Garrett Group LLC
4028 Oakdale Farm Circle
Edmond, Oklahoma 73013
Telephone (405) 239-2226 ▪ E-mail mgarrett@garrettgroupllc.com

June 1, 2018

Matt Morris
Office of the Governor
101 North Carson Street, Suite 1
Carson City, NV 89701

RE: Stranded Cost/Benefit Study Workpapers

Dear Mr. Morris:

This material is to fulfill the request by the Governor's Energy Choice Committee that Mr. Mark Garrett supply his workpapers and reference material for the Stranded Cost/Benefit study he conducted for the Nevada Energy Choice Initiative.

Sincerely,

Garrett Group LLC

Mark Garrett

MEG/gjg

GARRETT GROUP, LLC

NVE STRANDED COST/BENEFIT ANALYSIS

May 9, 2018

Stranded Cost/Benefit Analysis for NVE

I. Stranded Cost/Benefit Overview

II. Stranded Cost/Benefit Study for 2023 Divestiture

III. Purchase Power Agreement

IV. TCJA Benefit for Ratepayers

V. Why the TCJA is Important

VI. Residential Customer Benefits Impact

I. Stranded Cost/Benefit Overview

- Stranded Cost = Above-Market Cost of Utility Generation Assets
- Stranded Cost or Benefit (Gain or Loss on Divestiture)

Utility Generation Assets (Plant)
Less: Accumulated Depreciation
Equals: Plant Net Book Value
Less: Market Sales Price
Equals: Gain or Loss on Divestiture

- Loss on Divestiture = Stranded Cost
- Gain on Divestiture = Stranded Benefit

"Stranded Cost" in Relation to Total Cost

- Ratepayers are Currently Paying the Total Cost of Generation
- Stranded Costs are a Subset of the Total Cost
- Ratepayers are Already Paying the Stranded Cost

Why Stranded Costs DO NOT Increase Total Costs

- Upon Divestiture:

Regulated Cost
Less: Market Price
Stranded Cost

- After Divestiture:

Market Price for Power
Plus: Stranded Cost
Regulated Cost

- Whether Net Gain or Net Loss Occurs at Divestiture, Bottom Line is:

Stranded Costs Do Not Increase Total Costs for Ratepayers

II. Stranded Cost/Benefit Study for 2023 Divestiture

- Utility Investment

  Plant at 2016 (from last Rate Case)

  Less: Accumulated Depreciation 2022

  = Net Plant Investment

- Market Prices

  EIA Regional Prices

  Less: Adjustment for Plant Age / Useful Life

  = Market Value

- Stranded Cost / Benefit

Conclusions of Stranded Cost/Benefit Study

(IN MILLIONS)

- Potential Stranded Net Benefit in 2023 of $303 million.

	Stranded Benefit 2023	TCJA Benefit 2023	Total
NPC	$276	$625	$901
SPPC	$27	$220	$247
TOTAL	$303	$845	$1,148

- Cannot Use Current Market Sales--They are NOT Comparable.
- Current Market Sales reflect the fact that all Retail Customers are Captive Customers of NVE.
- Market Sales after Divestiture would change to reflect the fact that Customers no longer would be Captive Customers of NVE.

III. Purchase Power Agreements

- Our Study assumed that Customers both on and off the system will be responsible for the costs of Purchase Power Agreements.
- This means that there are no stranded costs associated with these agreements.
- Customers responsible prior to 2023 will be responsible after 2023.
- Net Incremental Cost to Consumers = $0

IV. Tax Cuts and Job Act (TCJA) Benefits

- Tax Cuts and Jobs Act for Ratepayers' Benefit
- The Tax Rate Change from 35% to 21% Resulted in Excess Accumulated Deferred Income Tax (ADIT) on Utility's Books

• NPC	$625	M
• SPPC	$220	M
	$845	M in 2023

V. WHY TCJA IS IMPORTANT

- Customers leaving the system leave behind these benefits.
- The resulting excess ADIT is a Stranded Benefit.
- With divestiture, the excess generation ADIT can be refunded immediately to Ratepayers, rather than over a 30 to 40 year period required under the TCJA.

VI. RESIDENTIAL CUSTOMER BENEFIT

- If all of the Stranded Plant Benefit from divestiture and 2/3 of the Excess ADIT were amortized over a 3-year period, the Average Residential Customer's utility bill would be REDUCED by $11.16 per month.
- $11.16 per month*
- About 10%
- Solely from Recoupment of Stranded Benefits**

* Assumes NVE has 1,100,000 residential Customers making up 51% of NVE revenues.

** Other benefits include wholesale market savings from regional market participation, consumer product revenues and lower prices from competitive market forces.

NV ENERGY

2023 NET STRANDED COST/BENEFIT ESTIMATE

COMPANY-OWNED GENERATION

LN	DESCRIPTION	NPC Source: NPC WP (attached) Docket No. 17-06004	SPPC Source: SPPC WP (attached) Docket No. 16-06006	TOTAL
1	NET BOOK VALUE AS OF LAST GENERAL RATE CASE	$ 2,246,696,980	$ 678,031,586	$ 2,924,728,567
2	DEPRECIATION ACCRUAL THRU 2022	$ (691,883,694)	$ (331,200,898)	$(1,023,084,592)
3	NET BOOK VALUE 2023	$ 1,754,813,286	$ 396,830,688	$ 2,151,643,975
4	PROJECTED 2023 NET BOOK VALUE PER KW	$401	$289	$690
5	PROJECTED 2023 MARKET PRICE PER KW	$464	$309	$773
6	PROJECTED 2023 MARKET PRICE OF ASSETS	$ 2,030,733,384	$ 424,353,014	$ 2,455,086,399
7	PROJECTED 2023 NET STRANDED (COST) / BENEFIT	$ 275,920,098	$ 27,522,326	$ 303,442,424
8	EXCESS ADIT	$ 625,324,278	$ 219,499,949	$ 844,824,227
9	TOTAL 2023 NET STRANDED BENEFIT (TO BE RETURNED TO RATEPAYERS)	$ 901,244,376	$ 247,022,275	$ 1,148,266,651

NEVADA POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES AS OF DECEMBER 31, 2016

[SOURCE: Docket No. 17-06004; Staff 014 Attachment 01]

LN	ACCOUNT	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	ANNUAL DEPRECIATION AMOUNT	NET BOOK VALUE 2016	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
1	**PRODUCTION PLANT**									
2	CLARK	1100	756,558,845	347,483,912	24,808,152	409,074,933	260,226,021	876,700,000	301,549,779	41,323,758
3	GOODSPRINGS	5	26,903,510	434,767	1,277,035	26,468,743	18,806,533	5,285,000	3,694,407	(15,112,126)
4	HARRY ALLEN	628	809,427,350	171,535,162	26,551,273	637,892,188	478,584,550	663,796,000	392,478,102	(86,106,448)
5	HIGGINS	530	486,896,757	147,796,515	17,625,187	339,100,242	233,349,120	560,210,000	268,485,071	35,135,951
6	LAS VEGAS GENERATING STATIO	272	228,806,696	107,505,842	9,604,947	121,300,854	63,671,172	216,784,000	60,325,557	(3,345,615)
7	LENZIE	1100	521,096,926	82,687,548	20,916,344	438,409,378	312,911,314	1,162,700,000	698,184,861	385,273,547
8	NAVAJO	[Retired 2019]								
9	NELLIS SOLAR II	15	46,895,808	1,892,201	1,727,166	45,003,608	34,640,612	36,780,000	27,168,349	(7,472,262)
10	PHOTOVOLTAIC SOLAR		1,973,064	870,371	66,817	1,102,693	701,791	1,973,064	701,791	-
11	SILVERHAWK	520	300,165,093	82,845,770	11,118,188	217,319,323	150,610,195	549,640,000	275,786,191	125,175,996
12	SUNPEAK	210	93,073,430	82,048,411	1,618,840	11,025,019	1,311,979	167,370,000	2,359,276	1,047,297
13	**TOTAL PRODUCTION PLANT**	**4,380**	**3,271,797,478**	**1,025,100,498**	**115,313,949**	**2,246,696,980**	**1,554,813,286**	**4,241,238,064**	**2,030,733,384**	**475,920,098**
14	**NET BOOK VALUE 12/31/2016**					**2,246,696,980**			**$464** /	**per kW**
15	**DEPRECIATION ACCRUAL THRU 2022**					**(691,883,694)**				
16	**ADDITIONAL CAPITAL MAINTENANCE THROUGH 2022**					**200,000,000**				
17	**NET BOOK VALUE 2023**					**1,754,813,286**				
18	**NET BOOK VALUE PER KW 2023**					**$401**				
19	**PROJECTED MARKET PRICE PER KW 2023**					**$464**				
20	**PROJECTED MARKET PRICE OF ASSETS IN 2023**					**2,030,733,384**				
21	**PROJECTED 2023 STRANDED NET BENEFIT**		2018	(2018-2022)	2023	**275,920,098**				
			669,845,284	**(90,791,139)**	**579,054,145**					
22	**EXCESS ADIT - TCJA**	BCP1-06	**59,878,996**	**(13,608,863)**	**46,270,133**	**625,324,278**				
		18-02010	**729,724,280**	**(104,400,002)**	**625,324,278**					
23	**TOTAL PROJECTED 2023 STRANDED NET BENEFIT (TO BE RETURNED TO RATEPAYERS)**					**$ 901,244,376**				

Recap: EIA Installed Cost / kW

EIA Jan. 2017
NERC Area 19
AZNM/Southern Nevada

Technology	Installed $/kw
Combustion Turbine	797
Combined Cycle	1,057
Wind	2,006
PV	2,452

SIERRA PACIFIC POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AND ACCRUALS AS OF DECEMBER 31, 2015

[Source: Docket No. 16-06006]

LN	ACCOUNT	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	ANNUAL DEPRECIATION AMOUNT	NET BOOK VALUE 12/31/2015	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
1	**SPPC PRODUCTION PLANT**									
2	CLARK MOUNTAIN	132	58,937,183	39,547,675	2,689,454	19,389,508	563,330	94,776,000	905,883	342,553
3	FT CHURCHILL	226	80,190,081	50,666,098	3,709,281	29,523,983	3,559,016	227,582,000	10,100,601	(6,541,585)
4	TRACY	753	600,112,459	141,771,137	21,454,025	458,341,322	308,163,147	758,271,000	389,378,981	(81,215,834)
5	VALMY	261	378,820,945	208,044,172	19,461,654	170,776,773	34,545,195	262,827,000	23,967,550	(10,577,645)
6	**TOTAL PRODUCTION PLANT**	**1372**	**1,118,060,669**	**440,029,083**	**47,314,414**	**678,031,586**	**346,830,688**	**1,343,456,000**	**424,353,014**	**77,522,326**
7	**NET BOOK VALUE 2016**					**678,031,586**			**$309** /	**per kW**
8	**DEPRECIATION ACCRUAL THRU 2022**					**(331,200,898)**				
9	**ADDITIONAL CAPITAL MAINTENANCE THROUGH 2022**					**50,000,000**				
10	**NET BOOK VALUE 2023**					**396,830,688**				
11	**NET BOOK VALUE PER KW 2023**					**$289**		**Recap: EIA Installed Cost / kW**		
12	**PROJECTED MARKET PRICE PER KW 2023**					**$309**		EIA Jan. 2017 NERC Area 21 NWPP/Northern Nevada		
13	**PROJECTED MARKET PRICE OF ASSETS IN 2023**					**424,353,014**				
14	**PROJECTED 2023 STRANDED BENEFIT**		2018 **270,489,284** 5,771,806 BCP1-06	(2018-2022) **(55,449,367)** (1,311,774)	2023 **215,039,917** 4,460,032	**27,522,326**		Technology / Installed $/kw		
15	**EXCESS ADIT**	18-02010	**276,261,090**	**(56,761,141)**	**219,499,949**	**219,499,949**		Combustion Turbine 718 Combined Cycle 1,007 (also used for coal)		
16	**TOTAL PROJECTED 2023 STRANDED NET BENEFIT (TO BE RETURNED TO RATEPAYERS)**					**$ 247,022,275**				

NV ENERGY

2023 NET STRANDED COST/BENEFIT ESTIMATE

COMPANY-OWNED GENERATION

LN	DESCRIPTION	NPC Source: NPC WP (attached) Docket No. 17-06004	SPPC Source: SPPC WP (attached) Docket No. 16-06006	TOTAL
1	NET BOOK VALUE AS OF LAST GENERAL RATE CASE	$ 2,246,696,980	$ 678,031,586	$ 2,924,728,567
2	DEPRECIATION ACCRUAL THRU 2022	$ (691,883,694)	$ (331,200,898)	$(1,023,084,592)
3	NET BOOK VALUE 2023	$ 1,754,813,286	$ 396,830,688	$ 2,151,643,975
4	PROJECTED 2023 NET BOOK VALUE PER KW	$401	$289	$690
5	PROJECTED 2023 MARKET PRICE PER KW	$464	$309	$773
6	PROJECTED 2023 MARKET PRICE OF ASSETS	$ 2,030,733,384	$ 424,353,014	$ 2,455,086,399
7	PROJECTED 2023 NET STRANDED (COST) / BENEFIT	$ 275,920,098	$ 27,522,326	$ 303,442,424
8	EXCESS ADIT	$ 625,324,278	$ 219,499,949	$ 844,824,227
9	TOTAL 2023 NET STRANDED BENEFIT (TO BE RETURNED TO RATEPAYERS)	$ 901,244,376	$ 247,022,275	$ 1,148,266,651

NEVADA POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES AS OF DECEMBER 31, 2016

[SOURCE: Docket No. 17-06004; Staff 014 Attachment 01]

LN	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRALS		ANNUAL DEPRECIATION AMOUNT	NET BOOK VALUE 2016	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)				
1	**PRODUCTION PLANT**														
	CLARK COMMON	06-2034	SQUARE	0		1,001,488	552,427	449,061	2.56	25,661	17.5				
	CLARK COMMON	06-2034	75 - L0	(1)		19,060,034	10,107,629	9,143,005	2.97	565,905	16.2				
	CLARK COMMON	06-2034	55 - S1	0		5,029,738	1,873,748	3,155,990	3.78	189,980	16.6				
	CLARK COMMON	06-2034	60 - S1	0		22,152,601	14,882,698	7,269,904	2.09	462,899	15.7				
	CLARK COMMON	06-2034	50 - R2	0		4,735,825	3,373,643	1,362,182	1.74	82,324	16.5				
	CLARK COMMON	06-2034	40 - S0	0		2,150,381	1,179,937	970,444	3.11	66,776	14.5				
	CLARK COMMON	06-2038	75 - L0	(1)		4,086,248	2,569,361	1,557,749	1.94	79,138	19.7				
	CLARK COMMON	06-2038	50 - R0.5	0		13,321,895	8,425,960	4,895,935	1.94	258,533	18.9				
	CLARK COMMON	06-2038	50 - R2	0		546,748	246,879	299,869	2.73	14,902	20.1				
	CLARK PEAKER UNIT	06-2038	SQUARE	0		996	112	884	*4.12*	41	21.6				
	CLARK PEAKER UNIT	06-2038	75 - L0	(2)		26,116,989	6,757,402	19,881,927	3.82	998,116	19.9				
	CLARK PEAKER UNIT	06-2038	50 - S0	(2)		40,157,231	11,511,314	29,449,062	3.76	1,510,983	19.5				
	CLARK PEAKER UNIT	06-2038	50 - R0.5	(1)		266,101,398	81,072,735	187,689,677	3.64	9,696,591	19.4				
	CLARK PEAKER UNIT	06-2038	50 - R2	(1)		82,493,481	18,809,464	64,508,952	3.85	3,176,200	20.3				
	CLARK PEAKER UNIT	06-2038	40 - S0	(1)		857,093	187,314	678,350	4.20	36,032	18.8				
	CLARK UNIT 10	06-2034	75 - L0	(13)		882,633	393,520	603,856	4.16	36,758	16.4				
	CLARK UNIT 10	06-2034	55 - S1	(12)		23,026,378	15,638,393	10,151,149	2.78	639,590	15.9				
	CLARK UNIT 10	06-2034	60 - S1	(12)		21,527,945	14,064,333	10,046,965	2.88	619,844	16.2				
	CLARK UNIT 10	06-2034	50 - R2	(12)		7,657,981	4,074,913	4,502,025	3.67	280,846	16.0				
	CLARK UNIT 4	06-2020	75 - L0	(5)		21,953	21,665	1,385	1.83	402	3.4				
	CLARK UNIT 4	06-2020	50 - S0	(5)		247,815	238,022	22,184	2.65	6,562	3.4				
	CLARK UNIT 4	06-2020	50 - R0.5	(5)		6,130,412	6,359,541	77,391	0.37	22,469	3.4				
	CLARK UNIT 4	06-2020	50 - R2	(5)		62,250	61,608	3,755	1.75	1,092	3.4				
	CLARK UNIT 5	06-2034	75 - L0	(17)		1,822,743	1,356,062	776,547	2.58	46,960	16.5				
	CLARK UNIT 5	06-2034	50 - S0	(15)		1,953,589	1,947,628	299,000	0.96	18,808	15.9				
	CLARK UNIT 5	06-2034	50 - R0.5	(15)		32,458,037	21,017,274	16,309,468	3.16	1,026,904	15.9				
	CLARK UNIT 5	06-2034	50 - R2	(15)		738,463	743,573	105,659	0.87	6,405	16.5				
	CLARK UNIT 6	06-2034	75 - L0	(20)		1,225,810	1,343,529	127,442	0.66	8,034	15.9				
	CLARK UNIT 6	06-2034	50 - S0	(18)		1,822,451	1,832,696	317,796	1.13	20,633	15.4				
	CLARK UNIT 6	06-2034	50 - R0.5	(18)		26,772,215	20,256,312	11,334,901	2.66	711,545	15.9				
	CLARK UNIT 6	06-2034	50 - R2	(19)		885,058	734,971	318,249	2.22	19,619	16.2				
	CLARK UNIT 7	06-2033	75 - L0	(17)		1,096,392	1,157,621	125,158	0.76	8,309	15.1				
	CLARK UNIT 7	06-2033	50 - S0	(15)		1,700,458	1,687,536	267,991	1.06	17,962	14.9				
	CLARK UNIT 7	06-2033	50 - R0.5	(15)		31,988,687	20,418,536	16,368,454	3.39	1,085,210	15.1				
	CLARK UNIT 7	06-2033	50 - R2	(14)		1,586,657	1,474,075	334,715	1.38	21,928	15.3				
	CLARK UNIT 8	06-2033	75 - L0	(14)		1,367,647	635,260	923,858	4.36	59,654	15.5				
	CLARK UNIT 8	06-2033	50 - S0	(13)		458,442	430,322	87,717	1.27	5,821	15.1				
	CLARK UNIT 8	06-2033	50 - R0.5	(13)		41,477,634	28,619,140	18,250,586	2.91	1,206,526	15.1				
	CLARK UNIT 8	06-2033	50 - R2	(13)		642,181	470,644.46	255,020	2.57	16,500	15.5				
	CLARK UNIT 9	06-2033	75 - L0	(12)		1,410,834	958,707	621,426	2.87	40,445	15.4				
	CLARK UNIT 9	06-2033	55 - S1	(10)		20,637,865	13,463,278	9,238,373	2.99	616,358	15.0				
	CLARK UNIT 9	06-2033	60 - S1	(11)		30,784,036	20,892,259	13,278,022	2.80	862,852	15.4				
	CLARK UNIT 9	06-2033	50 - R2	(10)		7,415,991	4,801,915	3,355,676	3.01	222,859	15.1				
	CLARK UNIT 9	06-2033	40 - S0	(8)		944,142	839,956	179,717	1.40	13,176	13.6				
2	CLARK				1100	756,558,845	347,483,912	449,597,476		24,808,152	409,074,933	260,226,021	876,700,000	301,549,779	41,323,758
	GOODSPRINGS	06-2040	75 - L0	(4)		11,430,216	1,184,787	10,702,638	4.27	488,285	10,245,429	7,315,719		-	(7,315,719)
	GOODSPRINGS	06-2040	50 - R0.5	(3)		12,921,857	(1,096,661)	14,406,174	5.31	685,833	14,018,518	9,903,520		-	(9,903,520)
	GOODSPRINGS	06-2040	50 - R2	(4)		2,340,672	332,777	2,101,522	4.02	94,184	2,007,895	1,442,791		-	(1,442,791)
	GOODSPRINGS	06-2040	40 - S0	(3)		62,003	5,085	58,778	4.48	2,776	56,918	40,262		-	(40,262)
	GOODSPRINGS UNIT	06-2040	SQUARE	0		148,762	8,779	139,984	4.00	5,957	139,984	104,242		-	(104,242)
3	GOODSPRINGS				5	26,903,510	434,767	27,409,096		1,277,035	26,468,743	18,806,533	5,285,000	3,694,407	(15,112,126)
	HARRY ALLEN COMBI	06-2046	SQUARE	0		36,863	3,484	33,379	*3.07*	1,131	33,379	26,593		-	(26,593)
	HARRY ALLEN COMBI	06-2046	75 - L0	(3)		43,694,052	8,556,293	36,448,580	3.14	1,372,689	35,137,759	26,901,625		-	(26,901,625)
	HARRY ALLEN COMBI	06-2046	50 - S0	(3)		142,969,698	25,781,518	121,477,271	3.28	4,690,152	117,188,180	89,047,268		-	(89,047,268)
	HARRY ALLEN COMBI	06-2046	50 - R0.5	(1)		436,735,117	67,669,318	373,433,151	3.35	14,614,314	369,065,800	281,379,916		-	(281,379,916)
	HARRY ALLEN COMBI	06-2046	50 - R2	(2)		30,761,607	5,810,715	25,566,124	3.05	937,511	24,950,892	19,325,826		-	(19,325,826)
	HARRY ALLEN COMBI	06-2046	40 - S0	(1)		34,198,908	7,069,307	27,471,590	3.30	1,127,683	27,129,601	20,363,503		-	(20,363,503)
	HARRY ALLEN COMM	06-2046	SQUARE	0		1,168,562	545,573	622,989	*1.81*	21,118	622,989	496,281		-	(496,281)
	HARRY ALLEN COMM	06-2046	75 - L0	(1)		22,361,833	8,297,132	14,288,319	2.42	540,997	14,064,701	10,818,719		-	(10,818,719)
	HARRY ALLEN COMM	06-2046	50 - S0	(2)		2,393,439	2,072,435	368,872	0.59	14,156	321,004	236,068		-	(236,068)
	HARRY ALLEN COMM	06-2046	50 - R0.5	0		14,236,636	290,526	13,946,110	3.81	541,851	13,946,110	10,695,004		-	(10,695,004)
	HARRY ALLEN COMM	06-2046	50 - R2	0		2,895,132	1,506,012	1,389,120	1.74	50,433	1,389,120	1,086,522		-	(1,086,522)
	HARRY ALLEN COMM	06-2046	40 - S0	0		2,183,223	866,275	1,316,948	2.59	56,638	1,316,948	977,120		-	(977,120)

NEVADA POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES AS OF DECEMBER 31, 2016
[SOURCE: Docket No. 17-06004; Staff 014 Attachment 01]

LN	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRALS		ANNUAL DEPRECIATION AMOUNT	NET BOOK VALUE 2016	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)				
	HARRY ALLEN UNIT 3	06-2025	75 - L0	(3)		858,642	508,064	376,338	5.34	45,832	350,578	75,586		-	(75,586)
	HARRY ALLEN UNIT 3	06-2025	50 - R0.5	(3)		30,995,176	24,589,358	7,335,673	2.92	906,393	6,405,817	967,459		-	(967,459)
	HARRY ALLEN UNIT 3	06-2025	50 - R2	(3)		7,448,856	6,004,989	1,667,333	2.73	203,299	1,443,867	224,073		-	(224,073)
	HARRY ALLEN UNIT 4	06-2036	75 - L0	(1)		2,658,329	1,127,481	1,557,431	3.24	86,093	1,530,848	1,014,290		-	(1,014,290)
	HARRY ALLEN UNIT 4	06-2036	50 - S0	(1)		7,842,250	2,424,759	5,495,914	3.95	309,978	5,417,492	3,557,624		-	(3,557,624)
	HARRY ALLEN UNIT 4	06-2036	50 - R0.5	(3)		21,327,135	7,257,795	14,709,154	3.90	831,832	14,069,340	9,078,348		-	(9,078,348)
	HARRY ALLEN UNIT 4	06-2036	50 - R2	0		2,301,324	671,806	1,629,518	3.84	88,297	1,629,518	1,099,736		-	(1,099,736)
	HARRY ALLEN UNIT 4	06-2036	40 - S0	0		2,360,568	482,323	1,878,245	4.70	110,876	1,878,245	1,212,989		-	(1,212,989)
4	HARRY ALLEN				628	809,427,350	171,535,162	651,012,059		26,551,273	637,892,188	478,584,550	663,796,000	392,478,102	(86,106,448)
	HIGGINS	06-2039	75 - L0	(4)		42,494,826	12,880,732	31,313,886	3.57	1,519,167	29,614,093	20,499,091		-	(20,499,091)
	HIGGINS	06-2039	50 - S0	(4)		82,225,172	35,875,766	49,638,412	3.04	2,495,691	46,349,405	31,375,259		-	(31,375,259)
	HIGGINS	06-2039	50 - R0.5	(3)		308,307,189	79,996,870	237,559,535	3.85	11,865,927	228,310,319	157,114,757		-	(157,114,757)
	HIGGINS	06-2039	50 - R2	(3)		52,547,178	18,911,613	35,211,980	3.21	1,684,148	33,635,565	23,530,677		-	(23,530,677)
	HIGGINS	06-2039	40 - S0	(2)		1,322,392	131,534	1,217,307	4.56	60,254	1,190,859	829,335		-	(829,335)
5	HIGGINS				530	486,896,757	147,796,515	354,941,120		17,625,187	339,100,242	233,349,120	560,210,000	268,485,071	35,135,951
	LAS VEGAS GENERAT	06-2039	75 - L0	(1)		2,509,006	304,882	2,229,214	4.27	107,139	2,204,124	1,561,290		-	(1,561,290)
	LAS VEGAS GENERAT	06-2039	50 - S0	(2)		731,836	381,343	365,130	2.64	19,299	350,493	234,699		-	(234,699)
	LAS VEGAS GENERAT	06-2039	50 - R0.5	0		22,456,579	8,567,817	13,888,761	3.19	717,024	13,888,761	9,586,617		-	(9,586,617)
	LAS VEGAS GENERAT	06-2039	50 - R2	0		18,580,312	9,322,561	9,257,750	2.52	467,737	9,257,750	6,451,328		-	(6,451,328)
	LAS VEGAS GENERAT	06-2039	40 - S0	0		1,449,846	736,792	713,054	2.85	41,289	713,054	465,320		-	(465,320)
	LAS VEGAS GENERAT	06-2029	75 - L0	(16)		202,616	66,532	168,503	7.06	14,304	136,084	50,260		-	(50,260)
	LAS VEGAS GENERAT	06-2029	50 - S0	(15)		975,538	494,673	627,195	5.62	54,825	480,864	151,914		-	(151,914)
	LAS VEGAS GENERAT	06-2029	50 - R0.5	(15)		32,306,403	15,735,867	21,416,497	5.73	1,849,692	16,570,537	5,472,385		-	(5,472,385)
	LAS VEGAS GENERAT	06-2029	50 - R2	(15)		23,791,719	12,079,707	15,280,769	5.46	1,299,385	11,712,011	3,915,701		-	(3,915,701)
	LAS VEGAS GENERAT	06-2029	40 - S0	(13)		1,826,446	928,042	1,135,842	5.69	103,920	898,404	274,884		-	(274,884)
	LAS VEGAS GENERAT	06-2039	75 - L0	(30)		202,692	66,557	196,943	4.74	9,602	136,135	78,523		-	(78,523)
	LAS VEGAS GENERAT	06-2039	50 - S0	(27)		975,903	494,859	744,539	3.84	37,452	481,045	256,333		-	(256,333)
	LAS VEGAS GENERAT	06-2039	50 - R0.5	(27)		36,503,709	15,905,620	30,454,090	4.16	1,519,706	20,598,089	11,479,853		-	(11,479,853)
	LAS VEGAS GENERAT	06-2039	50 - R2	(29)		23,800,643	12,084,238	18,618,591	3.75	893,406	11,716,405	6,355,969		-	(6,355,969)
	LAS VEGAS GENERAT	06-2039	40 - S0	(23)		1,827,131	928,390	1,318,982	3.86	70,458	898,741	475,993		-	(475,993)
	LAS VEGAS GENERAT	06-2039	50 - S0	(29)		975,903	494,859	764,057	3.94	38,433	481,045	250,447		-	(250,447)
	LAS VEGAS GENERAT	06-2039	50 - R0.5	(28)		34,010,042	15,900,476	27,632,378	4.06	1,381,856	18,109,567	9,818,431		-	(9,818,431)
	LAS VEGAS GENERAT	06-2039	50 - R2	(30)		23,853,243	12,084,238	18,924,977	3.81	907,986	11,769,004	6,321,088		-	(6,321,088)
	LAS VEGAS GENERAT	06-2039	40 - S0	(24)		1,827,131	928,390	1,337,253	3.91	71,434	898,741	470,137		-	(470,137)
6	LAS VEGAS GENERATING STATION				272	228,806,696	107,505,842	165,074,525		9,604,947	121,300,854	63,671,172	216,784,000	60,325,557	(3,345,615)
	LENZIE COMMON	06-2041	75 - L0	(1)		29,661,137	2,563,022	27,394,727	4.11	1,218,130	27,098,115	19,789,335		-	(19,789,335)
	LENZIE COMMON	06-2041	50 - S0	(1)		9,253,332	2,584,820	6,761,045	3.38	312,753	6,668,512	4,791,994		-	(4,791,994)
	LENZIE COMMON	06-2041	50 - R0.5	0		10,129,264	180,942	9,948,321	4.50	455,743	9,948,321	7,213,863		-	(7,213,863)
	LENZIE COMMON	06-2041	50 - R2	0		2,028,688	195,684	1,833,004	3.89	78,928	1,833,004	1,359,436		-	(1,359,436)
	LENZIE COMMON	06-2041	40 - S0	0		1,157,463	109,011	1,048,452	4.21	48,737	1,048,452	756,030		-	(756,030)
7	LENZIE UNIT 1	06-2041	75 - L0	(4)		2,127,455	232,298	1,980,255	4.15	88,233	1,895,157	1,365,759		-	(1,365,759)
	LENZIE UNIT 1	06-2041	50 - S0	(4)		75,861,840	23,354,240	55,542,074	3.39	2,574,964	52,507,600	37,057,816		-	(37,057,816)
	LENZIE UNIT 1	06-2041	50 - R0.5	(3)		144,735,210	19,465,272	129,611,993	4.13	5,982,877	125,269,937	89,372,675		-	(89,372,675)
	LENZIE UNIT 1	06-2041	50 - R2	(3)		38,118,571	10,100,922	29,161,206	3.37	1,285,411	28,017,649	20,305,183		-	(20,305,183)
	LENZIE UNIT 1	06-2041	40 - S0	(3)		489,678	16,688	487,681	4.71	23,069	472,990	334,576		-	(334,576)
	LENZIE UNIT 2	06-2041	75 - L0	(5)		1,427,673	455,942	1,043,114	3.28	46,859	971,731	690,577		-	(690,577)
	LENZIE UNIT 2	06-2041	50 - S0	(5)		59,116,361	17,456,921	44,615,258	3.50	2,068,390	41,659,440	29,249,100		-	(29,249,100)
	LENZIE UNIT 2	06-2041	50 - R0.5	(4)		109,852,555	(4,584,473)	118,831,130	5.00	5,492,137	114,437,028	81,484,206		-	(81,484,206)
	LENZIE UNIT 2	06-2041	50 - R2	(4)		36,301,781	10,474,564	27,279,289	3.31	1,202,647	25,827,217	18,611,335		-	(18,611,335)
	LENZIE UNIT 2	06-2041	40 - S0	(3)		835,920	81,695	779,302	4.48	37,466	754,224	529,428		-	(529,428)
7	LENZIE				1100	521,096,926	82,687,548	456,316,851		20,916,344	438,409,378	312,911,314	1,162,700,000	698,184,861	385,273,547
	NAVAJO COMMON	12-2019	75 - L1	0		7,833,618	2,405,094	5,428,524	23.15	1,813,729	5,428,524	(5,453,850)		-	5,453,850
	NAVAJO COMMON	12-2019	75 - R1.5	0		21,321,439	14,096,708	7,224,731	11.37	2,423,475	7,224,731	(7,316,119)		-	7,316,119
	NAVAJO COMMON	12-2019	80 - R1	0		2,062,294	1,110,193	952,100	15.49	319,497	952,100	(964,882)		-	964,882
	NAVAJO COMMON	12-2019	75 - R2.5	0		1,334,372	925,535	408,836	10.21	136,285	408,836	(408,874)		-	408,874
	NAVAJO COMMON	12-2019	40 - O1	0		3,549,403	1,884,086	1,665,317	15.98	567,330	1,665,317	(1,738,663)		-	1,738,663
	NAVAJO UNIT 1	12-2019	75 - L1	(8)		6,588,210	6,236,684	878,582	4.49	296,056	351,526	(1,424,810)		-	1,424,810
	NAVAJO UNIT 1	12-2019	75 - R1.5	(8)		29,658,037	21,793,935	10,236,746	11.60	3,440,755	7,864,103	(12,780,427)		-	12,780,427
	NAVAJO UNIT 1	12-2019	80 - R1	(8)		7,017,804	6,313,042	1,266,187	6.06	425,572	704,762	(1,848,670)		-	1,848,670
	NAVAJO UNIT 1	12-2019	75 - R2.5	(8)		3,465,759	3,365,216	377,804	3.66	126,754	100,543	(659,981)		-	659,981
	NAVAJO UNIT 1	12-2019	40 - O1	(8)		931,446	917,067	88,895	3.29	30,647	14,379	(169,503)		-	169,503
	NAVAJO UNIT 2	12-2019	75 - L1	(8)		5,377,205	4,838,350	969,031	6.07	326,217	538,855	(1,418,447)		-	1,418,447
	NAVAJO UNIT 2	12-2019	75 - R1.5	(8)		32,132,686	22,229,439	12,473,861	13.04	4,188,610	9,903,246	(15,228,414)		-	15,228,414
	NAVAJO UNIT 2	12-2019	80 - R1	(8)		6,162,548	5,570,967	1,084,584	5.91	364,118	591,581	(1,593,127)		-	1,593,127

NEVADA POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE PERCENTS, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUAL RATES AS OF DECEMBER 31, 2016
[SOURCE: Docket No. 17-06004; Staff 014 Attachment 01]

LN	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRALS		ANNUAL DEPRECIATION AMOUNT	NET BOOK VALUE 2016	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	(10)				
	NAVAJO UNIT 2	12-2019	75 - R2.5	(8)		3,285,334	2,391,305	1,156,856	11.81	388,144	894,029	(1,434,835)		-	1,434,835
	NAVAJO UNIT 2	12-2019	40 - O1	(8)		1,200,321	1,212,372	83,974	2.40	28,792	(12,051)	(184,803)		-	184,803
	NAVAJO UNIT 3	12-2019	75 - L1	(6)		7,856,625	6,812,064	1,515,958	6.50	510,592	1,044,561	(2,018,991)		-	2,018,991
	NAVAJO UNIT 3	12-2019	75 - R1.5	(5)		46,351,178	30,005,835	18,662,902	13.52	6,264,636	16,345,343	(21,242,473)		-	21,242,473
	NAVAJO UNIT 3	12-2019	80 - R1	(5)		6,882,343	5,845,264	1,381,196	6.75	464,334	1,037,079	(1,748,925)		-	1,748,925
	NAVAJO UNIT 3	12-2019	75 - R2.5	(5)		8,323,893	6,216,029	2,524,059	10.18	847,005	2,107,865	(2,974,165)		-	2,974,165
	NAVAJO UNIT 3	12-2019	40 - O1	(5)		1,003,376	1,024,281	29,264	1.00	10,005	(20,904)	(80,934)		-	80,934
8	NAVAJO		[Retired 2019]												
	NELLIS SOLAR II	06-2045	SQUARE	(9)		46,895,808	1,892,201	49,224,230	3.68	1,727,166	45,003,608	34,640,612		-	(34,640,612)
9	NELLIS SOLAR II				15	46,895,808	1,892,201	49,224,230		1,727,166	45,003,608	34,640,612	36,780,000	27,168,349	(7,472,262)
	PHOTOVOLTAIC SOL/		25 - R2.5	0		1,973,064	870,371	1,102,693	3.39	66,817	1,102,693	701,791		-	(701,791)
10	PHOTOVOLTAIC SOLAR					1,973,064	870,371	1,102,693		66,817	1,102,693	701,791	1,973,064	701,791	-
	SILVERHAWK	06-2039	75 - L0	(3)		29,261,172	7,523,769	22,615,239	3.75	1,096,047	21,737,404	15,161,122		-	(15,161,122)
	SILVERHAWK	06-2039	50 - R0.5	(2)		97,990,057	34,629,279	65,320,579	3.34	3,274,214	63,360,777	43,715,493		-	(43,715,493)
	SILVERHAWK	06-2039	50 - R0.5	(2)		154,680,218	34,785,140	122,988,682	3.97	6,141,789	119,895,078	83,044,344		-	(83,044,344)
	SILVERHAWK	06-2039	50 - R2	(2)		17,941,252	5,893,929	12,406,148	3.31	593,149	12,047,323	8,488,429		-	(8,488,429)
	SILVERHAWK	06-2041	40 - S0	(2)		292,395	13,653	284,590	4.44	12,989	278,742	200,808		-	(200,808)
11	SILVERHAWK				520	300,165,093	82,845,770	223,615,238		11,118,188	217,319,323	150,610,195	549,640,000	275,786,191	125,175,996
	SUNPEAK	06-2026	SQUARE	0		219,906	127,605	92,302	*4.42*	9,716	92,302	34,006		-	(34,006)
	SUNPEAK	06-2026	75 - L0	(4)		13,549,536	6,025,708	8,065,809	6.51	882,701	7,523,827	2,227,621		-	(2,227,621)
	SUNPEAK	06-2026	50 - S0	(4)		2,315,021	2,315,021	92,601	0.45	10,475	-	(62,850)		-	62,850
	SUNPEAK	06-2026	50 - R0.5	(4)		*57,039,520*	*57,039,520*	*2,281,581*	0.45	*255,496*	-	(1,532,976)		-	1,532,976
	SUNPEAK	06-2026	50 - R0.5	(4)		12,442,989	9,085,720	3,854,989	3.40	423,294	3,357,269	817,505		-	(817,505)
	SUNPEAK	06-2026	50 - R2	(4)		5,790,418	5,750,331	271,704	0.52	30,049	40,087	(140,207)		-	140,207
	SUNPEAK	06-2026	40 - S0	(3)		1,716,039	1,704,506	63,014	0.41	7,109	11,533	(31,121)		-	31,121
12	SUNPEAK				210	93,073,430	82,048,411	14,722,000		1,618,840	11,025,019	1,311,979	167,370,000	2,359,276	1,047,297
13	**TOTAL PRODUCTION PLANT**				**4,380**	**3,271,797,478**	**1,025,100,498**	**2,393,015,288**		**115,313,949**	**2,246,696,980**	**1,554,813,286**	**4,241,238,064**	**2,030,733,384**	**475,920,098**
14	**NET BOOK VALUE 12/31/2016**										**2,246,696,980**			**$464** /	**per kW**
15	**DEPRECIATION ACCRUAL THRU 2022**										**(691,883,694)**				
16	**ADDITIONAL CAPITAL MAINTENANCE THROUGH 2022**										**200,000,000**				
17	**NET BOOK VALUE 2023**										**1,754,813,286**				
18	**NET BOOK VALUE PER KW 2023**										**$401**				
19	**PROJECTED MARKET PRICE PER KW 2023**										**$464**				
20	**PROJECTED MARKET PRICE OF ASSETS IN 2023**										**2,030,733,384**				
21	**PROJECTED 2023 STRANDED NET BENEFIT**					2018	(2018-2022)			2023	**275,920,098**				
						669,845,284	**(90,791,139)**			**579,054,145**					
22	**EXCESS ADIT - TCJA**				BCP1-06	59,878,996	(13,608,863)			46,270,133	**625,324,278**				
					18-02010	**729,724,280**	**(104,400,002)**			**625,324,278**					
23	**TOTAL PROJECTED 2023 STRANDED NET BENEFIT (TO BE RETURNED TO RATEPAYERS)**										**$ 901,244,376**				

Recap: EIA Installed Cost / kW

EIA Jan. 2017
NERC Area 19
AZNM/Southern Nevada

Technology	Installed $/kw
Combustion Turbine	797
Combined Cycle	1,057
Wind	2,006
PV	2,452

SIERRA PACIFIC POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AND ACCRUALS AS OF DECEMBER 31, 2015
[Source: Docket No. 16-06006]

LN	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRALS	CALCULATED ANNUAL ACCRU RATE	ANNUAL DEPRECIATION AMOUNT	OMPO MAIN LIFE	NET BOOK VALUE 12/31/2015	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	##			ORIGINAL COST	VALUE	DIFFERENTIAL
1	**SPPC PRODUCTION PLANT**															
	BRUNSWICK	12-2019	SQUARE	(65)		23,728	28,079	11,072	11.66	2,767	4.0					
	BRUNSWICK	12-2019	SQUARE	(65)		7,708	10,999	1,719	5.58	430	4.0					
	BRUNSWICK	12-2019	SQUARE	(65)		606,804	772,342	228,884	9.43	57,221	4.0					
	BRUNSWICK	12-2019	SQUARE	(65)		151,292	205,280	44,352	7.33	11,088	4.0					
	BRUNSWICK				[Retired 2019]											
	CLARK MOUNTAIN CT NO. 3	12-2024	90 - R1.5	(6)		2,400,198	1,760,886	783,324	3.68	88,434	8.9					
	CLARK MOUNTAIN CT NO. 3	12-2024	70 - R1.5	(6)		5,063,651	3,889,513	1,477,957	3.32	168,048	8.8					
	CLARK MOUNTAIN CT NO. 3	12-2024	50 - S0.5	(6)		9,620,647	6,892,990	3,304,896	4.05	389,245	8.5					
	CLARK MOUNTAIN CT NO. 3	12-2024	45 - S0	(6)		9,987,582	6,072,336	4,514,501	5.34	533,320	8.5					
	CLARK MOUNTAIN CT NO. 3	12-2024	60 - S1.5	(6)		4,325,546	1,678,326	2,906,753	7.60	328,809	8.8					
	CLARK MOUNTAIN CT NO. 3	12-2024	40 - O1	(5)		317,087	193,505	139,437	5.28	16,753	8.3					
	CLARK MOUNTAIN CT NO. 4	12-2024	90 - R1.5	(7)		2,370,014	1,742,023	793,892	3.78	89,628	8.9					
	CLARK MOUNTAIN CT NO. 4	12-2024	70 - R1.5	(7)		5,022,992	3,863,540	1,511,062	3.42	171,821	8.8					
	CLARK MOUNTAIN CT NO. 4	12-2024	50 - S0.5	(7)		10,418,456	7,437,033	3,710,715	4.19	436,958	8.5					
	CLARK MOUNTAIN CT NO. 4	12-2024	45 - S0	(6)		5,631,145	3,969,027	1,999,986	4.22	237,767	8.4					
	CLARK MOUNTAIN CT NO. 4	12-2024	60 - S1.5	(7)		3,443,309	1,820,689	1,863,651	6.19	213,185	8.7					
	CLARK MOUNTAIN CT NO. 4	12-2024	40 - O1	(6)		336,555	227,807	128,941	4.60	15,486	8.3					
2	CLARK MOUNTAIN				132	58,937,183	39,547,675	23,135,115		2,689,454		19,389,508	563,330	94,776,000	905,883	342,553
	FT CHURCHILL COMMON	12-2028	SQUARE	0		46,092	16,642	29,450	4.91	2,265	##				-	-
	FT CHURCHILL COMMON	12-2028	90 - S1	0		3,973,293	2,588,325	1,384,969	2.70	107,323	##				-	-
	FT CHURCHILL COMMON	12-2028	55 - S0	(1)		2,599,302	797,170	1,828,125	5.67	147,322	##				-	-
	FT CHURCHILL COMMON	12-2028	65 - L1	(1)		147,858	82,242	67,094	3.56	5,270	##				-	-
	FT CHURCHILL COMMON	12-2028	60 - S1	0		1,383,087	508,464	874,623	4.93	68,239	##				-	-
	FT CHURCHILL COMMON	12-2028	50 - R1.5	0		2,081,169	1,325,809	755,360	2.91	60,666	##				-	-
	FT CHURCHILL UNIT 1	12-2025	90 - S1	(19)		2,914,707	2,866,290	602,211	2.13	62,071	9.7				-	-
	FT CHURCHILL UNIT 1	12-2025	55 - S0	(18)		20,707,402	11,169,574	13,265,161	6.50	1,345,095	9.9				-	-
	FT CHURCHILL UNIT 1	12-2025	65 - L1	(18)		8,048,178	7,014,648	2,482,203	3.16	254,470	9.8				-	-
	FT CHURCHILL UNIT 1	12-2025	60 - S1	(16)		1,633,199	1,523,188	371,323	2.45	39,936	9.3				-	-
	FT CHURCHILL UNIT 1	12-2025	50 - R1.5	(17)		921,307	287,955	789,974	8.90	81,958	9.6				-	-
	FT CHURCHILL UNIT 2	12-2028	90 - S1	(18)		2,448,286	2,567,952	321,025	1.02	25,076	##				-	-
	FT CHURCHILL UNIT 2	12-2028	55 - S0	(17)		18,760,977	8,140,801	13,809,542	5.84	1,094,950	##				-	-
	FT CHURCHILL UNIT 2	12-2028	65 - L1	(17)		12,812,584	9,915,453	5,075,271	3.17	405,881	##				-	-
	FT CHURCHILL UNIT 2	12-2028	60 - S1	(15)		1,514,744	1,702,325	39,630	0.20	3,079	##				-	-
	FT CHURCHILL UNIT 2	12-2028	50 - R1.5	(16)		197,897	159,261	70,299	2.87	5,680	##				-	-
3	FT CHURCHILL				226	80,190,081	50,666,098	41,766,260		3,709,281		29,523,983	3,559,016	227,582,000	10,100,601	6,541,585
	SOLAR	06-2032	SQUARE	0		1,427,657	286,245	1,141,412	4.85	69,177	##				-	-
	SOLAR				[Immaterial]	1,427,657	286,245	1,141,412		69,177		1,141,412			-	-
															#DIV/0!	#DIV/0!
	TRACY COMMON	12-2043	SQUARE	0		203,037	134,593	68,444	1.20	2,445	##				-	-
	TRACY COMMON	12-2028	90 - S1	(1)		4,455,013	2,843,762	1,655,801	2.89	128,762	##				-	-
	TRACY COMMON	12-2028	55 - S0	(1)		2,635,818	790,051	1,872,125	5.77	152,036	##				-	-
	TRACY COMMON	12-2028	65 - L1	(1)		371,594	316,263	59,047	1.29	4,785	##				-	-
	TRACY COMMON	12-2028	60 - S1	0		486,005	282,777	203,228	3.33	16,195	##				-	-
	TRACY COMMON	12-2028	50 - R1.5	0		914,768	428,682	486,086	4.29	39,208	##				-	-
	TRACY UNIT 3	12-2028	90 - S1	(11)		2,321,999	2,263,857	313,562	1.07	24,906	##				-	-
	TRACY UNIT 3	12-2028	55 - S0	(10)		31,305,325	16,449,602	17,986,256	4.61	1,443,906	##				-	-
	TRACY UNIT 3	12-2028	65 - L1	(10)		10,771,303	9,997,180	1,851,254	1.41	152,038	##				-	-
	TRACY UNIT 3	12-2028	60 - S1	(9)		4,265,590	4,271,419	378,074	0.75	31,923	##				-	-
	TRACY UNIT 3	12-2028	50 - R1.5	(9)		645,935	606,848	97,221	1.28	8,242	##				-	-
	TRACY UNITS 4 AND 5	12-2031	90 - R1.5	(3)		7,821,487	(7,103)	8,063,235	6.57	513,525	##				-	-
	TRACY UNITS 4 AND 5	12-2031	70 - R1.5	(3)		1,183,473	907,124	311,853	1.71	20,197	##				-	-
	TRACY UNITS 4 AND 5	12-2031	50 - S0.5	(3)		152,110	141,292	15,382	0.70	1,058	##				-	-
	TRACY UNITS 4 AND 5	12-2031	45 - S0	(3)		39,331,448	14,969,655	25,541,737	4.42	1,737,535	##				-	-
	TRACY UNITS 4 AND 5	12-2031	60 - S1.5	(3)		28,862,919	19,409,448	10,319,359	2.34	676,281	##				-	-
	TRACY UNITS 4 AND 5	12-2031	40 - O1	(3)		2,215,753	(54,457)	2,336,682	7.43	164,716	##				-	-
	TRACY UNITS 8, 9 AND 10	12-2043	90 - R1.5	(3)		54,102,629	5,387,134	50,338,574	3.45	1,866,404	##				-	-
	TRACY UNITS 8, 9 AND 10	12-2043	70 - R1.5	(3)		96,005,883	19,219,968	79,666,091	3.14	3,013,070	##				-	-
	TRACY UNITS 8, 9 AND 10	12-2043	45 - S0	(2)		252,272,407	30,641,995	226,675,860	3.76	9,480,993	##				-	-
	TRACY UNITS 8, 9 AND 10	12-2043	60 - S1.5	(3)		29,518,078	5,948,394	24,455,226	3.09	911,276	##				-	-
	TRACY UNITS 8, 9 AND 10	12-2043	40 - O1	(2)		30,269,883	6,822,653	24,052,628	3.52	1,064,524	##				-	-
4	TRACY				753	600,112,459	141,771,137	476,747,725		21,454,025		458,341,322	308,163,147	758,271,000	389,378,981	81,215,834
	VALMY UNIT 1	12-2025	SQUARE	0		10,000	10,000	-	-	-	#				-	-
	VALMY UNIT 1	12-2025	90 - S1	(6)		24,441,824	18,867,069	7,041,264	2.92	714,247	9.9				-	-
	VALMY UNIT 1	12-2025	55 - S0	(6)		81,162,832	48,484,084	37,548,518	4.79	3,890,924	9.7				-	-
	VALMY UNIT 1	12-2025	65 - L1	(6)		24,638,579	14,468,804	11,648,090	4.88	1,202,377	9.7				-	-
	VALMY UNIT 1	12-2025	60 - S1	(6)		14,300,204	13,446,679	1,711,538	1.27	181,145	9.4				-	-
	VALMY UNIT 1	12-2025	50 - R1.5	(6)		3,071,621	2,737,599	518,319	1.77	54,514	9.5				-	-
	VALMY UNIT 2	12-2025	SQUARE	0		307,211	96,862	210,349	6.85	21,035	##				-	-

SIERRA PACIFIC POWER COMPANY
NET STRANDED COST/BENEFIT ESTIMATE

SUMMARY OF ESTIMATED SURVIVOR CURVES, NET SALVAGE, ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION RATES AND ACCRUALS AS OF DECEMBER 31, 2015

[Source: Docket No. 16-06006]

LN	ACCOUNT	PROBABLE RETIREMENT DATE	SURVIVOR CURVE	NET SALVAGE	MW CAPACITY	ORIGINAL COST	BOOK RESERVE	FUTURE ACCRALS	CALCULATED ANNUAL ACCRUAL RATE	ANNUAL DEPRECIATION AMOUNT	COMPO MAIN LIFE	NET BOOK VALUE 12/31/2015	NET BOOK VALUE 2023	MARKET PROXY ORIGINAL COST	2023 DEPRECIATED MARKET VALUE	2023 MARKET VALUE DIFFERENTIAL
	(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	(9)	##			ORIGINAL COST	VALUE	DIFFERENTIAL
	VALMY UNIT 2	12-2025	90 - S1	(4)		43,314,701	22,623,901	22,423,388	5.21	2,258,123	9.9				-	-
	VALMY UNIT 2	12-2025	55 - S0	(4)		137,572,126	63,808,231	79,266,780	5.96	8,205,129	9.7				-	-
	VALMY UNIT 2	12-2025	65 - L1	(4)		32,317,990	12,126,509	21,484,201	6.83	2,208,255	9.7				-	-
	VALMY UNIT 2	12-2025	60 - S1	(4)		14,173,412	10,328,040	4,412,308	3.23	457,496	9.6				-	-
	VALMY UNIT 2	12-2025	50 - R1.5	(4)		3,510,443	1,046,392	2,604,469	7.65	268,409	9.7				-	-
5	VALMY				261	378,820,945	208,044,172	188,869,224		19,461,654		170,776,773	34,545,195	262,827,000	23,967,550	(10,577,645)
	WIND	06-2032	SQUARE	0		107,617	22,091	85,526	4.82	5,183	##					
	WIND				[Immaterial]	*107,617*	*22,091*	*85,526*		*5,183*		85,526				
6	**TOTAL PRODUCTION PLANT**				**1372**	**1,118,060,669**	**440,029,083**			**47,314,414**		**678,031,586**	**346,830,688**	**1,343,456,000**	**424,353,014**	**77,522,326**
7	**NET BOOK VALUE 2016**											**678,031,586**			**$309**	**/ per kW**
8	**DEPRECIATION ACCRUAL THRU 2022**											**(331,200,898)**				
9	**ADDITIONAL CAPITAL MAINTENANCE THROUGH 2022**											**50,000,000**				
10	**NET BOOK VALUE 2023**											**396,830,688**				
11	**NET BOOK VALUE PER KW 2023**											**$289**		**Recap: EIA Installed Cost / kW**		
12	**PROJECTED MARKET PRICE PER KW 2023**											**$309**		EIA Jan. 2017		
13	**PROJECTED MARKET PRICE OF ASSETS IN 2023**											**424,353,014**		NERC Area 21 NWPP/Northern Nevada		
14	**PROJECTED 2023 STRANDED BENEFIT**					2018 **270,489,284**	(2018-2022) **(55,449,367)**			2023 **215,039,917**		**27,522,326**		Technology	Installed $/kw	
					BCP1-06	**5,771,806**	**(1,311,774)**			**4,460,032**						
15	**EXCESS ADIT**				18-02010	**276,261,090**	**(56,761,141)**			**219,499,949**		**219,499,949**		Combustion Turbine	718	
														Combined Cycle	1,007	
16	**TOTAL PROJECTED 2023 STRANDED NET BENEFIT (TO BE RETURNED TO RATEPAYERS)**											**$ 247,022,275**		(also used for coal)		