

145 FERC ¶ 61,238  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Cheryl A. LaFleur, Acting Chairman;  
Philip D. Moeller, John R. Norris,  
and Tony Clark.

Nevada Power Company	Docket Nos.	ER14-146-000
Sierra Pacific Power Company		ER14-147-000
NV Energy, Inc.		ER14-149-000

ORDER ACCEPTING PROPOSED INTERIM JOINT DISPATCH AGREEMENT  
AND REVISED OPEN ACCESS TRANSMISSION TARIFF

(Issued December 19, 2013)

1. In this order, the Commission accepts an Interim Joint Dispatch Agreement (Interim JDA) for Nevada Power Company (Nevada Power) and Sierra Pacific Power Company (Sierra Pacific) (jointly, Applicants), effective January 1, 2014, as requested, until such time when the Public Utilities Commission of Nevada (Nevada Commission) acts on a proposed internal reorganization under which the Applicants will be merged into a single corporate entity. The order also accepts revisions to the open access transmission tariff (Revised OATT) of NV Energy, Inc. (NV Energy), Applicants' parent, to be effective on the later of January 1, 2014 or the in-service date of the One Nevada Transmission Line (ON Line), which will directly interconnect Applicants.

**I. Background**

2. In 2009, Applicants, along with Great Basin Transmission, LLC (Great Basin), entered into discussions to jointly develop the ON Line.<sup>1</sup> As a result of the negotiations with Great Basin, Applicants entered into, and the Commission accepted, the ON Line Transmission Use and Capacity Exchange Agreement (Transmission Use Agreement), which provides for development, ownership, and usage arrangements between the

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<sup>1</sup> The ON Line was designed as a 235-mile, 500 kV line interconnecting Sierra Pacific's Robinson Summit Substation with Nevada Power's Harry Allen Substation.

parties.<sup>2</sup> The Commission found the ON Line accomplished the consolidation of the separate Sierra Pacific and Nevada Power balancing authority areas into a single balancing authority area, through which Applicants will provide single-system transmission service in a manner that provides increased capacity, cost savings, and increased reliability.<sup>3</sup>

3. On May 31, 2013, Applicants filed concurrent applications with this Commission in Docket No. EC13-113-000, pursuant to section 203(a)(1)(B) of Federal Power Act,<sup>4</sup> and with the Nevada Commission for approval of an internal corporate reorganization, under which Sierra Pacific would merge with and into Nevada Power to become a single corporate entity that would be renamed “NV Energy Operating Company,” doing business as “NV Energy.”<sup>5</sup>

4. However, Applicants state that the Nevada Commission’s current procedural schedule does not anticipate that the Nevada Commission will render a decision on the reorganization until after the ON Line goes into service.<sup>6</sup> Therefore, the Applicants argue that the proposed Interim JDA is needed to jointly dispatch the Applicants’ generation resources during the time period between the in-service date of ON Line and a potential reorganization of Sierra Pacific and Nevada Power.

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<sup>2</sup> *Nevada Power Co.*, 133 FERC ¶ 61,166 (2010).

<sup>3</sup> *Id.* P 29.

<sup>4</sup> 16 U.S.C. § 824b(a)(1)(B) (2012). On November 27, 2013, the Commission issued an order accepting NV Energy’s proposed internal reorganization. *NV Energy, Inc.*, 145 FERC ¶ 61,170 (2013).

<sup>5</sup> Additionally, on May 29, 2013, MidAmerican Energy Holdings Company (MidAmerican) and NV Energy announced that they had reached an agreement whereby MidAmerican will acquire NV Energy. On July 12, 2013, MidAmerican and NV Energy filed an application with the Commission in Docket No. EC13-128-000 for approval of the merger between MidAmerican and NV Energy, which the Commission is authorizing in a concurrent order. *Silver Merger Sub, Inc., NV Energy, Inc., Nevada Power Company, Sierra Pacific Power Company, MidAmerican Energy Holding Company*, 145 FERC ¶ 61,261 (2013).

<sup>6</sup> On November 19, 2013, Applicants submitted a letter clarifying its original transmittal letter with respect to the timing of the pending reorganization application before the Nevada Commission.

5. Also, on May 31, 2013, Applicants filed in Docket No. ER13-1607-000 revisions to the non-rate terms and conditions of their OATT to reflect the consolidation of the Sierra Pacific and Nevada Power utilities and transmission systems (May 31 OATT). In an order issued on August 5, 2013, the Commission, with the exception of a few issues summarily decided, set for hearing the proposed revisions to the May 31 OATT.<sup>7</sup>

6. On June 18, 2013, in Docket No. ER13-1724-000, NV Energy submitted an unexecuted transmission service agreement (TSA) with ORNI 47, LLC (collectively with Ormat Nevada, Inc., Ormat) for 27 MW of long-term, conditional firm, point-to-point transmission service. Additionally, on June 28, 2013, in Docket No. ER13-1860-000, NV Energy submitted an unexecuted TSA with Cargill Power Markets, LLC (Cargill) for 300 MW of transmission service.<sup>8</sup> In the TSAs, NV Energy claims, among other things, that it is limited to 760 MW of ON Line capacity in the event that Phase 2 of the ON Line is constructed, and that it intends to utilize the full 760 MWs of north-to-south ON Line capacity to serve its native load obligations. Ormat and Cargill argue that NV Energy has failed to meet the Commission's requirements for demonstrating native load priority and, thus, NV Energy has not carried its burden of proof to support its claim that all 760 MW of the available transmission capacity on the ON Line's north-to-south transmission path is needed to serve its native load.

#### **A. The Interim JDA**

7. On October 21, 2013, Nevada Power filed the Interim JDA in Docket No. ER14-146-000.<sup>9</sup> Applicants state that the purpose of the Interim JDA is to provide a contractual basis for Nevada Power and Sierra Pacific to efficiently dispatch their combined generation facilities on a joint basis after the ON Line goes into service, but prior to the final consummation of the internal reorganization as a single operating entity. Applicants state that Nevada Power will act as "Joint Dispatcher" and will jointly dispatch the companies' combined generation resources to meet their combined load and contractual

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<sup>7</sup> *NV Energy, Inc.*, 144 FERC ¶ 61,105, at P 63 (2013), *order on reh'g*, 145 FERC ¶ 61,080 (2013).

<sup>8</sup> An order addressing the issues in Docket Nos. ER13-1724-000 and ER13-1860-000 has been issued concurrent with this order. *See Nevada Power Co.*, 145 FERC ¶ 61,237 (2013).

<sup>9</sup> Nevada Power is the designated filer of the Interim JDA, in accordance with Order No. 714, *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008). Sierra Pacific submitted a certificate of concurrence to adopt it in Docket No. ER14-147-000.

commitments. As Joint Dispatcher, Nevada Power will also take transmission service, on behalf of the companies, to serve both Applicants' native load obligations and implement the joint dispatch. Under the Interim JDA, Nevada Power will also make power purchases and non-native load sales on behalf of the Applicants.<sup>10</sup>

8. Applicants state that the Interim JDA will implement joint dispatch of their system resources on a least-cost basis, subject to reliability and contractual requirements, and is intended to ensure that each company first recovers its individual costs for generation and then allocates any potential cost savings resulting from the joint dispatch to each company. Applicants explain that the lowest cost resources for Nevada Power and Sierra Pacific will be deemed to have provided service to each company's native load customers. Applicants state that, after both companies' native load customers have been served on a least-cost basis, the remaining dispatched generation resources will be deemed to have served off-system sales. Applicants state that the Interim JDA also provides that the two companies are to be compensated for the energy purchased and sold between them in accordance with joint dispatch. To fulfill this requirement, the Joint Dispatcher will calculate the payments for each hour on an after-the-fact basis and determine the cost each company would have incurred if it had operated on a stand-alone basis. Applicants state that the Joint Dispatcher will calculate a transfer payment between the two companies based on the cost of the energy generated by each company, adjusted to share the joint dispatch savings based on the ratio of the amount of energy generated by each company in that hour.<sup>11</sup>

9. Applicants also state that, for energy sales related to non-native load for each hour, the Interim JDA provides that the Joint Dispatcher will first allocate revenues generated from such sales to reimburse each company for the costs incurred to serve such sales as a result of the joint dispatch.<sup>12</sup>

10. Applicants explain that the Interim JDA is intended only to last during the period between the in-service date of ON Line and final determination of Applicants' proposed internal reorganization applications. Accordingly, Applicants state that the Interim JDA, by its terms, will terminate at the earlier of: (1) one year; (2) consummation of the internal reorganization following all applicable regulatory approvals; or (3) 120 days

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<sup>10</sup> Nevada Power Interim JDA Filing at 4.

<sup>11</sup> *Id.* at 4-5.

<sup>12</sup> *Id.* at 5.

following issuance of an order rejecting the internal reorganization.<sup>13</sup> Applicants request that the proposed Interim JDA become effective no later than January 1, 2014, the expected in-service date of the ON Line.<sup>14</sup>

### **B. The Revised OATT**

11. Also, on October 21, 2013, NV Energy filed the Revised OATT in Docket No. ER14-149-000. Applicants state that the Revised OATT amends the May 31 OATT to reflect the actual corporate organization that is expected to be in place on January 1, 2014. Specifically, the Revised OATT removes any reference to NV Energy Operating Company to ensure that the May 31 OATT properly references the current corporate entities.<sup>15</sup>

12. Additionally, Applicants state that the definition of “Transmission Provider” has been amended to reflect that Sierra Pacific delegated its obligations as Transmission Provider for its system to Nevada Power, and the term “Transmission Owner” has been added to the Revised OATT to support the contractual arrangements of the separately filed Interim JDA. Finally, Applicants state that the Revised OATT corrects minor typographical errors. Applicants state that it will update this Revised OATT consistent with the outcome of the hearing and settlement procedures in Docket No. ER13-1607-000.<sup>16</sup> Applicants request that the Revised OATT become effective on the later of January 1, 2014 or the in-service date of the ON Line.<sup>17</sup>

## **II. Notice of Filing and Responsive Pleadings**

13. Notice of Applicants’ filings in Docket Nos. ER14-146-000, ER14-147-000, and ER13-149-000 were published in the *Federal Register*, 78 Fed. Reg. 64,492 (2013), with interventions and protests due in each docket on or before November 12, 2013. A timely motion to intervene was filed in all three dockets by the Nevada Office of Attorney

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<sup>13</sup> Applicants have committed to making a filing with the Commission seeking an extension of the term of the Interim JDA within 60 days of the expiration date of the agreement unless a regulatory determination is made on the internal reorganization within 90 days of the expiration date of the Interim JDA.

<sup>14</sup> Nevada Power Interim JDA Filing at 5.

<sup>15</sup> NV Energy Revised OATT Filing at 3.

<sup>16</sup> *Id.* at n.1.

<sup>17</sup> *Id.*

General, Bureau of Consumer Protection. The Nevada Commission filed a timely notice of intervention in all three dockets. A timely motion to intervene with comments was filed regarding the Revised OATT in Docket No. ER14-149-000 by Barrick Goldstrike Mines Inc., Barrick Turquoise Ridge Inc., as operator of Turquoise Ridge Joint Venture, and Barrick Cortez Inc., as operator of Cortez Mines (collectively, Barrick Mines). On November 22, 2013, the Nevada Commission submitted supplemental comments in all three dockets requesting that the Commission restrict any ruling in these dockets to permit the Nevada Commission flexibility to continue its investigation of these issues in the retail merger application proceedings.

### **III. Discussion**

14. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2013), the notice of intervention and timely, unopposed motions to intervene serve to make the entities that filed them parties to the proceedings in which they filed.

#### **A. The Interim JDA**

15. We find that the Interim JDA, which proscribes how the combined resources of Nevada Power and Sierra Pacific will be jointly dispatched during the time period between the in-service date of the ON Line and the Nevada Commission's action on Applicants' pending request for state approval of its proposed internal reorganization, appears just and reasonable. Our determination here is limited to the issues presented in these proceedings (i.e., whether the terms of the proposed Interim JDA are just and reasonable), and we are not prejudging any other issues that may arise as a result of the Applicants' proposed internal reorganization.<sup>18</sup> Accordingly, we will accept the Interim JDA.

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<sup>18</sup> For example, we note that there are ongoing disputes regarding NV Energy's claim to native load priority over the ON Line. These disputes are being addressed in Docket Nos. ER13-1724-000 and ER13-1860-000, *Nevada Power*, 145 FERC ¶ 61,237 and were the subject of a prior Commission Order, *Sierra Pacific Power Co.*, 143 FERC ¶ 61,144 (2013), *order on reh'g*, 145 FERC ¶ 61,239 (2013). We clarify that, in accepting the Interim JDA, we are not determining any issues regarding NV Energy's right, if any, to claim native load priority over the ON Line prior to the proposed consolidation of NV Energy's two operating companies and balancing authority areas.

**B. The Revised OATT**

16. Barrick Mines states that it is concerned that the non-rate terms and conditions of both the May 31 OATT and the Revised OATT may frustrate Barrick Mines' existing relationships with: (1) Shell Energy North America L.P., which serves as Barrick Mines' Scheduling Coordinator;<sup>19</sup> and (2) NV Energy. Barrick Mines notes that, while Applicants represent that they will update the Revised OATT consistent with the outcome of the hearing and settlement procedures affecting the May 31 OATT in Docket No. ER13-1607-000, Barrick Mines may be negatively affected by any failure to do so on a timely basis.

17. Given that Barrick Mines is a party to the settlement and hearing proceedings in Docket No. ER13-1607-000, we find that the issue it raises in its comments here is best addressed in that proceeding. Applicants state that they will modify their OATT, if necessary, based on the outcome of those proceedings. Accordingly, we find the proposed changes to the Revised OATT to be reasonable and appropriate, in light of our acceptance of the Interim JDA, and will accept them.

**The Commission orders:**

(A) Applicants' Interim JDA filed in Docket Nos. ER14-146-000 and ER14-147-000 is hereby accepted for filing, to be effective on January 1, 2014, as discussed in the body of this order.

(B) Applicants' Revised OATT filed in Docket No. ER14-149-000 is hereby accepted for filing, to be effective on the later of January 1, 2014 or the in-service date of the ON Line, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>19</sup> Applicants propose to eliminate the term "Scheduling Coordinator" in the May 31 OATT and the Revised OATT.