26-05007

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

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

2026 Joint Integrated Resource Plan (2027-2046)
Docket No. 26-05007

Prepared Rebuttal Testimony of
Jimmy Daghlian
Phase III

1. Q. PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS ADDRESS AND PARTY FOR WHOM YOU ARE FILING TESTIMONY.

A. My name is Jimmy Daghlian. I am the Vice President, Engineering and Project Management, for Nevada Power Company d/b/a NV Energy ("Nevada Power") and Sierra Pacific Power Company d/b/a NV Energy ("Sierra" and, together with Nevada Power, the "Companies"). My business address is 6226 West Sahara Avenue, Las Vegas, Nevada 89146. I am testifying on behalf of the Companies.

2. Q. DID YOU PREVIOUSLY SUBMIT TESTIMONY IN THIS PROCEEDING?

A. Yes, I provided rebuttal testimony on October 6, 2026, in Phase II of this docket, the Companies' 2026 Joint Integrated Resource Plan (2027-2046). My qualifications were described in Q&A 3 and in **Exhibit Daghlian-Rebuttal-1** of my previously provided testimony.

3. Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I examine and respond to testimony submitted in Phase III concerning the nature and effect of Rule 9 line extension agreements. Specifically, I respond to Phase III testimony of the following interveners: (1) Michael P. Gorman on behalf of Reno

Power NR I, LLC ("Tract"); (2) William McCausland on behalf of PowerHouse Reno ("PowerHouse"); and (3) Alex Heard on behalf of Redwood Materials ("Redwood"). I also address and reference Phase III testimony of Dale Stransky filed on behalf of the Bureau of Consumer Protection ("BCP") and Alise Porto filed on behalf of Switch, Ltd ("Switch"). Load forecasting and resource planning issues raised by these witnesses are addressed in the rebuttal testimony of Companies' witnesses Tim Pollard, Kimberly Williams, Janet Wells and Shawn Elicegui.

Many of the assertions and positions to which I respond appear to be issues or questions that were or should have been addressed in Phase II of this proceeding. Out of an abundance of caution, I address these points in this Phase III testimony. If Phase II topics regarding the function and meaning of Rule 9 agreements are removed from Phase III, then my rebuttal testimony on those points may be disregarded.

4. Q. PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY.

A. Several interveners ask the Commission to treat a Rule 9 line extension agreement as if it were an agreement to supply generation and energy. It is not. Rule 9 governs line extensions – transmission and distribution facilities. A Rule 9 agreement provides for the physical facilities necessary to deliver electricity to an applicant's site and establishes who pays for these facilities. It does not commit the Companies to procure generation capacity or energy at the levels in the applicant's load ramp schedule. That ramp schedule is used to design and size transmission and distribution delivery facilities.

BCP's position aligns with mine and recognizes that high-voltage distribution ("HVD") agreements address substation and transmission facilities, not power from specific generating resources.[1] I recommend the Commission: (1) reject the contention that executed Rule 9 agreements create an obligation to plan generation for the full contracted load; (2) reject PowerHouse's request that its queue position be preserved absent an executed HVD agreement; (3) reject Redwood's claim that its Rule 9 agreement entitles it to generation supply; and (4) approve the Rule 9-related transmission and substation projects that BCP recommends rejecting.

I. THE RULE 9 LINE EXTENSION PROCESS

5. Q. PLEASE DESCRIBE THE RULE 9 LINE EXTENSION PROCESS.

A. Rule 9 governs the extension of transmission and distribution facilities to serve new or expanded load.[2] A large-load applicant generally begins with an engineering study that identifies the high-voltage distribution, substation and transmission facilities needed to interconnect its project. After the study phase, the applicant and the Companies execute a line extension agreement under Rule 9. Under Rule 9, Section A.15.a, the applicant "has Total Cost responsibility for Applicant's Project and is required to advance Total Costs prior to the start of construction." The Companies then design, permit, procure and construct interconnection facilities.

6. Q. WHAT IS THE DIFFERENCE BETWEEN A MASTER PLANNED COMMUNITY UMBRELLA AGREEMENT AND AN HVD AGREEMENT?

A. A Master Planned Community Umbrella ("MPCU") agreement establishes the umbrella framework for the proposed development including the Estimated Full

[1] Docket No. 26-05007, Phase III Direct Testimony of Dale Stransky at 13, Q&A 17.
[2] While each of Sierra and Nevada Power have their own Rule 9, those rules are materially identical to the extent they are discussed in my testimony. Any reference in my testimony to a singular "Rule 9" is meant to refer to both companies' tariffs.

Build-out Project Load ("EFBPL") and anticipated phasing. A Substation High-Voltage Distribution ("SHVD") or HVD agreement provides for the specific transmission, substation and high-voltage distribution facilities needed to serve a defined point of delivery and details the associated cost allocations, permitting requirements and other components for the installation of those facilities. The party that executes these agreements is the "applicant." The applicant may be an end-use fully bundled retail customer; a developer, such as Tract, that is not itself an end-use customer and will never consume a kilowatt-hour from the Companies; or a distribution-only service customer.

7. Q. WHAT IS THE PURPOSE OF THE LOAD RAMP SCHEDULE IN A RULE 9 AGREEMENT?

A. The load ramp schedule allows the Companies and the applicant to plan, design and construct the transmission and distribution facilities necessary to interconnect and serve the applicant's EFBPL. As the Companies explained in response to Fleet DR 34, "the Rule 9 load ramp schedule is not a commitment to provide generation or energy sufficient to support demand at the levels reflected in that schedule."[3] Delivery facilities are sized for the applicant's EFBPL because they must be capable of delivering it. Delivery facilities for a large-load customer are specific to that customer. Generation and energy are planned on a system-wide basis through the integrated resource planning process, in which large-load requests have historically been mitigated.

[3] Docket No. 26-05007, Phase III Prepared Direct Testimony of Michael Gorman, Exhibit Gorman-Direct-Revsied-07.

8. Q. DOES A RULE 9 AGREEMENT ADDRESS GENERATION OR ENERGY SUPPLY?

A. No. As the Companies stated in response to Tract DR 11, "a Rule 9 line extension agreement provides only for the physical facilities (wires) necessary to deliver electricity to a customer and outlines respective cost responsibility. A Rule 9 agreement is not an energy supply agreement."[4] Accordingly, the applicant's Total Cost responsibility under Rule 9 covers only costs associated with the line extension facilities. The Companies' HVD agreements have also required, or reserved the Companies' right to require, a large-load Rule 9 applicant to execute a separate written service agreement to account for generation capacity.[5]

9. Q. WHAT MINIMUM-USE PROVISIONS APPLY UNDER RULE 9?

A. Rule 9 agreements include a Reduction of Service or Termination Charge ("RSTC") that applies if a project does not reach a minimum level of load. Unless specifically modified in an agreement, the threshold is 25 percent of the stated load.[6,7] These provisions protect other customers from the cost of delivery facilities built for a specific large-customer load not materializing. They are not the counterpart of a commitment to supply generation.

II. THE COMPANIES' RESPONSE TO TRACT

10. Q. WHAT DOES TRACT CLAIM REGARDING ITS RULE 9 AGREEMENTS?

A. Tract asserts that the Companies are "misstating the words and intent of Rule 9 agreements," that they "ha[ve] contractually committed to serve the load" upon

[4] Docket No. 26-05007, Phase III Revised Direct Testimony of Michael P. Gorman at Exhibit Gorman-Direct-Revised-03.
[5] *See, e.g.,* Docket No. 26-05007, Phase II Direct Testimony of Adam Danise, Exhibits AED-2 and AED-3.
[6] *See* the Companies' Rule 1, Definitions.
[7] The Companies are recommending that the RSTC be increased to 50 percent Docket Nos. 26-03009 and 26-03010.

execution of a Rule 9 agreement, and that executed Rule 9 agreements "should remain, the basis of NV Energy's load forecast and resource planning."[8]

11. Q. DO YOU AGREE?

A. No. As I explained above, Rule 9 governs line extensions, and the applicant advances Total Costs[9] for the facilities only. Nothing in Rule 9 or in Tract's agreements commits the Companies to procure generation or energy at the levels in Tract's load ramp schedules.

12. Q. TRACT ARGUES THAT MINIMUM-USE PENALTIES IN ITS RULE 9 AGREEMENTS PROVE A SUPPLY OBLIGATION AND THAT IT IS "ILLOGICAL" TO HOLD CUSTOMERS TO THEM WITHOUT PLANNED SUPPLY.[10] PLEASE RESPOND.

A. Security, advances and capacity reallocation provisions protect the energy delivery facility investment and the delivery capacity reserved for the applicant. They ensure that other customers do not bear the cost of delivery transmission and distribution facilities, or lose access to delivery capacity, held for load that never arrives. They are not consideration for a generation commitment.

[8] Docket No. 26-05007, Phase III Revised Direct Testimony of Michael P. Gorman at 9, Q&A 11. *See also* Phase III Revised Direct Testimony of Michael P. Gorman at Q&As 26 and 33.
[9] As defined in Rule 9.
[10] *Id.* at Q&As 11 and 28.

13. Q. TRACT NOTES THAT THE COMMISSION APPROVED THE SHVD FACILITIES FOR THE FIRST PHASE OF TRACT'S SITES IN THE 2024 IRP.[11] DOES THAT APPROVAL ESTABLISH A PLANNING OBLIGATION FOR TRACT'S FULL LOAD?

A. No. The Commission's order in Docket No. 24-05041 approved delivery facilities. As Tract acknowledges, the Commission recognized that the Mackay 345 kV and Gosling 345 kV facilities provide "benefits beyond Tract's immediate use by strengthening the regional integrated network, creating additional points of interconnection into the Companies' high voltage network, and providing a 25 percent reservation for future use."[12] That order did not approve generation to serve Tract's load.

14. Q. TRACT STATES THAT AN MPC DEVELOPER IS NOT THE END-USE CUSTOMER THAT WOULD EXECUTE AN ELECTRIC SERVICE AGREEMENT.[13] HOW DOES THIS BEAR ON TRACT'S CLAIM?

A. It undercuts it. Tract is the applicant under its Rule 9 agreements, not a customer for electric service. By Tract's own description, it is a master planned community developer that acquires, entitles and prepares sites, including utility infrastructure, and is "not an end-use customer taking bundled retail electric service."[14] Its sites host end-use customers, such as its affiliate Fleet, which has intervened separately. An applicant that takes no electric service cannot hold an entitlement to generation supply. Any obligation to plan generation for an end-use customer arises through that customer's request for electric service and applicable service agreements, not

[11] *Id.* at 2-3, Q&A 5.
[12] *Id.* at 3, n. 2.
[13] *Id.* at 27, Q&A 26.
[14] *Id.* at 3, Q&A 5.

through the developer's line extension agreement for the construction of delivery facilities.

15. Q. TRACT DESCRIBES ITS PAYMENTS, SECURITY, LAND CONVEYANCES, ASSIGNMENT OF BUREAU OF LAND MANAGEMENT PERMITS, AND FINANCING OF LONG-LEAD EQUIPMENT AS INVESTMENTS MADE IN RELIANCE ON ITS RULE 9 LOAD RAMPS.[15] PLEASE RESPOND.

A. These are facility costs that are the applicant's responsibility under Rule 9. They reflect the normal course of business for every Rule 9 applicant and do not create a supply entitlement. Distribution-Only Service ("DOS") customers illustrate the point. DOS customers procure their own energy supply, either through a provider of new electric resources or through its own generation facilities, yet, a DOS customer goes through the same Rule 9 process and funds its transmission and distribution infrastructure. As stated in Switch's testimony, it confirms that it "frequently enters into Rule 9 agreements that call for it to fund the distribution and transmission investments necessary to supply its load" while being "responsible for procuring its own generation supply."[16] Rule 9 investment buys delivery capacity, not supply.

III. THE COMPANIES' RESPONSE TO POWERHOUSE

16. Q. WHAT DOES POWERHOUSE REQUEST?

A. PowerHouse asks the Commission to direct the Companies to include its full requested load in the forecast, based on site control, easements, investment, and a "multi-year engineering relationship" with the Companies. PowerHouse also asks

[15] *Id.* at 3-4, Q&A 6.
[16] Docket No. 26-05007, Phase III Direct Testimony of Alise Porto at 3, Q&A 6.

the Commission to prohibit the Companies from conditioning queue position on agreements the Commission has not approved.[17]

17. Q. WHAT IS THE STATUS OF POWERHOUSE'S RULE 9 PROCESS?

A. PowerHouse has not moved past the earliest stage of the Rule 9 process. It signed an engineering study agreement more than three years ago, in July 2023. It has not executed a Rule 9 line extension agreement or an HVD agreement.

Before the Companies can build the transmission and distribution facilities to serve the project, PowerHouse needs to execute an HVD agreement, advance Total Costs, and acquire easements and the applicable rights. The Companies then need to complete design, procure long-lead equipment, and construct the facilities.

The Commission should also understand that PowerHouse is a project developer, not an end-use customer. PowerHouse's request therefore should not be treated as committed customer load.

18. Q. HOW ARE QUEUE POSITIONS ESTABLISHED AND MAINTAINED IN THE RULE 9 PROCESS?

A. Upon request from a large-load applicant, an engineering study agreement is tendered, executed and funded. Once the agreement is executed and funded, the project is included in the load study queue. The load study queue sets the order in which the Companies study large load requests. The project's place in it determines how much existing and planned transmission system capacity is counted as available to it, and what new facilities it will need, compared with projects that

[17] Docket No. 26-05007, Phase III Direct Testimony of William McCausland at 2, 4-5.

entered the queue later. Queue position under Rule 9 turns on the applicant meeting Rule 9 milestones, including executing the HVD line extension agreement. The "agreements the Commission has not approved" that PowerHouse refers to are the proposed Large Load Electric Service Agreements ("LLESAs").[18] They are not the basis on which Rule 9 queue position is maintained.

19. Q. WHAT DO YOU RECOMMEND REGARDING POWERHOUSE'S QUEUE POSITION?

A. The Companies have already agreed to hold PowerHouse's queue position for 30 days after the Commission's order in this docket. Because PowerHouse has not executed an HVD agreement, it should not retain its queue position beyond that period absent execution.

IV. THE COMPANIES' RESPONSE TO REDWOOD

20. Q. DOES REDWOOD'S RULE 9 AGREEMENT ENTITLE IT TO GENERATION SUPPLY?

A. No. Redwood's Rule 9 agreement provides for transmission and distribution infrastructure only, it does not provide generation capacity. As I explained in my Phase II rebuttal testimony, Redwood's Rule 9 agreement obligates the Companies to install specified line extension facilities to serve the Redwood Battery Materials Campus. It does not obligate the Companies to make capacity available, and a Rule 9 agreement does not establish electric service.[19] Generation is handled separately. BCP reaches the same conclusion regarding HVD agreements.[20] Redwood's claim

[18] *Id.* at 2-3, Q&A 4.
[19] Docket No. 26-05007, Phase II Rebuttal Testimony of Jimmy Daghlian at Q&As 7-8.
[20] Docket No. 26-05007, Phase III Prepared Direct Testimony of Dale Stransky at 13, Q&A 17.

also conflicts with Tract's concession that the Companies should not plan to 100 percent of contracted Rule 9 load.[21]

V. THE COMPANIES' RESPONSE TO BCP

21. Q. WHAT DOES BCP RECOMMEND REGARDING RULE 9-RELATED PROJECTS?

A. BCP recommends that the Commission reject (1) substation projects with executed MPC agreements but no executed SHVD agreement, (2) projects not supported by executed SHVD agreements, and (3) projects supported only by Permitting and Design Agreements.[22]

22. Q. DO YOU AGREE WITH THESE RECOMMENDATIONS?

A. No. These facilities must advance before SHVD execution because of equipment and permitting lead times, and customer funding already advanced. Rejecting them would delay in-service dates.

23. Q. IS ANY PART OF BCP'S TESTIMONY CONSISTENT WITH THE COMPANIES' POSITION ON RULE 9?

A. Yes. BCP states that HVD agreements address upgrading substation and transmission facilities, not providing electric service from specific generating sources,[23]. I agree. That is the same distinction I describe above.

VI. CONCLUSION

24. Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

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[21] Docket No. 26-05007, Phase III Revised Direct Testimony of Michael P. Gorman at 31-32, Q&A 31.
[22] Docket No. 26-05007, Phase III Direct Testimony of Dale Stransky at 13-11, Q&A 13, and Exhibit No. DAS-2.
[23] *Id.* at 13, Q&A 17.

AFFIRMATION

Pursuant to the requirements of NRS 53.045 and NAC 703.710, JIMMY DAGHLIAN, states that he 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: November 2, 2026

Jimmy Daghlian