8. Q. Why is it vital to set up accounting processes now?

A. Staff witness Kim Burakowski will discuss Staff's specific proposed accounting guardrails, but as a general policy to ensure that costs to serve large load customers don't bleed through and cause increased rates to other customers and customer classes, it is vital to lay out the expectations regarding cost accounting and allocations up front. If costs are not able to be fully tracked, particularly Operations and Maintenance ("O&M") costs, or specific plant costs, it may not be possible to ensure compliance with Executive Order 2026-005 and there may be inadvertent harm to other customers.

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2 Phase II Prepared Direct Testimony of Karen Olesky, Q&A 26.
3 *Id.*, Q&As 24-27.
4 *Id.*, Q&A 29.

NV Energy must be exceptionally diligent in tracking, coding, and parsing all costs such that Staff and the Commission can vet the prudency and allocation of costs during a GRC. GRCs are already immensely complex and this will add another layer to accomplish within the statutory time frame. NV Energy should be ordered to be extremely thorough and transparent in its accounting and should ensure that it verifies and vets the figures prior to asking for recovery. Staff expects NV Energy to facilitate Staff's audit and review of those figures as a priority when asking for recovery and changing rates not just during GRCs, but also in the true-ups that Staff is recommending occur quarterly and annually, at a minimum.

III. True-ups to the LLESA components

9. Q. Please explain the components of costs in the LLESAs that are likely to vary over time.

A. First, NV Energy has included a Customer-Specific Generation Charge ("CSGC") to cover the incremental costs associated with serving LLESA customers' thermal generation facilities and related transmission costs. Staff discussed how NV Energy did not demonstrate that the proposed CSGC does not shift costs onto other ratepayers.[5] Staff described the numerous errors found in NV Energy's calculations, accordingly, Staff lacks confidence in the results of the calculations that have been provided thus far.[6] The Commission must have a way to ensure that the CSGC can be adjusted to accurately reflect the actual costs that are recovered through that rate to ensure that all of the incremental costs are only paid by the LLESA customers. As Staff witness Kimberly Burakowski stated in her prepared direct testimony, and again in her supplemental direct testimony, this process is best done at least annually.[7] The second rate that must be adjusted over time is the Long Term Energy Rate ("LTER")

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5 Prepared Direct Testimony of Manuel Lopez, Q&A 12-20.
6 Prepared Direct Testimony of Swetha Venkat, Q&A 13.
7 Prepared Direct Testimony of Kimberly A. Burakowski, Q&A 10-12.

that is also discussed in Staff's previously-filed testimony, this rate should be updated quarterly. Staff also recommended frequent updates in the rates to account for underlying resource cost uncertainty and rate variability in certain scenarios.[8] As further stated in Staff's testimony, the LTER components should be adjusted throughout the term of the LLESA and NV Energy must be required to address in rebuttal how any over- or under-collection of revenues will be handled. Also, to avoid regulatory lag in recovery, the LTER must be updated each time a PPA reaches commercial operation.

10. Q. You have met with many large load customers. Do large customers generally prefer to have rates that are more fixed/stable? If the Commission does not agree to change rates in the LLESA either quarterly and/or annually, how will the Commission ensure that costs are not recovered from other customers?

A. Yes, every customer has an interest in rate stability, but that comes at the price of accuracy. As stated previously, specific LLESA account guardrails must be implemented and maintained in order for Staff and the Commission to determine where costs should be recovered. If the LLESA is unable to be updated for price changes in a timely manner, then the Commission must have a mechanism to shield existing ratepayers from that risk, such as a regulatory asset or liability account. In that account, however, NV Energy and the large load customers must bear the risk of revenue insufficiency and it must not be allowed to creep into other customers' rates.

IV. Issues with the queue and service priority

11. Q. Staff discussed concerns about the manner in which the LLESA was offered. How does Staff suggest resolving those issues?

A. In direct testimony filed on September 22, 2026, and again through supplemental direct testimony, Staff has detailed its significant concerns regarding NV Energy's use

[8] Prepared Direct Testimony of Gaurav Shil, Q&A 7-11.

of the LLESA as a way to allocate service obligations. In order to cure those concerns, NV Energy must be ordered to hold an open-season for all eligible customers, including those who have previously signed LLESAs, so all requests for service can be considered equally and fairly. In supplemental direct testimony, Staff witness Adam Danise discusses which customers may be considered outside of that process.

12. Q. Why is fairness important for the Commission to consider?

A. Since public utilities do not face market forces to discipline their market behavior, traditional cost of service regulation has been established so that those utilities do not abuse their market power (e.g. charging rates higher than what would have prevailed in a competitive market, or discriminating against customers based on market characteristics). Some of the foundational principles of rate setting is that rates are fair – that they apportion costs fairly among different customers and classes and that they are non-discriminatory, meaning unreasonably preferential, prejudicial, or predatory. While much of this case focuses on other aspects of just and reasonable ratemaking such as ensuring that cost-causation and allocation remain separated to avoid harm, Staff remains concerned about the avoidance of undue discrimination. There are certainly areas where rate discrimination are common such as price discrimination based on marginal costs and customer class, however it is extremely important to ensure that service provided by NV Energy is not unduly discriminatory and inefficient as a result.[9] Staff discussed the LLESA process as part of prepared direct testimony filed on September 22, 2026. [10] Part of a regulator's obligation is to curtail any unfair or unjust monopolistic behavior of a utility, and NV Energy's process as it was, cannot be claimed to be fair and impartial.

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[9] "Principles of Public Utility Rates, 2nd Edition", James C. Bonbright, Albert L. Danielsen, David R. Kamerschen, 1988.

[10] Prepared Direct Testimony of Karen Olesky, Q&As 11-14; 18.

13. Q. Does Staff have concerns about NV Energy's offer of the LLESA contract to customers in a non-discriminatory manner?

A. Yes. As the Commission may have noted in the testimony that was filed by many of the large load customers, Staff also has significant concerns about the fairness, timing, and availability of the tariff to all similarly situated customers. Since Staff does not believe the LLESA was offered in a non-discriminatory manner, the Commission should condition acceptance of any LLESA by requiring an Open Season for all eligible customers to participate. Even customers who have previously signed the LLESA should be required to participate in the open season. This would help alleviate the concerns about NV Energy's discriminatory process. Next, since there is a high likelihood that more megawatts will be signed under the LLESAs than will be feasible to be served by the proposed incremental thermal and renewable generation, there will need to be a process to rank/order the customers and service requests for customers under the new tariff. In prepared direct testimony and again in supplemental direct testimony, Staff witness Adam Danise discusses Staff's recommendations regarding EdgeCore and Redwood Materials and the reasons for exempting them from this process. Mr. Danise further makes it clear that approving an LLESA in some form in this docket does not solve the resource sufficiency dilemma that NV Energy faces due to the influx of large loads.

14. Q. How should NV Energy develop the queue for service under the new schedule?

A. First, Staff acknowledges that with any ordering/ranking of the queue there will be customers who get service sooner than others, with respect to the availability and timing of service under the new schedule. This is neither Staff nor the Commission's fault. Staff is proposing that NV Energy rank the applicants who sign an LLESA during the open season by date of the customer's original Rule 9 application at the size originally stated/requested. For example, if the customer had an application for 100 MW and subsequently amended their application a year later to increase their projected load to 400 MW total, then the original 100 MW is in the queue at point "a"

and the 300 MW additional load should be put in the queue at the subsequent date, point "f." Customers who signed agreements in between point "a" and point "f" will have to retain that order.

15. Q. Are there other ways to develop a queue?

A. Of course, but Staff is hoping to avoid any actual bias in the process. By introducing more variables upon which to make a queue determination, such as permit progress, dollars invested or corporate security provided, there might be a claim that the process is outcome-driven and could open up the Commission to legal challenges. For example, if economic development and speed to power is the most important aspect of developing a queue, projects could be ranked on how far along in the development cycle the applicants are with an estimate of whose projects could be placed into service first. However, that type of information is confidential to the applicants and may be difficult for Staff, NV Energy and the Commission to obtain and neutrally vet. I recognize that Staff is taking a very simplistic approach, and I sincerely hope NV Energy and the Intervenors propose alternatives for the Commission to consider that are equally unbiased and fair to all customers.

V. Alternative Large Load Proposals

16. Q. Has Staff reviewed other parties' proposals to accomplish service to large load customers?

A. Yes. In the prepared direct testimony filed by Staff on September 22, 2026, Staff provided testimony responsive to the proposals presented in Docket No. 20-08014.[11] In addition, on September 22, 2026, two parties filed testimony addressing their proposals and several parties discussed or proposed modifications to NV Energy's LLESA framework. Overall, the various parties raise issues and concerns that are similar to those that Staff addressed in testimony filed on September 22 and is

[11] Prepared Direct Testimony of Swetha Venkat at 26-29.

expounding upon in this supplemental testimony. The limiting factors to service to these large load customers is the amount, timing, and price of available generation. While the form LLESA and the other parties proposals address the price/cost responsibility section, it does not solve the amount and timing of generation to serve the loads. If the Commission is concerned about the speed at which large loads can take service and is accomplishing that by using an LLESA "bridge", then the other parties' proposals suffer from the same lack of timely generation issues as there is insufficient generation to serve all the customer requests. Subsequent IRPs or IRP amendments will need to be filed to address that deficiency. Staff is appreciative of Microsoft and BCP's proposals and believe there is merit in each. However, given the analysis that NV Energy would be required to perform for the Microsoft proposal, there is likely no way to practically implement these proposals in a short time period and thus, they would suffer from the same lack of available generation. Unfortunately, the goal of speed cannot be met without having available power. However, if the goal is to have a queue established in the interim so large load customers have more certainty of when in the future they can expect to have sufficient generation available to meet their full needs, then the Commission needs a mechanism that it can execute in a timely manner, and neither Microsoft or BCP outlined how it will establish such a queue.

17. Q. Please summarize your recommended guardrails if the Commission decides to approve the LLESA in some form.

A. If the Commission decides to approve the LLESA in some form, I recommend that:

1) Both Nevada Power and Sierra should establish a separate Large Load rate class under which these customers should take service, not be included in the LGS-3/GS-3 rate classes, and require the form LLESA under that tariff. The form LLESA should contain the same terms and conditions for all customers under this schedule and should not be negotiated separately by each customer;

2) NV Energy must be ordered to implement strict accounting requirements that

ensure no bleed through of costs or allocations occur to other customers and classes of service;

3) The Commission must have the authority to change the rates contained in the LLESA, and there will need to be true-ups annually and quarterly to ensure that costs are contained in that class of service; additionally, NV Energy must be fully at risk for any costs that are not recovered through the Large Load Tariff/LLESA rates and the GRC process through errors in forecasting or other projected inputs.

4) There should be a short Open Season to cure the queue process issues Staff has previously discussed;

5) After the Open Season, NV Energy should put together a ranking matrix to order the requests for service into a queue, which then can be used to plan for incremental generation additions;

6) NV Energy should be directed to respond in rebuttal and provide specifics to the Commission about how it plans to cure the deficiencies stated in Staff's testimony; and

7) Staff is appreciative of Microsoft and BCP's proposals and believe there is merit in each. However, there is no way to practically implement them in a short time period.

18. Q. Does this conclude your testimony?

A. Yes, it does.

STATEMENT OF QUALIFICATIONS
OF
ANNE-MARIE PREISACH

EXPERIENCE

Public Utilities Commission of Nevada, Carson City, Nevada

Director of Regulatory Operations, 2009-present

Supervises and manages all aspects of the Regulatory Operations Staff, consisting of five technical divisions and Staff Counsel's office, who appear and participate in cases before the Commission as an independent party, balancing the interests of ratepayers and utility shareholders. Responsible for managing Staff resources to craft timely completion of analyses, preparation and defense of expert testimony on complex issues, comments, reports and other filings to the Commission. Determines, prepares and presents Staff policy positions in proceedings before the Commission. Provides support to the Commission for legislative hearings and inquiries. Negotiates settlements between multiple parties on behalf of Staff. Develops and communicates Commission administrative and policy direction to Staff. Monitor public utilities' compliance with applicable Nevada Revised Statutes, Commission regulations, and Commission orders.

Manager, Resource and Market Analysis Division, 2004-2009

Supervised and oversaw the duties performed by the Resource and Market Analysis Division Staff. Directed Division assignments and reviewed all briefing memos and written testimony submitted to the Commission, ensuring accuracy and consistency with existing Commission policy, Nevada Revised Statutes, and Commission regulations. Analyzed and rebutted other parties' written and oral testimony. Led technical investigations and provided technical interpretations of statutes and regulations. Conducted economic analyses of electric, natural gas, telecommunications, and water utilities applications, petitions, rate and tariff changes, plans and reports. Provided written testimony as an expert witness and orally defended testimony for proceedings brought before the Commission.

Regulatory Economist, 1999-2004

Conducted economic analyses of: electric, natural gas and local telephone utility performance; rate designs; Certificates of Public Convenience and Necessity applications; merger and competitive issue reviews; interconnection agreements; and other tariff reviews, including compliances. Provided information to the public and crafted regulations regarding installation of renewable facilities, participation in the renewable portfolio standard and subsidy programs. Prepared briefing memos providing the results of Staff investigations and its recommendations to the Commission. Provided written testimony as an expert witness and orally defended testimony for proceedings brought before the Commission. Developed, tracked, and issued renewable energy credits to be used for renewable portfolio standard compliance.

Senior Utility Analyst, 1998-1999

Performed reviews and analyses of tariff and rate filings for electric gas, LPG, telephone, and sewer and water utilities. Provided technical interpretations of tariffs, codes, and Commission regulations. Created and provided timely updates to utility data in the Utilities Database and Docket Tracker. Prepared briefing memos providing the results of Staff investigations and its recommendations to the Commission.

Flamingo Hilton Reno, Reno, Nevada
Casino Analyst

Conducted complex statistical analysis of all areas related to gaming and hotel management. Managed and updated AutoCAD map of casino floor and coordinated with engineering and security to keep map up-to-date. Monitored machine operations. Monitored data and revised pattern flow of slot machines to optimize casino returns. Reported gaming control regulations compliance information to the Nevada Gaming Control Board. Coordinated and hosted marketing and casino events.

University of Nevada, Reno, Reno, Nevada
Instructor on Letter of Appointment

Taught introductory and upper level undergraduate courses in economics, including Introductory Microeconomics, Introductory Macroeconomics, Intermediate Price Theory and Intermediate Income Theory.

EDUCATION

Master of Science in Economics
University of Nevada, Reno, 1997

Bachelor of Science in Business Administration
University of Nevada, Reno, 1994

PROFESSIONAL ACTIVITIES & MEMBERSHIPS

Western Renewable Energy Generation Information System: WREGIS Committee Member
State/Provincial Representative - since its inception, Currently Vice-Chair. The Western Renewable Energy Generation Information System (WREGIS) is an independent, renewable energy tracking system for the region covered by the Western Electricity Coordinating Council (WECC). WREGIS tracks renewable energy generation from units that register in the system by using verifiable data and creates renewable energy certificates (RECs) for this generation.

NARUC Rate Design Subcommittee: Helped in drafting and preparing the "NARUC Manual on Distributed Energy Resources Rate Design and Compensation", November 2016

American Economic Association, Member
Western Economics Association International, Member

PUBLICATIONS

Anne-Marie Bellard, *The Role of Entrepreneurship in Reconstructing the Russian Economy*, University of Nevada Press, 1997.

AFFIRMATION

Pursuant to the requirements of NRS 53.045 and NAC 703.710, Anne-Marie Preisach, states that she is the person identified in the foregoing prepared testimony and/or exhibits; that such testimony and/or exhibits were prepared by or under the direction of said person; that the answers and/or information appearing therein are true to the best of his knowledge and belief; and that if asked the questions appearing therein, his answers thereto would, under oath, be the same.

I declare under penalty of perjury that the foregoing is true and correct.

Date: 10/02/2026 */s/ Anne-Marie Preisach*

Anne-Marie Preisach