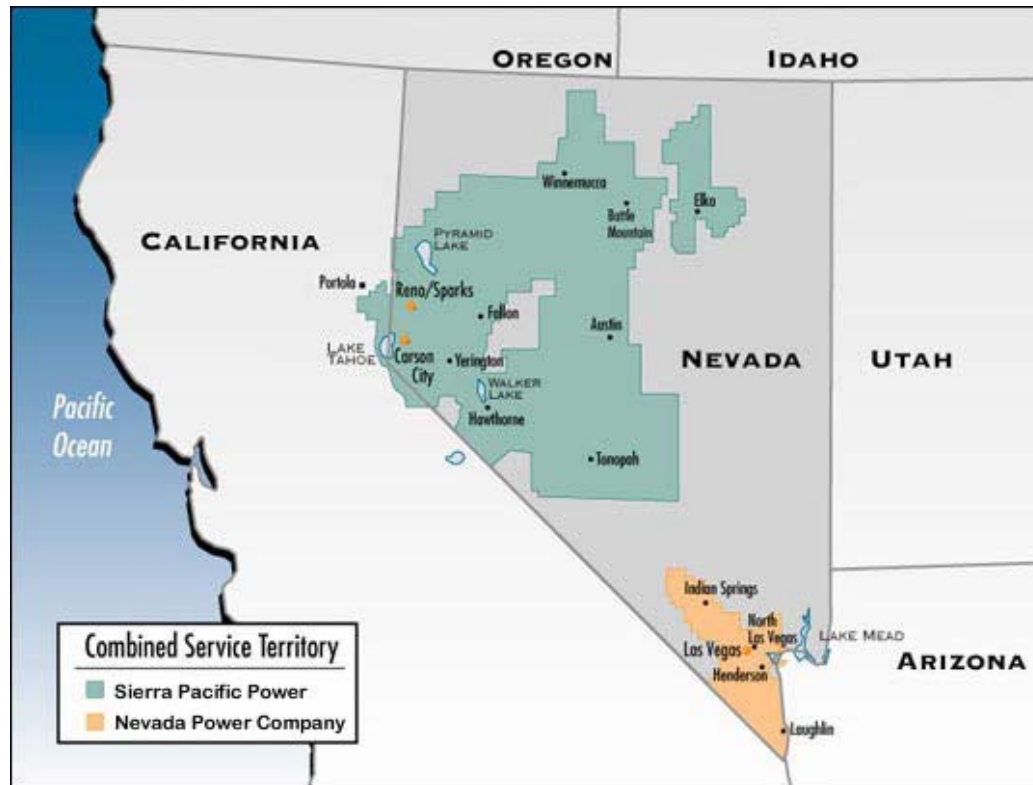


Recent History and Successes Energy Efficiency & Conservation State of Nevada

Presentation to
Arkansas Public Service
Commission
Feb. 21, 2006



Who are we?



Utility Facts

- Nevada Power Company---Electric only
 - 750,000 customers
 - 5600 Megawatts summer peak
 - \$1.8B in annual revenues
 - 4000 sq. miles, Las Vegas, Henderson, Clark Co.
- Sierra Pacific Company—Electric and Natural Gas
 - 350,000 electric customers, 150,000 gas customers
 - 1800 Megawatts summer/winter peak
 - \$1.0B in annual revenues
 - 50,000 sq. miles, Reno/Sparks, Carson City, Lake Tahoe
 - Small California service territory

Regulatory Environment

- Public Utilities Commission of Nevada
 - 3 Members Appointed by Governor
 - Chairman Donald L. Soderberg
 - Commissioners Carl Linville and Jo Ann Kelly
- PUCN Staff
 - Independent analysis
- Bureau of Consumer Protection
 - Division of State Attorney General's Office
 - Consumer Advocate—Eric Witkowski, Deputy AG

Conservation Programs History

- No Programs from about 1998
 - Like most utilities facing deregulation
- Even though Integrated Resource Planning required DSM consideration
- Pre 1998 spending was around \$11M at both utilities

Rebirth

- Born out of Western Regional Crisis of late 2000 and early 2001
 - Nevada expected rolling blackouts in summer of 2001
 - Wholesale energy prices exceed \$200 per Mwhr during some hours
- Deregulation laws in Nevada repealed in spring 2001
 - Utilities back in vertically integrated energy business

Rebirth--continued

- “Take Control” born---our DSM programs that were intended to give customers control of the craziness that was the Energy Crisis
- Initially \$2M for 2001 and \$3M for 2002 for both utilities
- Included in each utility’s Integrated Resource Plan in Summer of 2001.

DSM Collaboration

- Ordered by PUCN in late 2001 as result of IRP filings
- Initial meetings held late 2001/early 2002
- Lead to new set of programs--\$11.2M
 - Revised filings March 2002
 - Approved Oct 2002
 - Implemented April 2003
- To date, every Regulatory Case settled via stipulation—we are very proud of this!!!

Collaborative Participants

- Both Utilities
- PUCN Staff & Bureau of Consumer Advocate
- SWEEP & Land and Water Fund of the Rockies
- UNLV & UNR
- Low Income Advocates
- Air Conditioning Contracting Industry

EE & CSD - Mission

- To deliver education and information on the efficient use of energy for the benefit of our customers, community, and company
- To deliver cost-effective and approved demand-side, load management and customer-focused programs

EE & CSD Key Staff Resources

- We have 15 full time employees lead by:
 - Larry Holmes, Planning
 - Doug Hampton, Implementation
- Contractors
 - 6 main implementation firms, ~20 FTE's on programs
 - 2 firms assisting with planning & M&V
- Consultants
 - Business Development, Marketing Communications and Technology

EE & CSD - Budget

Nevada Resource Planning Programs

	2005 Budget	2006 Budget
Air Conditioning Load Management	\$3,450,000	\$3,600,000
High Efficiency Air Conditioning	2,600,000	15,625,000
Commercial Incentives	2,300,000	2,800,000
Low Income Support	1,361,000	1,216,000
Energy Education	1,205,000	1,243,000
Energy Star Appliances	1,200,000	2,050,000
School Support	850,000	850,000
Refrigerator Collection	700,000	1,915,000
Commercial New Construction	600,000	600,000
Other – Miscellaneous & Technology	225,000	725,000
Total Nevada Resource Planning Programs	\$14,491,000	\$30,624,000
SolarGenerations	1,780,075	7,220,000
Company Renewable - PV	1,000,000	1,750,000
California Program	370,000	563,000
Sierra Natural Gas Programs		820,000
Total All Programs	\$17,641,075	\$40,977,000

EE & CSD Objectives

- Energy Efficiency and Conservation Programs objectives are to:
 - Help customers use energy wisely
 - Comply with regulations and legislation (AB3/EPACT 2005)
 - Earn 5% above standard authorized utility ROE
 - Avoid costs of power plant construction and power purchasing

Help customers use energy wisely



A **Fiesta** just for **You** and your **Family!** Come **Celebrate Energy Savings**

Did you know The Home Depot and Nevada Power are *Working Together for Change?* Products with the ENERGY STAR® label use up to 70% less electricity—**saving you money on energy bills.**

Join us for:

- Free prizes and a chance to win new appliances
- Live broadcasts on Radio TriColor 105.1 FM
- Family activities, including a Home Depot kids clinic on July 30
- Ceiling fan installation workshops
- Specially priced ENERGY STAR products

Go to these Home Depot events and visit the ENERGY STAR display:

July 9 11 AM - 1 PM 1401 E. Charleston & Lamb Las Vegas	July 16 11 AM - 1 PM 1275 MLK & Craig North Las Vegas	July 23 4:30 PM - 6:30 PM 4750 W. Tropicana & Decatur Las Vegas	July 30 11 AM - 3 PM 1401 E. Charleston & Lamb Las Vegas
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Nevada Power.



Your Trusted Community Partners

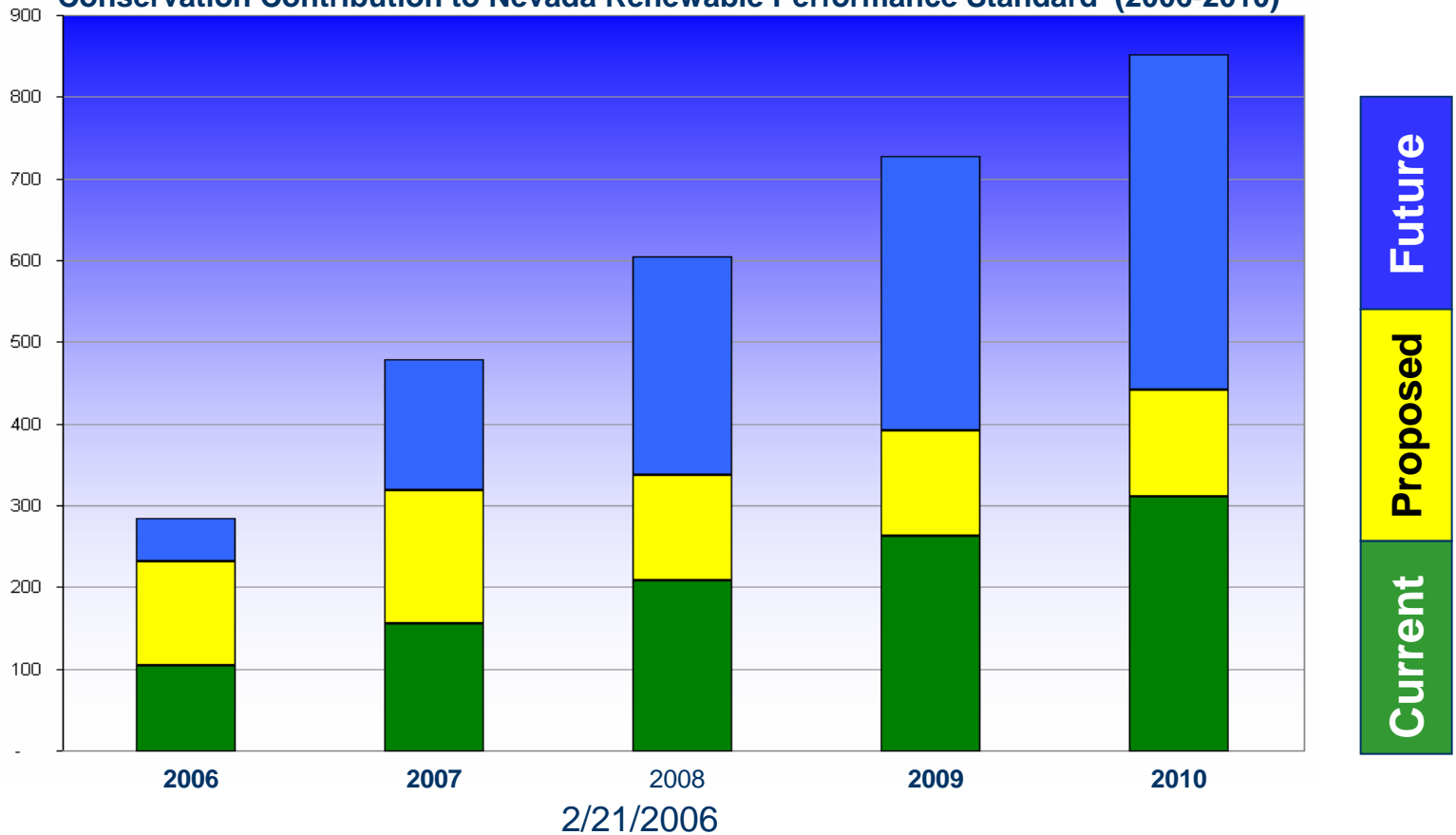
Comply with regulations and legislation - Nevada

- Nevada Special Legislative Session AB3
 - Allows energy efficiency measures to count for 25% of our Renewable Portfolio Standard of renewable power and now conservation
 - Portfolio Standard is 6% in 2006, 9% in 2007 and increasing to 20% in 2015
 - 50% must come from residential customers
 - Significant property tax relief for commercial buildings that are “green”
- SPR Response
 - Energy Efficiency conservation performance
 - 150,000 MWh in 2005
 - Energy Efficiency conservation performance must grow to
 - 967,869 MWh in 2010

Comply with regulations and legislation – Nevada

GWh

Conservation Contribution to Nevada Renewable Performance Standard (2006-2010)



Comply with regulations and legislation - Federal

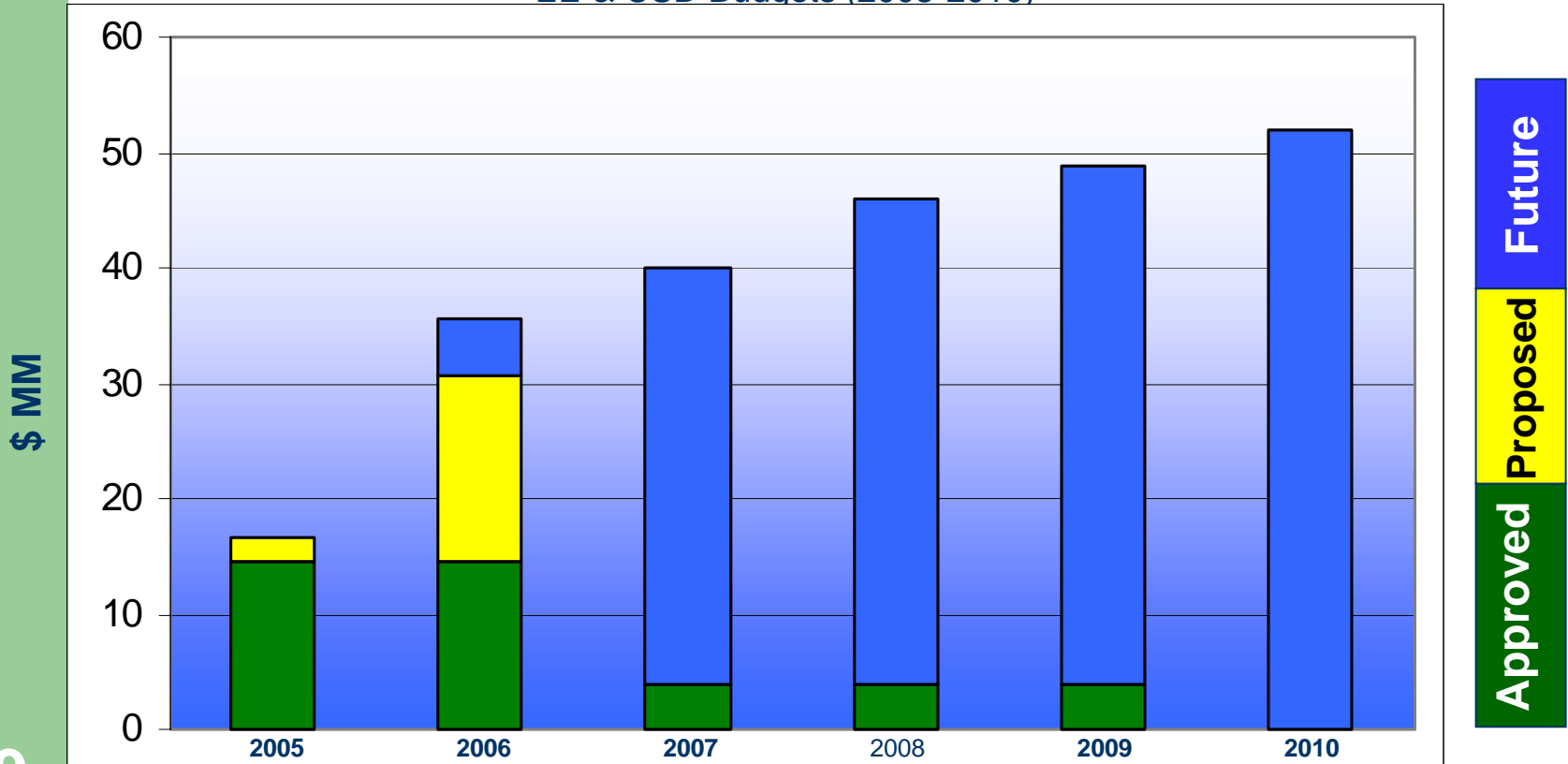
- Federal Energy Act of 2005
 - \$2000 tax credit to homebuilders designed for homes to use 50% less energy
 - Up to \$500 to homeowners for energy efficiency upgrades to their homes
 - AC units, appliances, water heaters, window
 - 30% tax credit for solar photovoltaic (pv) and solar hot water for homeowners
 - \$1.80 per sq. ft for commercial buildings designed to exceed ASHRAE standards 90.1-2001 by 50% or more
- We will be the experts in helping our customers take advantage of this Federal opportunity

Earn 5% above standard authorized utility ROE

- NAC 704.9503
 - A utility may recover all prudent and reasonable costs incurred in implementing programs for conservation and load management that have been approved by the Commission as part of the action plan of the utility, including, without limitation, the costs for labor, overhead, materials, incentives paid to customers, advertising, marketing and evaluation.
 - To calculate the revenue requirements, the utility must base the rate of return to be applied to the balance in the subsidiary accounts of Account 182.3 for each program that the utility has carried out on the authorized return on equity plus 5 percent.

EE & CSD Budgets must expand rapidly to meet objectives

EE & CSD Budgets (2005-2010)

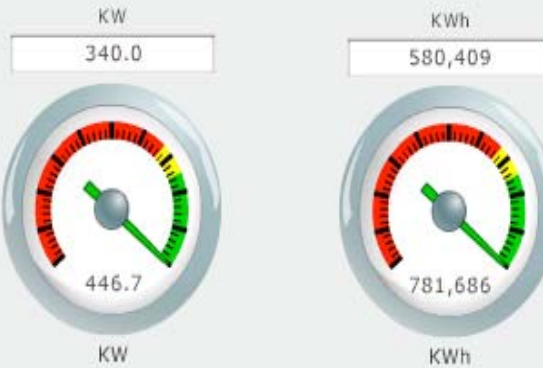


2/21/2006

Monitoring and Verification

- Document the energy savings, load reductions, and cost-effectiveness of energy efficiency and conservation programs
- Provide insight to enhance programs by increasing participation, raising energy savings, or cutting costs
- Suggest ways to improve the design of future programs
- Provide data to improve the utility's load forecasts and resource planning
- Standard Protocol—International Performance Measurement and Verification Protocol (IPMVP) sponsored by DOE—more info at www.ipmvp.org

2006 Summary (Thru Feb)



- Chart Selection
- Dashboard
 - Performance Metrics
 - KW Savings

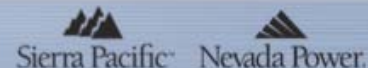


Average data refresh resolution for the dashboard is one hour.

Amounts currently reflect Retrofit Market only. The New Construction summaries are under construction.

Conservation Department Performance Dashboard

Last Updated on 1/1/2006



Nevada Power Program

- ACLM
- Commercial Incentives
- Commercial New Constructio
- Energy Education
- Energy Star Appliances
- High Efficiency AC
- Low Income Support
- Market and Technology
- Refrig Collection
- Schools Support
- NPC Total

Sierra Pacific Power
Shared Programs

Show All Programs



Total Costs



Participating Customers



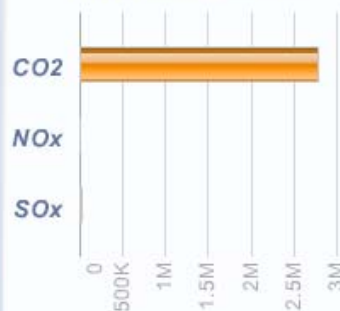
kWh Savings



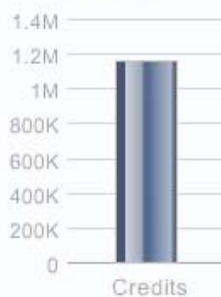
kW Saved



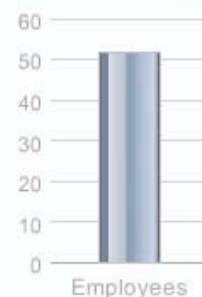
Environment Impact



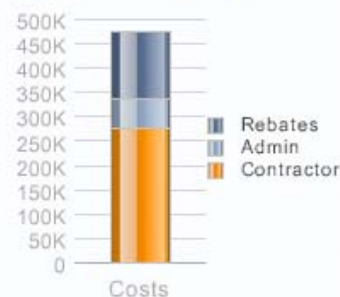
Renewable Credits



Employee Involvement



Year To Date Costs



\$/kWh



\$/kW



Customer Contribution %



Total Customer \$

Current Programs

- Air Conditioning Load Management (ACLM)
- High Efficiency Air Conditioning
- Commercial Incentives
- Low Income Energy Assistance & Weatherization
- Energy Education
- Energy Star ® Lighting & Appliances
- Other Programs (Schools, Refrigerators, New Construction, Technology)
- Solar Generations
- Sierra Natural Gas

Residential High Efficiency A/C

Highlights

- Provides incentives for higher-efficiency (+13 SEER) residential air conditioning units
 - \$300 for 13 SEER, \$900 for 19+ SEER
- Rebates paid to homeowners, builders or contractors on confirmed installation
- January 2006 Federal residential A/C unit efficiency standard rises to 13 SEER
- SPR team –partnered with 26 large homebuilders to avoid dump of 10 SEER units prior to deadline
 - 29,340 units with 26 builders

ACLM Highlights

- Residential customers cycling Air Conditioning (A/C) units (On/Off) using switches and programmable thermostats
- Rapid response during peak and power supply problems, to avoid power purchasing costs and curtailments
- 17,000 in place, 6,000 more approved for 2006
- Program potential: ~25% of residential customers
 - 250,000 participants would provide over 300MW of direct load control

Commercial Incentives (Sure Bet)

Highlights

- Provides incentives to commercial, industrial, and institutional customers who implement energy savings measures
- Retrofit and New Construction program components
- Association of Energy Services Professionals National Award for Achievement in Energy Efficiency

Low Income Energy Assistance and Weatherization **Highlights**

- State and Federal low income energy assistance programs (LIHEAP and UEC)
- Sierra Pacific Power Company's SAFE and Nevada Power Company's REACH programs
- DSM Weatherization programs
- Non-Profit Agency Grant Program
 - \$200,000 per year to improve building performance for these agencies

Low Income Energy Assistance and Weatherization in Operation

- Nevada State Housing Division (NSHD) receives a percentage of UEC funds
- NSHD also receives Department of Energy (DOE) funds to perform home weatherization
- \$3,246,387 in NSHD weatherization assistance distributed in FY 05 to 3,606 people
- Sub grantees include;
 - HELP of Southern Nevada
 - Neighborhood Services in Henderson
 - Community Services Agency in Reno
 - Citizens for Affordable Homes
 - Rural Nevada Development Corporation of Outlying Districts

Energy Education **Highlights**

- Energy Consultation
 - Field investigation and customer resolutions
 - Energy tips and specific recommendations
- Energy Education
 - Customer outreach at public events, seminars and classes
 - ~ 260,000 customers reached in 2004 and 2005
 - 1,050,000 bill stuffers each month

ENERGY STAR® Lighting and Appliances **Highlights**

A Market-Based Residential Program

- Targets residential customers
- Provides incentives for high-efficiency lighting products/appliances
- Transforms retail markets by promoting and educating consumers about products that provide energy savings
- Participating retailers: Home Depot, Lowes, Costco, Sears, Albertsons

● Products

- CFL's, Fixtures, Ceiling Fans, Refrigerators, Washers & Dryers

SPP Natural Gas Program **Highlights**

- Sierra Pacific Power Company provides natural gas service to 140,000 customers in the Reno/Sparks area of Northern Nevada
- Recently approved 26% rate increase
- Demand Side program for 2006/2007
 - Weatherization—400 homes
 - Water Heater blankets—4000 units
 - Efficient Space Heaters—2600 units at \$250 each
 - Technology

Future Program Concepts

- Solutions for Commercial, Industrial, and Institutional Customers
 - Small individual owner comprehensive motel/hotel program
 - Low Income Comprehensive Efficiency Solution
 - Commercial Construction—new approach
 - Signs and Exterior Lighting
 - Comprehensive A/C Program
 - Computer Power Supply High Efficiency Solutions
- Comprehensive Efficiency solutions for Residential Customers
 - Low-income
 - Existing homes
 - New manufactured homes
 - High-rise condominiums

Other Programs **Highlights**

- School Support
- Commercial New Construction
- Refrigerator Recycling
- Technology