



# NV Energy, Inc.

March 2011





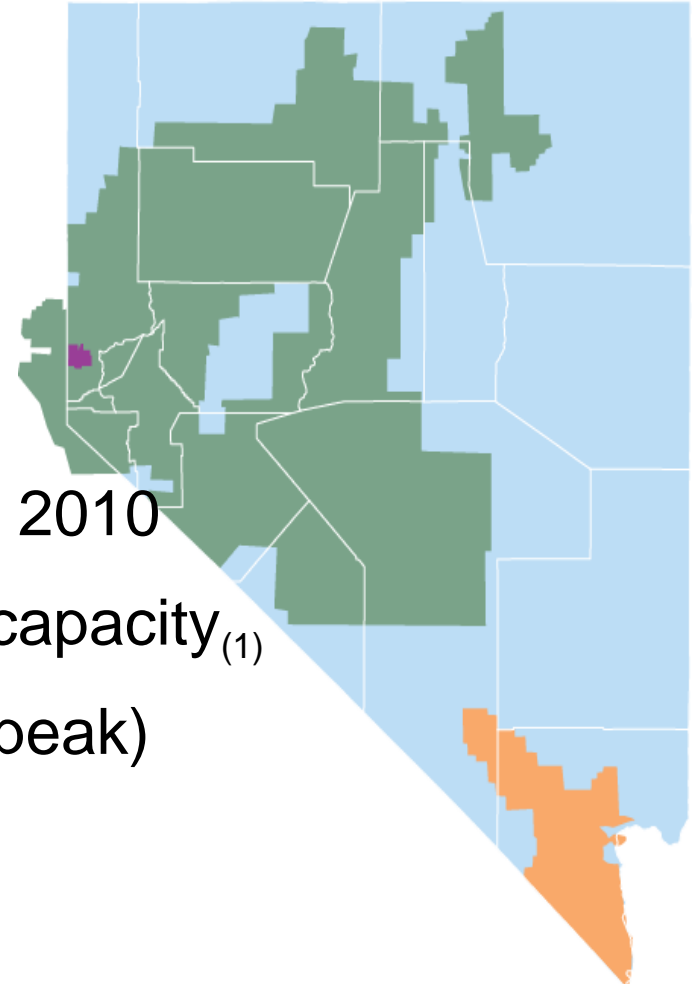
# Safe Harbor Statement

This presentation may contain forward-looking statements regarding the future performance of NV Energy and its subsidiaries, Nevada Power Company and Sierra Pacific Power Company both d/b/a NV Energy, within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to a variety of risks and uncertainties that could cause actual results to differ materially from current expectations. Cautionary statements regarding other risk factors that could have an effect on the future performance of NV Energy, Nevada Power Company and Sierra Pacific Power Company are contained in Annual Report on Form 10-K for the year ended December 31, 2010 (the “2010 Form 10-K”) filed with the SEC. NV Energy, Nevada Power Company and Sierra Pacific Power Company both d/b/a NV Energy undertake no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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# NV Energy at a Glance

- Serves 2.4 million Nevadans
- 40 million tourists annually
- 44,424-square-mile territory
- 3,869 line miles of transmission
- 7,215 MW consolidated peak in 2010
- 6,012 MW summer generation capacity<sup>(1)</sup>
- Self generation capacity (2010 peak)
  - NVE-S 80%<sup>(1)</sup>
  - NVE-N 94%



(1) Includes Harry Allen scheduled to be in service mid-2011

# NV Energy's Three-Part Energy Supply Strategy



Increasing Energy Efficiency and Conservation



Expanding Renewable Energy Initiatives and Investments



Add New Efficient Power Plants and Transmission Lines

## Meeting the Energy Needs of Nevada



# Increasing Energy Efficiency and Conservation



- **Energy Efficiency and Demand Response Investments**
  - \$182 million approved for investment in 2011 – 2012
  - Investments contribute 25% of the Portfolio Standard
- **Rulemaking on Energy Efficiency and Conservation Approved**
  - The first application has been filed under the new rule to recover both the cost and financial disincentives related to energy efficiency and conservation programs (in process)
- **NV Energize**
  - \$139 million American Recovery & Reinvestment Act grant
  - Approximately \$300 million total project cost
  - 1.45 million smart meters by 2012
  - Improve management of energy resources statewide
  - Customers will have an active role in managing their energy use
  - Reduce operating costs



## Expanding Renewable Energy Initiatives and Investments

- **Company Owned Renewable**
  - Completed construction of the Goodsprings 7.5 MW (nominally rated) recovered energy generating station
- **Portfolio Standard based on kWh sales**
  - 15% in 2011 – 2012
  - 25% by 2025
- **Announced renewable investments**
  - 200 MW China Mountain Wind Project
- **1,240 MWs of renewable energy under contract**
  - 7 new PPAs approved in IRP for more than 440 MWs

**We are Balancing Investment Opportunities with Risk**



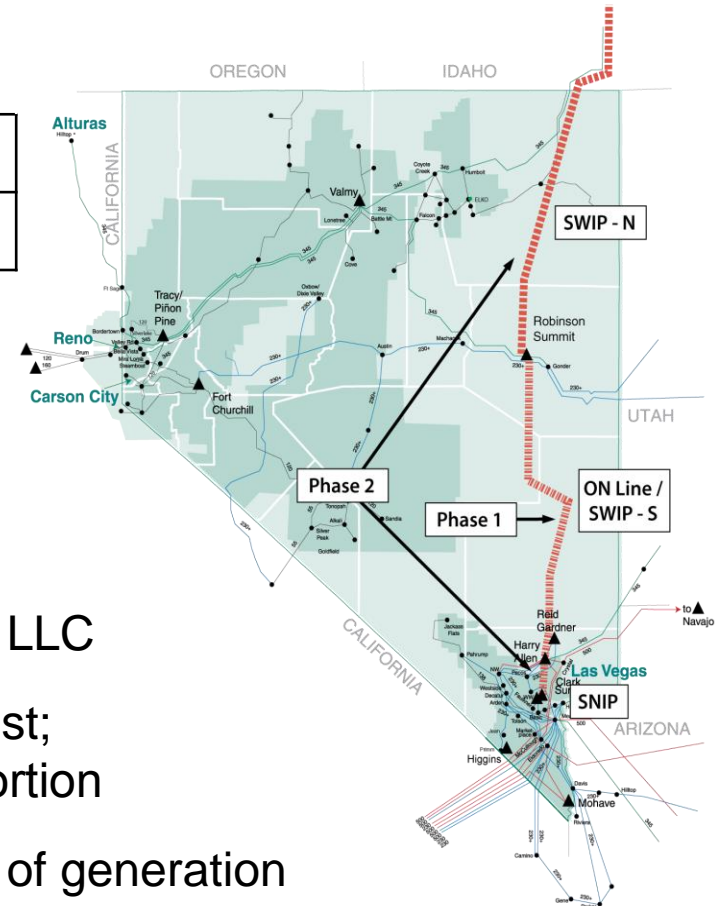
# Add New Efficient Power Plants and Transmission Lines

## Owned Generation:

12/31/05	12/31/10	Mid-2011*
2,491 MWs	5,528 MWs	6,012 MWs

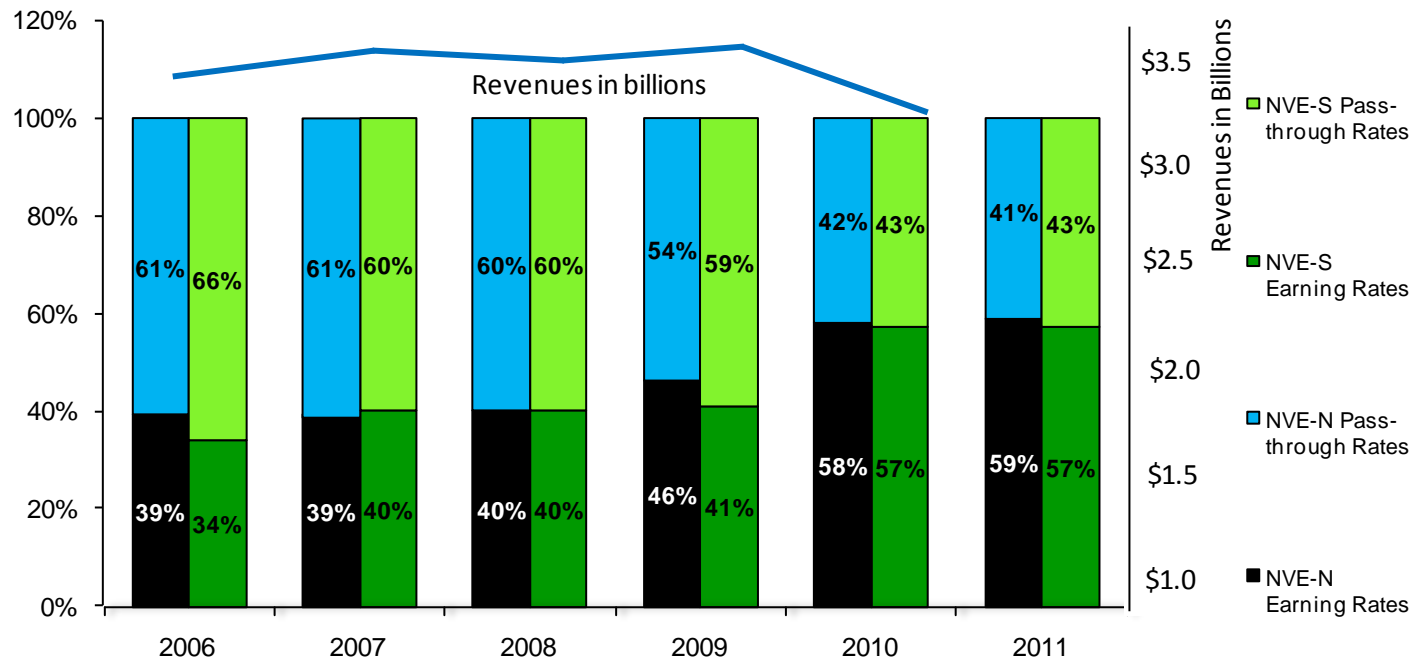
\* Harry Allen Combined Cycle 484 MWs, mid 2011 in-service date

- **One Nevada Transmission Line (ON Line) in-service in late 2012**
  - JV with Great Basin Transmission, LLC
  - Approximately \$500 million total cost; \$127 million is NVE's ownership portion
  - Increase system reliability, sharing of generation resources, key for renewable energy development



# Our Investments Drive More \$s per kWh to the Bottom Line

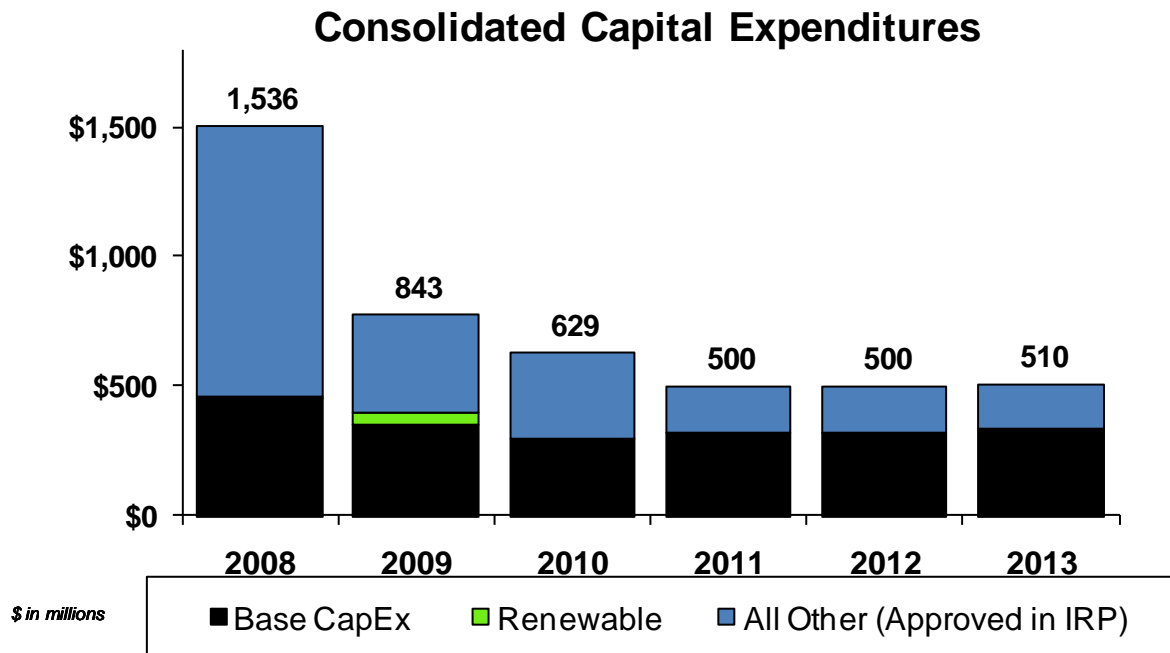
## Rates Earning a Return versus Rates Passed-Through



The revenues on which we earn a return has steadily increased through investments in company owned generation



# Our Capital Expenditures Outlook Reflect the Current Needs of Nevada



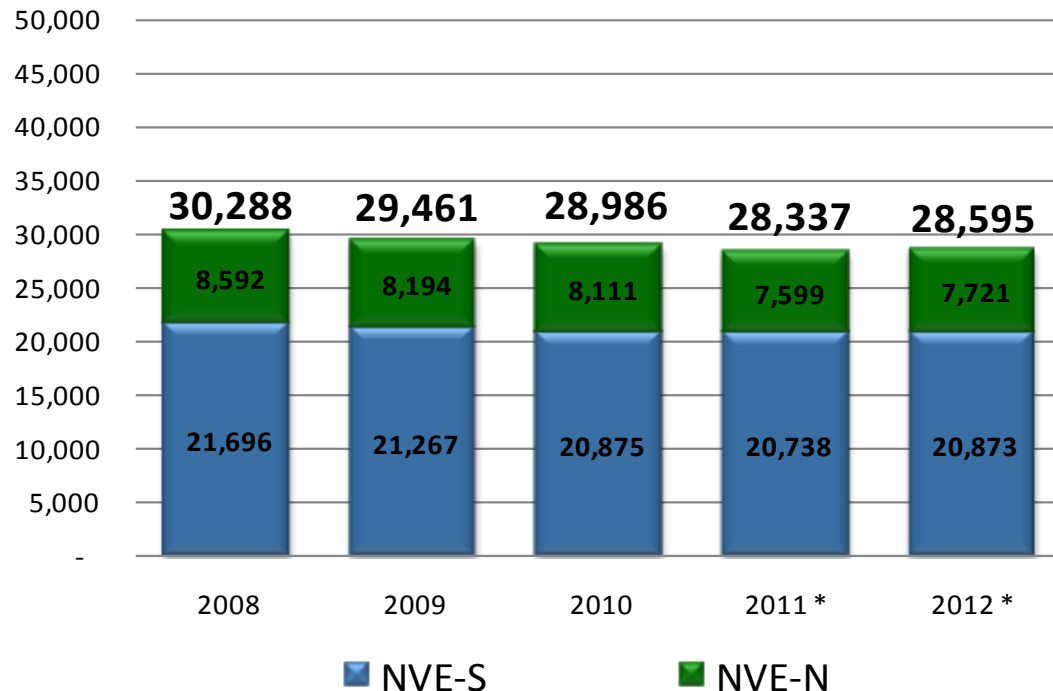
Based upon Integrated Resource Plan (IRP) approved projects and forecasted base capital expenditures

Numbers exclude AFUDC  
Source: 2010 Form 10-K, 2010 Year End Earnings Call

# NV Energy's Load Forecast

Our load is expected to remain flat over the next few years

## Actual and Forecasted MWh Sales



\* Nevada Only - excludes California Load in 2011 and 2012, weather adjusted peak  
Sources: 2010 NVE-S Energy Supply Plan, 2010 NVE-N IRP, 2010 Form 10-K

# Approximate Rate Base Changes Increase NVE's Earnings Trajectory

(Figures in millions)

NVE-S (2009 GRC approved Regulatory Rate Base) <sup>(1)</sup>	\$ 4,700
Net Plant in service added since 2009 NVE-S GRC <sup>(2)</sup>	~ \$ 300
Harry Allen (CapX + AFUDC – CWIP added in last GRC) <sup>(3)</sup>	~ \$ 650
Less Deferred Taxes <sup>(4)</sup>	~ \$ 200
NVE-N (2010 GRC Electric & Gas Rate Base) <sup>(5)</sup>	\$ 1,800
	<hr/>
	\$ 7,250

## Sources:

- (1) Docket # 08-12002
- (2) Changes in net plant in service from 2008 to Sept 2010
- (3) Harry Allen total approved costs \$682 (excluding AFUDC)
- (4) Change in deferred taxes from 2008 to 2010
- (5) Docket #'s 10-06001 and 10-06002



# NV Energy's Financial and Risk Profile

- Nevada economy showing some signs of stabilization and could be set for a slow recovery
- Population growth rates have declined but the long-term forecast remains positive
- Fuel & purchase power cost recovery rate reset quarterly
- Owned-generation offers greater flexibility to deliver least-cost options to customers
- Goal: O&M expense growth not to exceed load growth
- Capital expenditures reduced
- NVE has limited external financing needs through 2012
  - Bank credit facilities refinancing completed in April 2010
  - We do not currently expect to issue new common equity in 2011





# Earnings Growth 2012 and Beyond

- Earnings 2012
  - Investments as part of the Three-Part Strategy, Harry Allen in particular, are expected to be included in rate base and earn a return for full-year 2012
- Earnings Beyond 2012
  - ON-Line Transmission line operational
  - NV Energize Smart meters installed statewide
  - Transmission investments in support of renewable development in the state
  - Renewable investments

Focused on More Stable Earnings  
in 2012 and Beyond

# Conclusion

- The Three-Part Energy Strategy supports long-term Shareholder value
- Strong operating performance and improved profit margins
- Increased financial flexibility
- Remain focused on strong working relationships with regulators and legislators





# Appendices



# Public Utilities Commission of Nevada

## **Chairman Alaina Burtenshaw, Esq.**

**Term 2010 - 2013**

Prior to her appointment as Chairman, she was appointed Commissioner to the PUCN by Governor Jim Gibbons on January 18, 2010. Chairman Burtenshaw has been with the PUCN since 1992. As Staff Counsel and Assistant Staff Counsel, Chairman Burtenshaw was responsible for electric, gas and water cases in Northern and Southern Nevada. Since 1997, Chairman Burtenshaw has been the principal attorney in the larger deferred energy and general rate cases and has represented Regulatory Operations Staff in cases associated with environmental impacts, renewable energy and railroad safety. Chairman Burtenshaw worked in private practice in Las Vegas from 1987 to 1992, where she focused on administrative law.

## **Commissioner Rebecca Wagner**

**Term 2006 - 2011**

Rebecca Wagner has been a member of the Public Utilities Commission of Nevada since 2006. Prior to joining the Commission, Wagner served as then-Governor Kenny Guinn's Energy Advisor and as the Director of the Nevada State Office of Energy. From 1997 to 2003, Wagner worked for a Nevada-based geothermal company that owned, operated and developed geothermal projects.

## **Commissioner Luis F. Valera**

**Term 2011 - 2012**

Currently the Government Relations Director for the University of Nevada, Las Vegas, is the former Public Affairs Director for the Nevada Resort Association. A graduate of the University of Nevada, Las Vegas, Valera holds a J.D. from the William S. Boyd School of Law at the University of Nevada, Las Vegas. Valera is currently Chairman of the Latin Chamber of Commerce and a Commissioner on the Nevada Commission on Economic Development. As a Commissioner, Valera works on the economic challenges facing Nevada and approves public policy to encourage growth and expansion throughout the job market. During his tenure on the Commission, Valera supported the Commission's efforts in technology commercialization of biosciences and in pursuing Department of Energy funding for the University of Nevada, Las Vegas .

**4 year terms appointed by the Governor**





# 2011 NVE Regulatory Calendar

- Annual Deferred Energy Accounting Adjustment (DEAA)
  - Filed March 1, 2011
  - Effective October 1, 2011 (Filing requests to defer to 1/1/2012)
- Annual Renewable Portfolio Standard compliance
  - To be filed April 1, 2011
- NVE-S General Rate Case
  - June 1, 2011
  - Rates effective January 1, 2012
- Annual Demand Side Management plan update
  - July 1, 2011
- Energy Supply Plan update
  - September 1, 2011






# NV Energy North 2010 General Rate Case Filing

- Electric
  - Nevada Electric Rate Base \$1.6 billion
  - Electric Revenue Requirement increase of \$13.1 million
  - Capital structure: 44% Equity / 56% Debt
  - ROE: 10.1% ROR: 7.86%
- Gas
  - Gas Rate Base \$186 million
  - Gas Revenue Requirement increase of \$2.7 million
  - ROE: 10% ROR: 5.15%
- Rates effective January 1, 2011



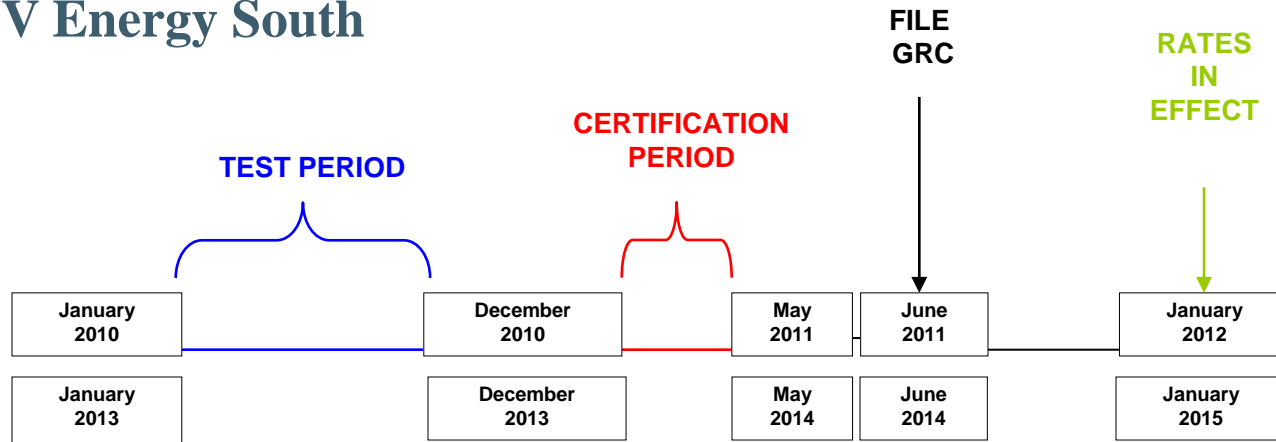
# NV Energy South Regulatory Update

- 
- 2010 Integrated Resource Plan Filing:
    - Order approved in August 2010
    - Obtained approval for:
      - ON-Line – NVE’s 25% ownership position<sup>(1)</sup> deemed “critical facility” and will receive special rate treatment to mitigate regulatory lag
      - NV Energize
      - Demand Side Management programs
      - Various Renewable energy contracts
  - 2010 DEAA Stipulation on Deferred GRC
    - 2009 over collection mitigated regulatory asset of deferred general rates from NVE-S’s 2009 GRC
- 
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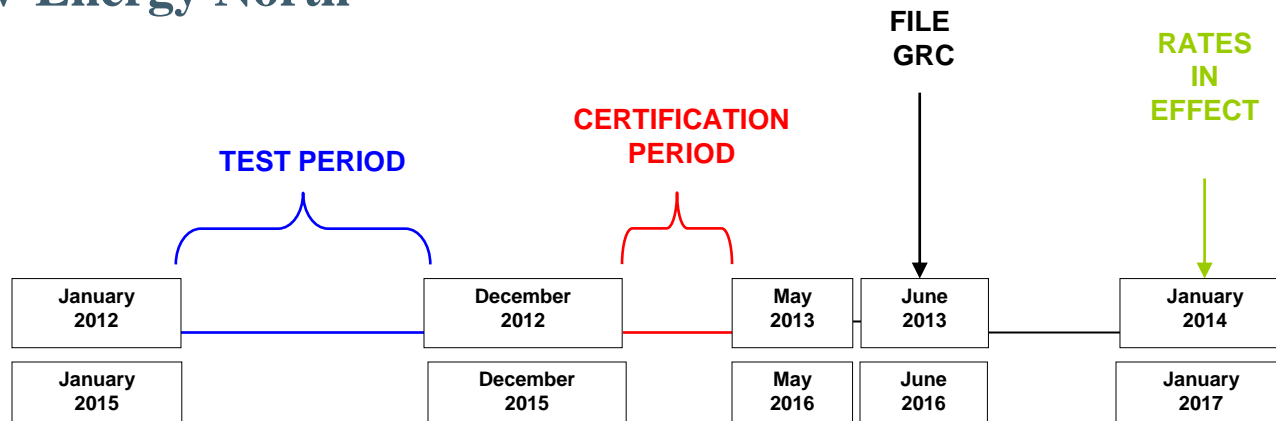
(1) NVE-S’s 95% portion

# Rate Case Filings Calendar

## NV Energy South



## NV Energy North





# Nevada's Regulatory Construct

## Rate Base

General Rate Case (GRC) provides a forward looking 210 days for known and measurable costs or historic test year with certification

NV Energy North filed a General Rate Case on June 1, 2010; NV Energy South will file it's next rate case no later than the first Monday in June 2011

Rates effective January 1 of the following year

10.5% return on common equity approved at NV Energy South; 10.1% at NV Energy North Electric and 10% NV Energy North Gas

## Integrated Resource Plans

Filed every three years and approves capital projects in advance of construction

"Critical Facility" designation provides incentives for investments in generation, transmission, energy efficiency and renewables. Incentives are: up to 5% ROE adder, CWIP in rate base, and/or special accounting treatment

## Energy Cost Adjustment

Quarterly Base Tariff Energy Rate (BTER) update - based on the three prior months costs; effective January, April, July and October

## Energy Cost True-Up

Filed Annually to adjust any over/under collection of Fuel and Purchased Power Costs

## Energy Efficiency Implementation Rate

Collect revenues that are reduced as a result of our energy efficiency programs and recover program costs

# NV Energize

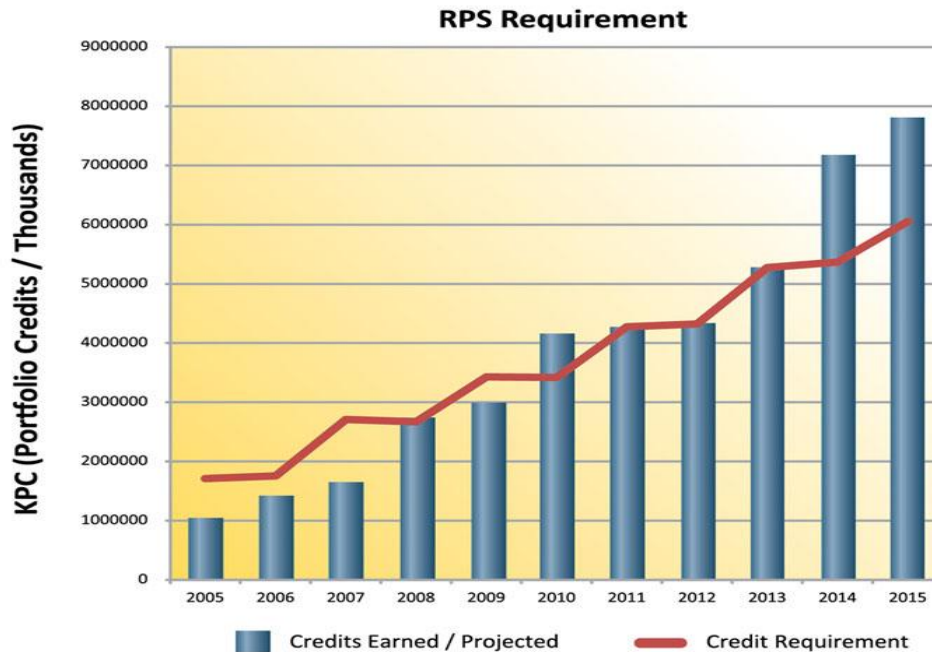
## Key Vendors

- Sensus FlexNet advanced metering infrastructure
- Itron Enterprise Edition Meter Data Management System
- OSIsoft Energy Management System
- Comverg Apollo demand response management system including in-home displays

## Meter Deployment

Deployment Milestones	Year-End 2010	Mar. 2011	Jun. 2011	Year-End 2011
Meters	50,943	130,000	350,000	776,000
Comm. Towers	16	23	~45	~65
Installers	45	60	66	66
Installs (Day)	1500	2700	3000	3000

# Portfolio Standard



## Current Standard

<b>2011-2012</b>	<b>15%</b>
<b>2013-2014</b>	<b>18%</b>
<b>2015-2019</b>	<b>20%</b>
<b>2020-2024</b>	<b>22%</b>
<b>2025 and after</b>	<b>25%</b>

- 25% of the total standard can be obtained through energy efficiency and conservation efforts
- The amount of electricity that must be generated or acquired from solar energy renewable systems increases from 5% to 6% of the Portfolio Standard beginning in 2016

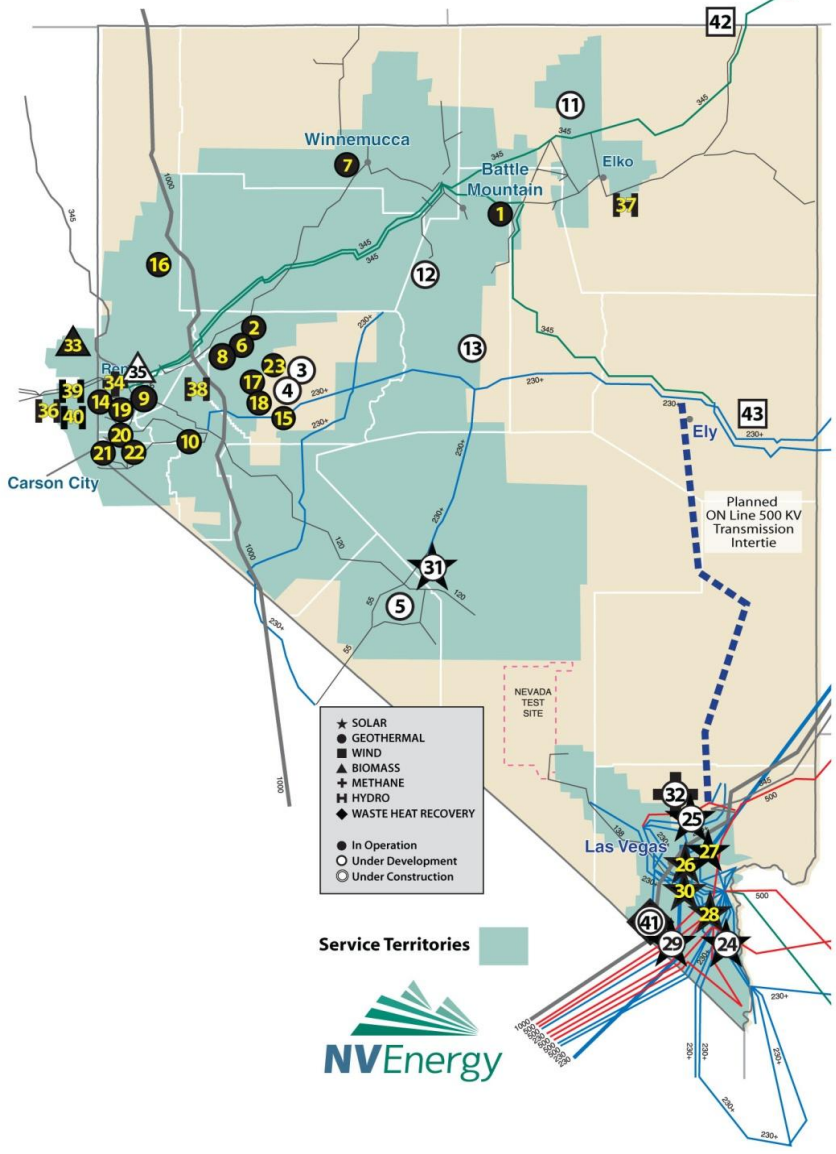


# PROJECTS

	NAMEPLATE MEGAWATTS
<b>Geothermal</b>	
1 Beowawe Power.....	17.70
2 Brady Geothermal Project .....	24.00
3 Carson Lake Basin.....	62.00
4 Carson Lake Geothermal Project .....	31.50
5 Clayton Valley 1 .....	53.50
6 Desert Peak Geothermal Project No. 2 .....	19.00
7 Faulkner 1.....	49.50
8 Galena 2.....	13.00
9 Galena 3.....	26.50
10 Homestretch.....	2.10
11 Hot Sulphur Springs 2.....	25.00
12 Jersey Valley Geothermal Project .....	22.50
13 McGinness Hills .....	51.00
14 Richard Burdette Generation Facility .....	26.00
15 Salt Wells.....	23.60
16 San Emidio.....	3.80
17 Soda Lake I.....	3.60
18 Soda Lake II.....	19.50
19 Steamboat Hills.....	13.20
20 Steamboat IA.....	2.00
21 Steamboat II.....	13.40
22 Steamboat III.....	13.40
23 Stillwater 2.....	47.20
<b>Solar</b>	
24 American Capital Energy - Searchlight Solar LLC .....	17.50
25 Fotowatio Nevada Solar, LLC .....	20.50
26 Las Vegas Valley Water District (Six Projects).....	3.00
27 Nellis AFB Solar Star.....	13.20
28 Nevada Solar One.....	69.00
29 Silver State Solar .....	50.00
30 Procaps Laboratory.....	0.20
31 Tonopah Solar Energy Facility.....	110.00
<b>Biomass / Methane</b>	
32 CC Landfill Energy, LLC .....	10.67
33 Sierra Pacific Industries.....	10.00
34 Truckee Meadows Water Reclamation Facility.....	1.40
35 Lockwood Renewable Energy Facility .....	3.20
<b>Hydro</b>	
36 Fleish .....	2.25
37 Hooper .....	0.80
38 Truckee Carson Irrigation District .....	4.00
39 Verdi.....	2.15
40 Washoe.....	2.15
<b>Waste Heat Recovery</b>	
41 Goodsprings Energy Recovery Station .....	7.50
<b>Wind</b>	
42 China Mountain Wind.....	200.00
43 Spring Valley Wind .....	150.00
<b>TOTAL RENEWABLE ENERGY PORTFOLIO.....</b>	<b>1240.00</b>

Updated 01/14/11

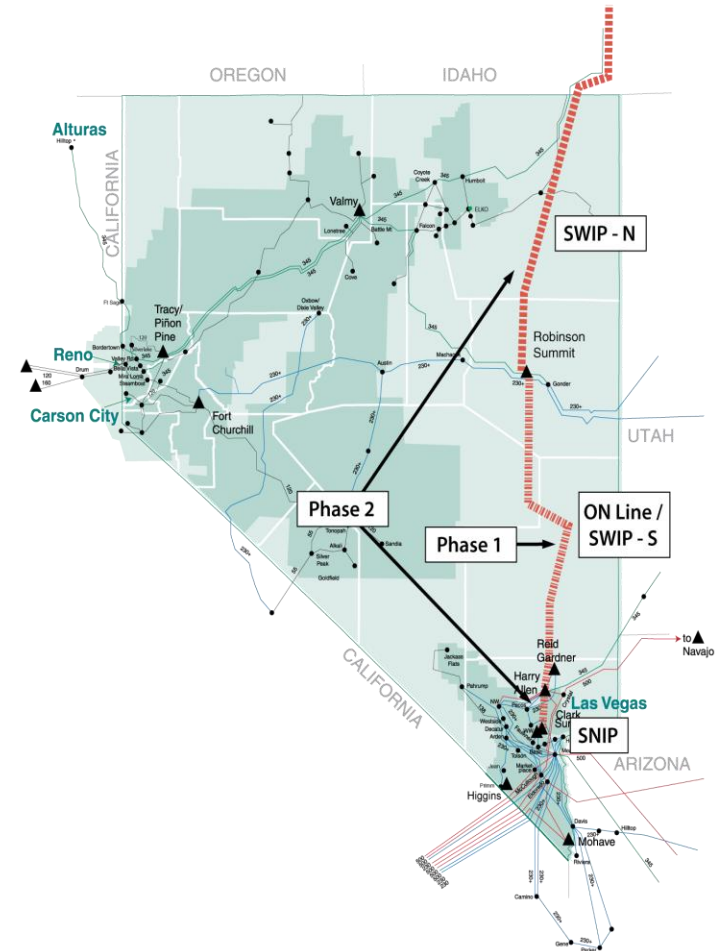
## NV Energy's Renewable Energy Sources





# One Nevada Transmission Line “ON-Line”

- 235-miles of 500 kV line
- Interconnects NV Energy’s Northern and Southern systems
- Facilitates renewable energy transfers, lowers RPS compliance costs and allows Joint System dispatch
- Joint Project with Great Basin Transmission (“GBT”)
  - Transmission Use and Capacity Exchange Agreement (“TUA”) between NV Energy and GBT approved by PUCN in October 2010
  - Approved by FERC in November
  - Financing and Acquisition closing occurred February 11, 2011
  - Notices to Proceed issued for Major Contracts
- In-service date, December 2012
- NVE to own 25% and GBT 75% of Phase 1
- NVE to receive all capacity in Phase 1 (~600 MW) and ~25% more capacity in Phase 2 at no charge
- GBT to fund, build and own 100% of Phase 2





# Credit Ratings Continue to Improve

	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Latest Ratings Review	March 11, 2011	September 9, 2010	May 13, 2010
<b>NV Energy</b>			
Senior unsecured debt	BB+	Ba3	BB
Outlook	Stable	Stable	Stable
<b>Nevada Power Company</b>			
Senior secured debt	BBB	Baa3	BBB
Senior unsecured debt	BBB-	Ba2	BB+
Outlook	Stable	Stable	Stable
<b>Sierra Pacific Power Company</b>			
Senior secured debt	BBB	Baa3	BBB
Outlook	Stable	Stable	Stable

