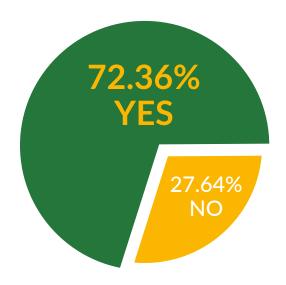
NEVADANS FOR ENERGY CHOICE

Approval of the Energy Choice Initiative, otherwise known as Question 3, in 2018 would add a new section to the Nevada Constitution establishing that every customer has the right to choose the provider of its electric utility service, including but not limited to, selecting providers from a competitive retail electric market, or by producing electricity for themselves or in association with others, and shall not be forced to purchase energy from one provider. The proposed amendment does not by itself create an open and competitive retail electric market, but rather requires the Legislature to provide by law for such a market by July 1, 2023.

BALLOT LANGUAGE: Shall Article 1 of the Nevada Constitution be amended to require the Legislature to provide by law for the establishment of an open, competitive retail electric energy market that prohibits the granting of monopolies and exclusive franchises for the generation of electricity?







LOWER POWER BILLS

A 2015 study showed that on average, the 13 energy choice states have seen prices fall 4.5% against inflation, while monopoly states have seen prices outpace inflation by 8.5%. As a result, consumers are saving 20% on their energy bills in choice states, as illustrated in the charts below.

MORE RENEWABLE ENERGY

Even though Nevada has plentiful solar, wind and geothermal resources, these energy sources still only make up a small percentage of our energy mix. The passage of ECI will allow consumers to access more clean, renewable energy and will spur the demand for building these projects right here in our state.

JOBS, JOBS, JOBS

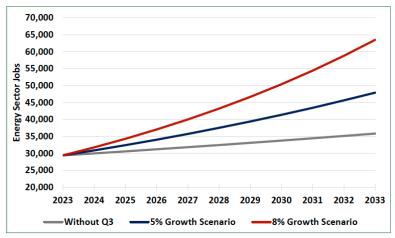
Passage of the Energy Choice Initiative means more opportunity to build new renewable energy projects and benefit from the jobs that come with it. One Nevada Economist estimated that our state could see our renewable energy economy grow as much as 8% annually, leading to as many as 35,000 new jobs.

FREEDOM TO CHOOSE

The freedom to choose your energy provider will result in increased competition, leading to more innovation, lower costs and enhanced customer service.

FIGURE IV-1
POSSIBLE JOB GROWTH
OUTCOMES IN CLEAN
ENERGY SECTOR: 2023-2033





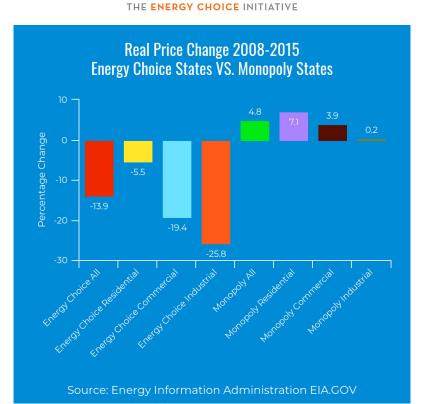
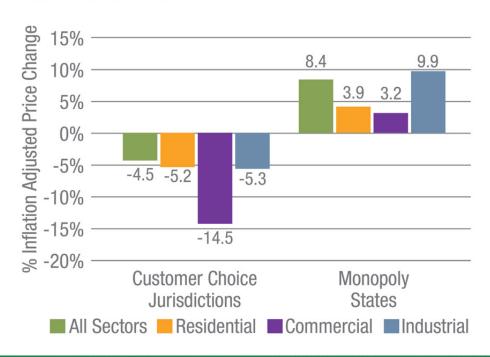


FIGURE 7: INFLATION ADJUSTED % PRICE CHANGE 1997–2014: CHOICE vs MONOPOLY



THE REAL FACTS ABOUT QUESTION 3

You've heard the misleading information coming from NV Energy regarding the **Energy Choice Initiative**. Now, it's time for the facts.

MYTH #1 - ECI "LOCKS A RISKY EXPERIMENT INTO NEVADA'S CONSTITUTION"

In reality, only two principles would be placed into the Nevada Constitution as a result of ECI: electric generation monopolies in Nevada would be eliminated and the legislature would have to create an open, competitive energy market by July 1, 2023.

The initiative does not mandate what the new market will look like. Rather, it requires that the legislature undertake the responsibility to ensure meaningful choice, freedom to compete, and consumer protection. By doing so, ECI allows for flexibility and adaptability in markets as the energy industry develops and innovates moving forward.

The details of implementation are left to both the legislature and administrative agencies of state government that will be responsible for carrying out the initiative, just like every other law enacted in the state of Nevada. If modifications need to be made they can be made administratively from year-to-year or during each legislative session. As such, energy choice will be implemented exactly as it has been in the 17 other states that offer some form of energy choice.

MYTH #2 - "COULD FORCE NEVADA TO JOIN CALIFORNIA'S ELECTRICITY GRID"

Nevada's grid will remain just as it is today- physically connected to the Western grid which includes California and nine other Western states. However, the maximum benefits of energy choice are realized when choice states are part of an independently run wholesale electric market, as it allows for power to move freely amongst all participants in the market. One potential option is for Nevada to join the "California Independent System Operator" or CAISO, which is one such wholesale market. However, ECI does not require Nevada to join CAISO or any wholesale market at all for that matter; that decision is up to the legislature.

NV Energy is already part of one market run by the CAISO via their participation in the Western Energy Imbalance Market. Also, Valley Electric, a co-op providing power to rural Nevada customers, is a member of the full CAISO market. It's estimated that NV Energy's participation in the CAISO run Western Energy Imbalance Market has conferred \$27 million in benefits to Nevada ratepayers over the last year. Nevada's participation in the full CAISO wholesale market would yield even greater financial benefits for the state. CAISO provided estimates to the Nevada Public Utilities Commission that these benefits could be as much as \$100 million per year.

It is important to note that California does not regulate the CAISO, but it is instead overseen by the Federal Energy Regulatory Commission, which has jurisdiction to regulate energy choice states as well. The CAISO is neither a state agency nor a federal agency, but an independent non-profit corporation.

MYTH #3 - "WOULD COST NEVADA CONSUMERS AND TAXPAYERS BILLIONS"

THE ENERGY CHOICE INITIATIVE

You will owe nothing more to NV Energy when the Energy Choice Initiative passes than you do now. If they choose to sell their generating plants (ECI does not require them to do so) there may be a claim on NV Energy's part that they are entitled to the difference between the book value of those plants (original cost less depreciation) and the market value at auction. If the market value is less than book value then the difference is called "stranded costs". If the market value is higher than the book value the difference is a "stranded benefit". NV Energy will try to make Nevada consumers pay if there are any stranded costs, but they will want to keep the money if there are any stranded benefits.

Our preliminary estimates indicate that instead of \$5 to \$12 billion of stranded costs as NV Energy has recklessly claimed, there may be stranded benefits as high as \$500 million to \$1 billion dollars related to the value of their generating assets. Also, they have included other "stranded costs" in their estimates that are just wrong and instead should be characterized as stranded benefits. For example, almost \$1 billion of NV Energy's purported stranded costs consumers will be required to pay really are 50 years in the future worth of low cost hydro power from Hoover Dam that is priced below market at \$.027 per kilowatt hour. This contract is in fact a benefit that will not be lost to Nevada consumers when ECI passes. It should be counted as a \$1 billion benefit rather than a "stranded cost". It is completely misleading and disingenuous to do otherwise. The legislature and the Nevada Public Utilities Commission will look at these issues and properly determine the relative costs and benefits to the people of Nevada at the time that ECI is implemented. To attempt to do so now prior to the formulation of the enabling statutes by the Nevada Legislature, and the accounting and depreciation determinations by the PUCN in implementing those statutes would be pure speculation.

MYTH #4 - "DISRUPTS NV'S PROGRESS TOWARD A RENEWABLE ENERGY FUTURE"

The Energy Choice Initiative clearly states in paragraph 3(c), "Nothing herein shall be construed to invalidate Nevada's public policies on renewable energy, energy efficiency and environmental protection or limit the Legislature's ability to impose such policies on participants in a competitive electricity market." Assembly Bill 405 from the 2017 legislative session not only restored rooftop solar and net metering in Nevada, but also ensured that both would be preserved in an open market. In fact, in choice markets customers should receive more benefits from net metering than they do under traditional utility monopolies because the full value of the excess solar production from their systems can be valued and compensated. The passage of Question 3 guarantees that neither NV Energy nor the PUC can take away rooftop solar or net metering again

When ECI passes, it will offer the market and policy stability necessary to encourage renewable energy development in Nevada at a 5-8% higher annual rate than currently projected, according to a study. These projections will result in as many as 34,080 new jobs in our state and will produce hundreds of millions in direct annual income impact. Market participants would still have to comply with Nevada's renewable portfolio standard, currently set at 25% renewables by 2020. A proposed ballot initiative in the signature gathering phase would raise that standard to 50% renewables by 2030. With all our abundant sunshine, the Smart Electric Power Alliance doesn't even rank NV Energy in the top 10 for best solar utilities.

MYTH #5 - "RELIABILITY WILL BE IMPACTED UNDER ECI"

The Energy Choice Initiative clearly states in paragraph 3(a), "...The legislature need not provide for the deregulation of transmission or distribution of electricity in order to establish a competitive market consistent with this act." In other words, NV Energy is not forced to divest of their poles and wires.

THE ENERGY CHOICE INITIATIVE

NV Energy CEO Paul Caudill said himself in a 2016 TV interview that energy choice would not have any effect on reliability because "the transmission and distribution system (poles and wires) is the backbone of the system". Under energy choice, NV Energy will still own and maintain the transmission and distribution system. So, if the power goes off you will still call NV Energy just as you do today as they will still remain in charge of grid reliability in the same areas of Nevada that they serve now. The Public Utilities Commission of Nevada (PUCN) will still regulate them and require them to ensure the safe and secure continued delivery of electricity to Nevada electric customers.

MYTH #6 - "RATES WILL SKYROCKET"

Free market principles drive costs down, not up, in competitive markets across the country. This principle is true and understood to the point that 19 other states have limitations on monopolies in their state constitutions. 6 states have gone so far as to support amending the US Constitution to prohibit monopolies. Public opinion on monopolies is not driven by campaigns, but by everyday experience.

A July 2015 study definitively shows that consumers in choice state have seen their power costs fall 4.5% against inflation on average, while consumers in monopoly states have seen their price rise 8.5% more than inflation. This is true in Nevada as rates are up more than 50% since 2000, out-pacing the rate of inflation.

Energy Choice will enable all Nevada consumers to control their energy bills and lower costs in two major ways.

First, retail Energy Choice will provide both business and residential customers with meaningful options to lower energy costs through competitive energy service plans from multiple service providers where you decide which option best meets your needs and lowers your bills.

Second, Energy Choice will allow for innovative ways to re-imagine energy, for example, by giving Nevada consumers the ability to sell energy services back to the grid to further lower overall energy costs. You don't have to have a solar system to do this or even a battery. Tens of thousands of consumers in states with retail energy competition now sell shifts in their energy use back to the grid and get paid to do so. This lowers further their overall energy bill.

The language of the Energy Choice Initiative is clear in the legislative duty to provide for safe, reliable, and competitively priced energy and to protect consumers. The initiative is also clear on establishing the legislature's right to impose policies on participants in a competitively priced marketplace. Important issues such as low-income energy assistance can and should be addressed by the legislature as a part of implementing the Energy Choice Initiative.

MYTH #7 - "\$142 MILLION IN EDUCATION FUNDING WILL GO AWAY IF ECI PASSES"

THE ENERGY CHOICE INITIATIVE

No money "goes away". All of the assets necessary to provide energy services (lines and wires, poles and transformers, generators and substations) will all remain in place and continue to provide service. This means that regardless of who owns them, those assets will continue to pay property taxes and other assessments that will pay for schools. Further, any franchise taxes, business taxes or mill taxes that are now collected from energy revenues received by NV Energy will continue to be collected from competitive retail energy providers. No money will be lost to state or local governments. This is a blatant scare tactic with no basis in fact.

MYTH #8 - ENERGY CHOICE IS "DEREGULATION" AS IN "NO REGULATION"

Energy choice is not "deregulation" but rather "restructuring". The Public Utilities Commission of Nevada (PUCN) will have complete regulatory authority over the lines and wires and all other distribution assets of NV Energy just as it does now. Rates for distribution service will be set by the PUCN in a full evidentiary hearing under full economic regulation.

In addition, an entity designated by the legislature will have the responsibility to fully license all new retail energy service providers and oversee and set rules and regulations for the new retail energy market. So, there will be full market regulation of the retail market by a state agency. In addition, a state agency will also be responsible for investigating consumer complaints and ensuring that consumers are treated fairly by all market participants. These functions are similar to the functions now performed by the Nevada State Contractors Board for licensing and regulating contractors who do business in Nevada providing consumers contracting services like plumbers, electricians and builders.

In addition, the Federal Energy Regulatory Commission oversees the wholesale electric markets all over the country and under ECI, Nevada will be no different.

MYTH #9 - "NEVADA WILL SUFFER THE SAME FATE AS CALIFORNIA DID W/ ENRON"

The so called "Enron crisis" resulted when multiple wholesale energy market traders, including Enron, engaged in fraud and manipulation in the wholesale energy markets. This was not the result of putting retail energy choice in place. Enron and others at the time (1999-2001) were able to engage in wholesale market manipulation as a direct result of ineffective enforcement mechanisms and few resources at the federal level, causing prices to skyrocket. These prices eventually drove up retail energy prices for consumers in California and throughout the West.

In 2005, the Federal Energy Regulatory Commission (FERC) was given substantial new authority by Congress to go after fraud and manipulation in the wholesale energy markets. The FERC Office of Enforcement has gone from approximately seven people during Enron to over 200 today. Since Congress authorized FERC's increased enforcement authority in 2005 there has not been an incident of market fraud or manipulation that even approached the scale of Enron. And every subsequent instance of attempted fraud or manipulation has resulted in heavy fines and orders of reimbursement by FERC.

MYTH #10 - "MASSACHUSETTS MARKET ISSUES WILL HAPPEN IN NEVADA TOO"

Massachusetts let the incumbent monopoly utilities provide competitive service along side the competitive retail providers allowing those monopolies to subsidize their retail energy service from their regulated monopoly distribution (poles and wires) service. So of course they could and did offer lower rates to retail customers causing competitive retail providers to be pushed out of the market in a form of predatory pricing.

In Nevada we will not allow the monopoly distribution provider (NV Energy) to also provide competitive retail energy services.

There were some small retail (residential) providers, pushed to the edge by this situation, who did engage in inappropriate behavior and perhaps even made misrepresentations to customers. Some consumers where abused and over charged, clearly. But it is also clear from reading the AG's report in Massachusetts that the Massachusetts consumer protection laws were not adequate to protect consumers from this fraud and abuse.

The legislature in Nevada is tasked by the initiative to ensure that the enabling legislation provides for strong consumer protection laws that prevent such fraud and abuse.

The retail market for residential consumers in Massachusetts is, according to the AG's own report, not transparent. Thus consumers are prevented from easily shopping and comparing retail energy offers. Consumers had no idea if what they were being offered by a particular retail provider was a good deal or not.

In Nevada, the legislature can ensure that we have an open and transparent system like they do in Texas where there is a independent government run website that is updated constantly to provide consumers with the latest offers by all retail energy providers in the state.

In Nevada, NV Energy is estimated to have overcharged Nevadans about \$300 million in the last few years alone, resulting in about \$200 million in over earnings for the utility. Consumers are already being negatively financially impacted by the monopoly utility in Nevada.

MYTH #11 - THE PUC REPORT

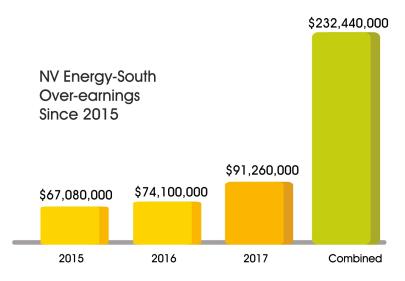
In April of 2018, the PUCN adopted a report prepared by Chairman Joe Reynolds. The PUCN Report was over 100 pages and has been questioned as exceeding the bounds of its subject matter as assigned by the Governor's Committee on Energy Choice ("CEC"). The ECI campaign prepared a motion and detailed rebuttal comments on the PUCN Report prior to the report's adoption. Instead of being properly placed into the docket for public viewing, it was placed into the public comment file and is only accessible by public records request. To this day, the ECI motion and Rebuttal Comments have never been disclosed or ruled upon. Such treatment of a motion is unprecedented in PUCN practice.

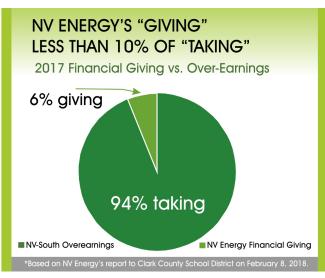
The ECI Rebuttal alleged that the PUCN Report: (i) did not respect the spirit of the Nevada initiative process and improperly committed public resources to comment on and criticize the initiative; (ii) exceeded PUCN authority; (iii) did not adhere to the guidelines set forth by the CEC; and (iv) was based on numerous factual and legal errors. The PUCN Report warns the public against the Energy Choice initiative, raises concerns of hundreds of millions of dollars of costs, and a future where the PUCN is unable to protect the public from the unknowns of energy choice. The reality is ECI presents Nevada residents with several opportunities that will keep energy costs low for consumers, allow for the development of clean, renewable energy, create jobs, and put Nevada in a position to become a national leader in energy development and policy. These opportunities have been highlighted by numerous entities over the past three years and have been discussed in detail by experts.

One report is that of Dr. Phil O'Connor, Ph.D., on behalf of the Retail Energy Supply Association, who presented his findings before the PUCN during the investigation and workshop. Dr. O'Connor collected twenty years of data from states that have adopted competitive electric markets and states that have maintained traditional energy monopolies. He found that (a) electricity prices in states with competitive retail markets trend downward, whereas monopoly states trend upward; (b) investments in competitive market states are tempered by the market, rather than driven upward by guaranteed, captive rate-payers; and (c) power plants in market states worked more efficiently than their counterparts in monopoly states. Despite this evidence, the PUCN Report inexplicably concludes that if energy choice is adopted, rates will rise. The only way to reach such a conclusion would have been to wholly ignore this empirically researched analysis while embracing NV Energy's unsupported allegations of higher costs. And indeed, review of Chairman Reynolds' initial report reveals no mention of Dr. O'Connor's work. However, it was mentioned in the addendum after the final report was approved on April 30, 2018.

A report by industry expert Mark Garrett, on behalf of ECI, also rebutted the PUC's claim that setting up the new market would cost \$4 billion. To the contrary, Mr. Garrett found that there would be \$1.1 billion in net benefits to Nevada ratepayers when ECI passes, with more than \$500 million of that coming from accumulated deferred income taxes, which is Nevada ratepayer money that was not addressed in the PUC report. These discrepancies are disconcerting, as they provide evidence that the PUC Report restates NV Energy talking points and purposefully excludes counter-evidence in an effort to protect the monopoly.

NV ENERGY OVER-EARNINGS (SOUTHERN NEVADA ONLY)





NV ENERGY QUARTERLY OVER-EARNINGS

(SOUTHERN NEVADA ONLY)

Year-to-Date Quarters	NV Energy- South Earned Rate on Equity	NV Energy- South Authorized Return on Equity	Variance (%)	Variance (basis points)	NV Energy- South Quarterly Over-Earnings*	
Q1 2015	11.06%	9.80%	1.26%	126	\$12,285,000	
Q2 2015	11.03%	9.80%	1.23%	123	\$15,990,000	
Q3 2015	11.34%	9.80%	1.54%	154	\$30,030,000	
Q4 2015	11.52%	9.80%	1.72%	172	\$67,080,000	
2015 Total	11.52%	9.80%	1.72%	172	\$67,080,000	
Q1 2016	11.05%	9.80%	1.25%	125	\$12,187,500	
Q2 2016	11.52%	9.80%	1.72%	172	\$22,360,000	
Q3 2016	11.59%	9.80%	1.79%	179	\$34,905,000	
Q4 2016	11.70%	9.80%	1.90%	190	\$74,100,000	
2016 Total	11.70%	9.80%	1.90%	190	\$74,100,000	
Q1 2017	12.15%	9.80%	2.35% 235		\$22,912,500	
Q2 2017	12.70%	9.80%	2.99%	299	\$38,870,000	
Q3 2017	12.29%	9.80%	2.49%	249	\$48,555,000	
Q4 2017**	12.14%	9.80%	2.34%	234	\$64,740,000	
2017 Total	12.14%	9.80%	2.34%	234	\$91,260,000	

^{*} Based on Docket No. 17-06003, see Smart Energy Alliance Expert Witness Written Testimony, Brad Mullins at 4. See also PUCN Staff's testimony that every 10 basis points of Return on Equity ("ROE") is worth approximately \$3.9 million, Swetha Venkat Testimony p. 184, Ins. 17-20.

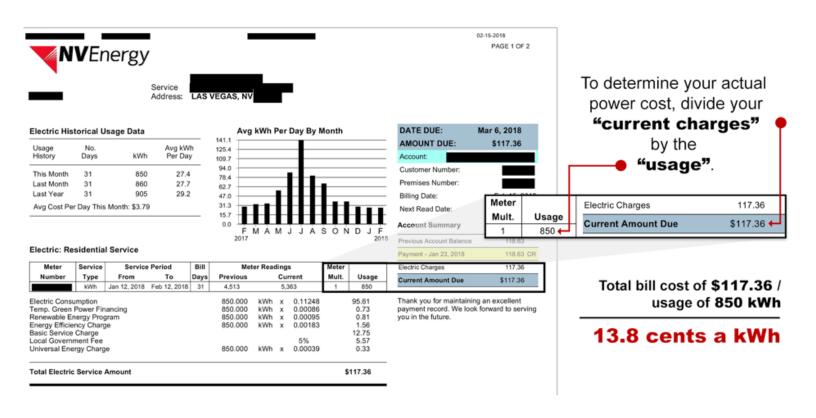
GRAND TOTAL \$232,440,000

^{**} Q4 2017 Estimate based on annualizing 3rd Quarter YTD 2017 Results.



CALCULATE YOUR BILL

CONSUMERS DON'T PAY RATES, THEY PAY BILLS AND NEVADA'S EFFECTIVE RATES ARE MUCH HIGHER THAN THE 8.38 CENTS/KWH THAT NV ENERGY PROCLAIMS



2016-2018 RESIDENTIAL RATES BY EIA.GOV

Table 5.6.B Average Price of Electricity for 2016/2017 Annual average: https://www.eia.gov/electricity/monthly/ archive/february2018.pdf

Table 5.6.B Average Price of Electricity March 2018 YTD https://www.eia.gov/electricity/monthly/current_month/ epm.pdf

Published 5/24/2018

Residential Electricity Rates by State		Residential Electricity Rates by State			Residential Electricity Rates by State			
2016 Annual Average		2017 Annual Average		March 2018 YTD				
Rank	State	Cost per kWh	Rank	State	Cost per kWh	Rank	State	Cost per kWh
1	Louisiana	9.34	1	Louisiana	9.51	1	Louisiana	9.05
2	Washington	9.48	2	Washington	9.60	2	North Dakota	9.24
3	Arkansas	9.92	3	Idaho	10.11	3	Washington	9.56
4	Idaho	9.95	4	Arkansas	10.22	4	Oklahoma	9.65
5	North Dakota	10.16	5	North Dakota	10.40	5	Nebraska	9.67
6	Oklahoma	10.20	6	Oklahoma	10.48	6	Missouri	9.73
7	Tennessee	10.41	7	Kentucky	10.64	7	Arkansas	9.79
8	Mississippi	10.47	8	Tennessee	10.65	8	Idaho	10.15
9	Kentucky	10.49	9	Oregon	10.71	9	Kentucky	10.16
10	Oregon	10.66	10	Nebraska	10.98	10	Tennessee	10.40
11	Nebraska	10.84	11	Utah	11.04	11	Utah	10.40
12	Montana	10.94	12	Montana	11.11	12	Oregon	10.66
13	Florida	10.98	13	North Carolina	11.12	13	Montana	10.74
14	<u>Texas</u>	10.99	14	<u>Texas</u>	11.18	14	South Dakota	10.77
15	Utah	11.02	15	Mississippi	11.19	15	North Carolina	10.84
16	North Carolina	11.03	16	Missouri	11.27	16	Georgia	10.90
17	Wyoming	11.13	17	Wyoming	11.41	17	Wyoming	10.91
18	Missouri	11.21	18	West Virginia	11.62	18	Mississippi	11.07
19	Virginia	11.36	19	Virginia	11.67	19	<u>Texas</u>	11.11
20	Nevada	11.41	20	South Dakota	11.68	20	West Virginia	11.25
21	West Virginia	11.44	21	Georgia	11.80	21	Virginia	11.30
22	South	11.47	22	Florida	11.85	22	Iowa	11.48
23	Dakota Georgia	11.50	23	Indiana	11.95	23	Indiana	11.52
24	Indiana	11.79	24	Nevada	12.00	24	Colorado	11.66
25	Iowa	11.94	25	Colorado	12.13	25	Florida	11.98
26	Alabama	11.99	26	<u>Ohio</u>	12.37	26	Alabama	12.06
27	New Mexico	12.03	27	Arizona	12.50	27	<u>Ohio</u>	12.16
28	Colorado	12.07	28	Iowa	12.60	28	South Carolina	12.21
29	Arizona	12.15	29	Alabama	12.61	29	New Mexico	12.23
30	<u>DC</u>	12.29	30	<u>Illinois</u>	12.70	30	Delaware	12.25
31	<u>Ohio</u>	12.47	31	South Carolina	12.78	31	Arizona	12.26
32	<u>Illinois</u>	12.54	32	New Mexico	12.92	32	Illinois	12.48
33	South	12.65	33	DC	12.93	33	Nevada	12.49
34	Carolina Minnesota	12.67	34	Minnesota	13.19	34	Minnesota	12.55
35	Kansas	13.06	35	Kansas	13.19	35	DC	12.59
36	Delaware	13.42	36	Delaware	13.44	36	Kansas	12.69
37	Pennsylvani	13.86	37	Maryland	13.99	37	Maryland	13.09
38	Wisconsin	14.07	38	Pennsylvani	14.33	38	<u>Pennsylvani</u>	13.84
39	Maryland	14.23	39	<u>a</u> Wisconsin	14.68	39	<u>a</u> Wisconsin	14.22
40	Michigan	15.22	40	Michigan	15.47	40	Michigan	15.46
41	New Jersey	15.72	41	New Jersey	15.69	41	New Jersey	15.59
42	Maine	15.83	42	Maine	15.96	42	Maine	15.95
43	Vermont	17.37	43	Vermont	17.65	43	Vermont	17.64
44	California	17.39	44	New York	18.04	44	New York	17.82
45	New York	17.58	45	California	18.24	45	California	19.03
46	New Hampshire	18.38	46	Rhode Island	18.30	46	New Hampshire	19.62
47	Rhode Island	18.62	47	Massachuset ts	18.92	47	Connecticut	20.77
48	Massachuset ts	19.00	48	New Hampshire	19.22	48	Rhode Island	21.42
49	Connecticut	20.01	49	Connecticut	20.31	49	Alaska	21.43
50	Alaska	NM	50	Alaska	21.57	50	Massachuset ts	21.64
51	Hawaii	27.47	51	Hawaii	29.50	51	Hawaii	31.57