



NV Energy Workforce Impacts of Question 3

Carolyn Barbash
Vice President, Energy Market Policy

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NV Energy Workforce



- NV Energy currently employs 2,465 Nevadans throughout the State
 - Over half of these employees are represented by the International Brotherhood of Electrical Workers (“IBEW”) and the terms and conditions of their employment are outlined in collective bargaining agreements
- NV Energy also contracts with local businesses who supply over 200 external employees to support the Company’s Energy Efficiency and Conservation programs
- The actual impacts Question 3 would have on employees is uncertain as a plan for implementing the Constitutional Amendment has not been provided
 - This presentation provides high level estimates based on a set of assumptions

Estimated Impact to NV Energy Employees



- Divestiture of energy supply assets and exit from the role of Electric Provider would result in at least a 30 percent reduction in NV Energy's workforce primarily in the following areas:
 - Generation
 - Renewables and Energy Efficiency
 - Resource Optimization
 - Resource Planning
 - Transmission Service and Energy Balancing
 - Customer Service
 - Support organizations (Finance, Government Affairs, Human Resources, Corporate Services, Community Affairs, Procurement, Legal, Rates and Regulatory, Environmental and Safety)

Impacts of Uncertainty on NV Energy Employees



- In the face of this uncertainty, the Company will likely see higher than anticipated attrition rates in the years leading to the divestiture as employees find new jobs outside the Company
 - Even assuming aggressive attrition and retirement rates leading up to 2023, the Company anticipates needing to pay a significant amount in severance costs in accordance with its collective bargaining agreements and Company policies
 - It is uncertain whether any purchasers of the Company's plants will hire these employees or whether these purchasers will honor the terms of the collective bargaining agreements
- This uncertainty will also impact the Company's ability to recruit new employees to positions that will soon be eliminated; thus, there is a significant threat that the Company will not be able to staff critical positions to maintain key functions
 - The Company has identified over 100 positions that will likely require retention payments to keep them filled beginning in 2019 and through 2022

Estimated Cost

Workforce Downsizing and Retention



- These severance and retention costs will be recovered from Nevada's electric customers as a cost of establishing the unregulated electrical retail market and are estimated below:
 - Severance costs: \$20.07 million for 311 non-represented employees
 - Severance costs: \$28.97 million for 368 represented employees
 - Retention costs: \$4.1 - \$7.0 million

Impact to NV Energy's External Workforce



- More than 200 external employees contracted by the Company to help administer Energy Efficiency and Conservation programs will no longer be needed as a result of the creation of an unregulated market



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