



July 2, 2026

Shawn M. Elicegui
Senior Vice President, Regulation and Resource Planning
6100 Neil Road
Reno, NV 89511

Subject: Review of Residential Customer Classification – NV Energy

Dear Mr. Elicegui:

We have completed our engagement involving the review and assessment of Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific” and, collectively with Nevada Power, the “Company”) management’s analysis and conclusions regarding the misclassification of multi-family residential customers in the Company’s billing system of record. This work was undertaken pursuant to Statement of Work dated January 14, 2026. This engagement was conducted in accordance with the Statement of Work and applicable professional practices for consulting services.

The objective of this engagement was to assess the design and operating effectiveness of controls, evaluate compliance with specified criteria, and validate data accuracy and management conclusions associated with the Company’s data review and reconciliation project. Our procedures included meetings with management and key personnel, evaluation of relevant policies and procedures, sampling, data analysis, and walkthroughs of processes with Company personnel.

Conclusions

- The Company implemented a structured, multi-step process to identify, correct, and mitigate the risk of misclassification of residential customer accounts.
- The Company’s evaluation of potentially misclassified accounts was logically designed, and the procedures and policies adopted by management provided sufficient guidance to support consistent and accurate classification decisions.
- The classification of single-family residential accounts in the Company’s billing system of record is reliable and performed with a high degree of accuracy. Although



isolated errors were identified, they were not systematic and were not statistically significant based on the sample sizes tested.

- The Company's implemented and planned processes, system controls, and employee training programs are reasonably designed to prevent and detect misclassifications, as evidenced by the agreement rates observed in testing.

Appreciation

We would like to thank management and staff for their cooperation and professionalism throughout this engagement.

Please contact us if you have any questions or would like to discuss the results in further detail.

Respectfully,

Jennifer Brandt

Jennifer Brandt
Managing Director, CBIZ



JULY 2, 2026

FINAL REPORT
REVIEW AND ASSESSMENT OF NV ENERGY'S DATA
RECONCILIATION PROJECT

BACKGROUND

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific” and, collectively with Nevada Power, the “Company”) initiated a data review and reconciliation project in 2024 to identify and correct residential customer accounts that were misclassified by premises type. These included accounts classified as single-family that should have been classified as multi-family, resulting in overbillings. In connection with that effort, the Company retained CBIZ Risk & Advisory Services, LLC (“CBIZ”) to review, assess and validate the Company’s analysis and conclusions regarding the misclassification of multi-family residential customers in the Company’s billing system of record, Banner. CBIZ’s Statement of Work, dated January 14, 2026, was filed with the Public Utilities Commission of Nevada (the “Commission”). A copy of the Statement of Work is attached to this report as Appendix A.

CBIZ conducted approximately 30 status meetings and more than 20 supplementary meetings with Company personnel from August 2025 through June 2026 to discuss project status, address questions, and perform detailed walkthroughs, including reviews of the Company’s electric system and meter configuration as it related to specific premises, field check reviews, and premises-specific inquiries. The Company provided approximately 972 megabytes of raw billing data to CBIZ, comprising more than 1.9 million records. To reach confident conclusions, CBIZ was granted broad access to relevant Company personnel (see Appendix C, “Meetings/Status with Management”). The Company also provided process documentation and exports from Banner, including Excel spreadsheets that included relevant information about premises for CBIZ’s testing purposes. Management represented to CBIZ that all information provided to CBIZ, both written and oral, was accurate and complete to the best of its knowledge and no data was intentionally omitted, and no filtering or manipulation occurred outside what was disclosed. See Appendix F, “Management’s Representation Letter.”

The results of CBIZ’s analysis are set forth below and summarized in the following section.

EXECUTIVE SUMMARY

CBIZ performed the following procedures to evaluate the Company's processes used to identify, classify, and reclassify residential accounts within Banner:

1. Participated in management meetings and reviewed general background documentation and other relevant material to develop an understanding of the subject matter.
2. Regarding the Company's data reconciliation project, CBIZ:
 - a. Assessed the processes management used to identify residential accounts in Banner that were potentially misclassified as single-family residential accounts and determined (a) that management reviewed and approved the processes and (b) the processes are logically and reasonably designed to identify potentially misclassified accounts.
 - b. Reviewed documentation (e.g., premises definitions and checklists) created and used to evaluate whether potentially misclassified accounts were properly classified and determined that the documentation is logically designed and provides sufficient guidance to support consistent and accurate classification decisions.
3. Performed two distinct tests:
 - a. Test 1 ("T1"): Selected and tested statistically significant samples from the population of all accounts in Banner classified as single-family residential units and determined:
 - i. As it relates to Nevada Power's service territory, less than 1 percent of sampled premises were improperly classified as single-family residential accounts; accordingly, the identified data issues do not appear to be systematic and are not statistically significant based on the sample sizes tested.
 - ii. As it relates to Sierra Pacific's service territory, less than 2.5 percent of the sampled premises were misclassified as single-family residential accounts; accordingly, the misclassifications do not appear to be systematic and are not statistically significant based on the sample sizes tested.
 - b. Test 2 ("T2"): Selected and tested statistically significant samples from the population of multi-family accounts in Banner that management initially identified as having been misclassified as single-family and subsequently reclassified as multi-family and determined:
 - i. As it relates to Nevada Power's service territory, less than 0.5 percent of sampled premises were single-family accounts and, therefore, should not have been reclassified as multi-family accounts; accordingly, the identified misclassifications do not appear to be systematic and are not statistically significant based on the sample sizes tested.

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- ii. As it relates to Sierra Pacific’s service territory, less than 4 percent of sampled premises were single-family accounts and, therefore, should not have been reclassified as multi-family accounts; accordingly, the identified data issues do not appear to be systematic and are not statistically significant based on the sample sizes tested.
 4. Reviewed and assessed the design of the processes, system controls, and employee training programs implemented (and planned to be implemented) by the Company to prevent and detect similar misclassifications going forward, and determined that the processes are reasonably designed, as evidenced by the agreement rates observed in testing (T1: 98.6 percent and T2: 98 percent). CBIZ also identified opportunities for further improvement in the areas of classification guidance, training & accountability, and data, system, and data source usage. See the “Conclusion” section for detailed recommendations.

SCOPE AND APPROACH

Task 1: Understanding the Subject Matter

CBIZ participated in numerous management meetings from August 2025 through June 2026 and reviewed background documentation and other relevant materials to develop an understanding of the subject matter.

Task 2: Data Reconciliation Process Evaluation

With respect to the Company's data reconciliation project initiated in 2024, CBIZ interviewed key personnel to understand the various processes used to (1) identify potentially misclassified residential customer accounts, (2) correct identified misclassifications, and (3) prevent future misclassifications. See Appendix B, "CBIZ Team, Areas of Focus, and Hours."

CBIZ evaluated whether these processes were reasonable and appropriate given the nature and complexity of the issue, supported by formal documentation and training materials, and consistently executed in practice based on discussions with management and evidence obtained.

Materials reviewed included management's documented processes and evidence of review and approval, employee training guides, premises type definitions, rate schedules, tariff rules, a memorandum prepared by the Company identifying the key differences between single-family and multi-family premises as defined by tariff rules, bi-weekly reports generated for management review of all new premises, and enhancements to Banner (the system of record), including additional data fields and the use of internal GIS data and external data sources such as county assessors and other third parties. See Appendix D, "Summary of Company Processes."

Task 3: Sample Testing

Sampling Methodology

In connection with management's reconciliation effort, the Company requested that CBIZ independently select and validate a sample of premises from four discrete strata (two regions and two testing populations). Sample sizes were determined based on four elements: the number of premises in the population to be tested, as set forth in the system of record, a 95 percent confidence level, a 5 percent margin of error, and a population variability of 50 percent. See Appendix E, "Explanation of Statistical Sufficiency of Sample Sizes." The 95 percent confidence interval and 5 percent margin of error are consistent with commonly accepted statistical sampling practices and support the objective of reducing sampling risk to an acceptably low level, as contemplated by the American Institute of Certified Public Accountants (AICPA) AU-C 530.

CBIZ selected the required number of sample items using a random number generator to avoid bias in the selection process.

Populations Tested

The following stratified populations were sampled, and selected samples were tested to confirm appropriate classification using multiple data sources:

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1. Test 1 North: all single-family premises in the North (Sierra Pacific)
 2. Test 1 South: all single-family premises in the South (Nevada Power)
 3. Test 2 North: all North (Sierra Pacific) premises reclassified as multi-family during the reconciliation project
 4. Test 2 South: all South (Nevada Power) premises reclassified as multi-family during the reconciliation project

Testing Procedures

For Test 1 (T1), CBIZ evaluated whether sampled premises from the population of single-family premises in each region were appropriately classified.

For Test 2 (T2), CBIZ evaluated whether sampled premises from the population of premises reclassified from single-family to multi-family during the reconciliation project were appropriately reclassified by the Company.

CBIZ performed a comprehensive review of each sampled premises using multiple data sources, including imagery from Google Earth and Google Maps, as well as images, diagrams, and other information from county assessor and third-party websites. Where necessary, CBIZ supplemented this analysis through review of meter data and electric system line diagrams within the Company's iConnect system via remote screen-sharing sessions with support from the Company's New Business Team.

In certain instances where available evidence did not support a definitive conclusion, Company field personnel performed site visits and provided additional supporting data and documentation, as requested by CBIZ. CBIZ maintained ongoing coordination with Company personnel throughout the process to support completeness and clarity in the evaluation.

Task 4: Evaluation of Process Design and Controls

CBIZ interviewed key personnel and reviewed supporting documentation to assess the design of the Company's processes, system controls, and employee training programs implemented by the Company to prevent and detect similar misclassifications going forward. This assessment included evaluation of the completeness of documentation, the clarity of classification guidance, and the design of training materials and related processes.

TESTING RESULTS SUMMARY

The table below summarizes the sample sizes tested (related to Task 3) and corresponding results by test and area:

Test/Area	Required Sample	CBIZ Agreed that Account was Properly Classified as Single-family	CBIZ Determined that Account Should be Classified as Multi-family	Total Premises Tested
T1-North	384	375 (97.7%)	6 (1.6%) ¹	384
T1-South	385	383 (99.5%)	2 (0.5%)	385
T1 TOTAL	769	758 (98.6%)	8 (1.0%)	769
Test/Area	Required Sample	CBIZ Agreed that Account was Properly Classified as Multi-family	CBIZ Determined that Account Should be Classified as Single-family	Total Premises Tested
T2-North	369	355 (96.2%)	14 (3.8%)	369
T2-South	381	380 (99.7%)	1 (0.3%)	381
T2 TOTAL	750	735 (98.0%)	15 (2.0%)	750

¹ Note that CBIZ identified three accounts within the T1-North sample that were not eligible for either single-family or multi-family service and, instead, should be served under the general service tariff.

Regarding the T1 analysis, instances where “CBIZ Determined that Account Should be Classified as Multi-family” indicate that a premises was designated as a single-family account in Banner but should have been classified as a multi-family account. CBIZ’s analysis determined that 97.7 percent of the premises classified as “single-family” premises in the North and 99.5 percent of the premises in the South were properly classified as single-family premises. Both of these results indicate a high degree of accuracy. Based on statistically valid samples of 384 accounts in Northern Nevada and 385 accounts in Southern Nevada, CBIZ identified 6 and 2 accounts, respectively, that needed to be reclassified as multi-family accounts.² While these results do not indicate that the populations are entirely free from error, the observed multi-family misclassification error rates (approximately 1.6 percent in Northern Nevada and 0.5 percent in Southern Nevada) reflect a low incidence of misclassification. Using a 95 percent confidence level, the upper bound on the population misclassification rate is approximately 3.4 percent for Northern Nevada (reflecting cases where premises were classified as single-family but should have been classified as multi-family) and 1.9 percent for Southern Nevada. Accordingly, the results support the conclusion that account classification in both regions is reliable and performed with a high degree of accuracy, with any errors limited in extent, and not systematic in nature.

Regarding the T2 analysis, instances where “CBIZ Results Disagreed with Banner Premises Type” indicate that a premises the Company reclassified from single-family to multi-family was, based on CBIZ’s review, appropriately classified as single-family and therefore should not have been reclassified. CBIZ’s analysis determined that 97.2 percent of the premises in the North and 99.7 percent of the premises in the South were properly reclassified from single-family to multi-family. Accordingly, the results indicate a high degree of accuracy in management’s reclassification process, with errors limited in extent, and not systematic in nature.

² See note 1, above.

CONCLUSION

Task 1: Understanding the Subject Matter

Based on procedures performed, CBIZ obtained a comprehensive understanding of the Company's processes, systems, and controls related to the identification, classification, and reclassification of residential accounts within Banner. Management demonstrated consistent engagement and provided relevant documentation and access to personnel to support the evaluation.

Task 2: Data Reconciliation Process Evaluation

CBIZ concludes that the Company has implemented a structured, multi-step process to identify, correct, and mitigate the risk of misclassification of residential customer accounts. These processes are logically designed and appropriately aligned with the nature and complexity of the issue.

Documentation supporting the evaluation of potentially misclassified accounts is logically designed and provides sufficient guidance to support consistent and accurate classification decisions. Management has also demonstrated appropriate oversight through documented review and approval of key processes and outputs.

Task 3: Sample Testing

Test 1 (T1) – Classification of Single-Family Accounts

Based on statistically valid samples, classification accuracy was high across both services territories (greater than 99.5 percent for Nevada Power and greater than 97.5 percent for Sierra Pacific). These results indicate that the classification of single-family residential accounts is reliable and performed with a high degree of accuracy. Although isolated errors were identified, they do not appear to be systematic and are not statistically significant based on the sample sizes tested.

Test 2 (T2) – Reclassification from Single-Family to Multi-Family

Based on statistically valid samples, a high percentage of accounts reclassified by the Company were appropriately reclassified (greater than 99 percent for Nevada Power and greater than 96 percent for Sierra Pacific). These results indicate that the Company's reclassification process is effective. While a small number of exceptions were identified, they do not appear to be systematic and are not statistically significant based on the sample sizes tested.

Task 4: Evaluation of Process Design and Controls

CBIZ concludes that the Company's implemented and planned processes, system controls, and employee training programs are reasonably designed to prevent and detect misclassifications, as evidenced by the agreement rates observed in testing (T1: 98.6 percent and T2: 98 percent).

The Company has implemented a structured control environment incorporating defined processes, system enhancements, and training initiatives to support accurate classification and reclassification of residential accounts. While these controls are in place and are operating with a

high degree of effectiveness, the presence of residual errors and the ongoing nature of the reconciliation effort indicate that the control environment continues to mature.

To further strengthen the control framework and promote sustained consistency and accuracy, CBIZ identified opportunities for improvement in the following areas:

- *Opportunity 1: Strengthen classification guidance and criteria*
 - Based on the information shared with CBIZ regarding account designation, adopt formal, clear, written definitions in plain English for each premises classification (e.g., Residential Single-Family, Residential Multi-Family, General Service) and reinforce that classification decisions should rely on multiple data points rather than a single source (e.g., county assessor data).
- *Opportunity 2: Formalize and strengthen the training program and related controls*
 - Enhance the existing training program to be more comprehensive, including defined curriculum, initial onboarding training, and periodic refresher training with specified frequency. Training should cover classification criteria, common misclassification scenarios, and lessons learned from past errors.
 - To improve training accountability and tracking, identify required participants, implement a centralized tracking mechanism to monitor completion, and reinforce accountability by incorporating training completion into annual performance evaluations.
 - Develop a standardized onboarding and on-the-job training checklist to ensure consistent coverage of key topics, and require documentation of training completion, including trainer and trainee acknowledgment.

Required training participants should include, at a minimum: (i) all personnel with the ability to create, modify, or override classification data within the system, (ii) individuals responsible for assigning or reviewing classifications, (iii) upstream personnel who input or influence source data used in classification decisions, (iv) personnel performing data correction or remediation activities, (v) supervisory or approval roles, and (vi) system administrators and data owners responsible for maintaining classification logic, system configuration, and related controls.

- *Opportunity 3: Enhance system controls and data quality in Banner*
 - Reinforce expectations that premises types in Banner are accurately populated and maintained. Enhance system functionality to capture or require justification for classifications and ensure appropriate due diligence, documentation, and training are completed prior to implementing new rate codes.

Implementation of these enhancements is expected to further reduce the risk of misclassification and support continued improvement in the accuracy and consistency of account classification processes.

APPENDIX A – CBIZ STATEMENT OF WORK

Exhibit A
Page 1 of 3



STATEMENT OF WORK

January 14, 2026

The purpose of this Statement of Work (“SOW”) is to set forth the parameters pursuant to which CBIZ Risk & Advisory Services, LLC (“CBIZ”) will provide Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (collectively, “Client”) with certain Services, described in more detail below.

This SOW is issued pursuant to the Engagement Letter between CBIZ and Client dated December 1, 2025 (the “Agreement”). This SOW is subject to the terms and conditions of the Agreement and is made a part thereof. Any term not otherwise defined herein shall have the meaning specified in the Agreement. In the event of any conflict or inconsistency between the terms of this SOW and the terms of this Agreement, the terms of this SOW shall govern and prevail unless this SOW specifically provides otherwise.

This project will be considered “Phase 1” of the larger NV Energy Customer Category Process Review. During Phase 1, CBIZ will:

1. Participate in management meetings and review general background documentation and other relevant material to develop an understanding of the subject matter.
2. Regarding NV Energy’s data reconciliation project completed in late 2025:
 - a. Assess the processes NV Energy used to identify residential customer accounts in Banner that were potentially miscategorized as a single-family premises (when it should have been a multi-family premises). Obtain evidence of management’s review and approval of these processes.
 - b. Review documentation (e.g., definitions of premises types; checklists used to guide performers’ work; trackers documenting decisions, issues, or follow-ups) created to support management’s conclusion as to the appropriate premises type for each residential customer account in Banner.
3. Perform two distinct tests:
 - a. TEST 1: Population is all premises in Banner
 - i. Obtain report(s) exported from Banner listing all premises, including completeness and accuracy evidence to support that this is a full population.
 - ii. From the premises categorized as single-family, select separate, “statistically significant” samples from the North and the South.
 - iii. For each sampled premises, review primary sources and confirm the correct rate category is documented in Banner.
 - b. TEST 2: Population is all premises that were reclassified to multi-family during NV Energy’s data reconciliation project (approximately 46,000 accounts across North and South).
 - i. Obtain report(s) of all reclassified premises in the North and South, including completeness and accuracy evidence to support that this is a full population.
 - ii. Select separate, “statistically significant” samples from the North and the South.
 - iii. For each sampled premises, review primary sources and confirm the correct rate category is in place in Banner.
4. Review and assess the design of the process and system controls implemented (and planned to be implemented) to prevent and detect similar misclassifications going forward. Review and assess the employee training program(s) for these new processes and system controls.
5. Prepare a brief (2-3 page) executive summary describing CBIZ’s scope, approach, sampling methodology, and results.

Assumptions:

- CBIZ will review the primary sources of Google maps, Google Earth, and the county assessor records for each sampled premises. In cases where the primary source material disagrees or is unavailable, CBIZ will work with NV Energy staff to review the data in NV Energy's iConnect system.
- CBIZ will identify statistically significant sample sizes based on four criteria: confidence level, margin of error (precision), population variability, and population size. CBIZ will present the sample approach and sample sizes to management for approval.
- CBIZ will only charge for hours worked.
- Travel time and expenses are not included in this estimate. If it is determined that CBIZ personnel need to travel, we will provide a cost estimate and obtain management's approval in advance.
- No hours are estimated for expert witness testimony.

Out of scope for CBIZ:

- Identifying accounts that have been charged the wrong amounts or calculating potential refunds
- Re-performing management's assessment
- Confirming accuracy and effectiveness of Banner logic to ensure bills align with tariffs or rates

Estimated hours and timeline:

- Estimated hours for 95% confidence level testing: 773 – 1,251
- Estimated fees: \$193,244 - \$312,728
- Estimated timeline: Assuming CBIZ has access to the NV Energy files by Friday, January 16, we are targeting the end of March to complete testing and provide results and outstanding premises conflicts to management. We anticipate sending the draft report to management one week after resolution of final open conflicts.

CBIZ Risk & Advisory Services, LLC

By: *Jennifer Brandt*

Name: Jennifer Brandt

Title: Managing Director

Date: January 14, 2026

NV Energy

By: *Shawn M. Eliegi*

Name: *Shawn M. Eliegi*

Title: *SVP, Regulation & Resource Planning*

Date: *1/16/2026*

**NV Energy
Customer Categorization Process Review
Sample Size Determination**

These populations were pulled from the "CBIZ_Res_all_north" and "CBIZ_Res_all_south" reports.

Population	Confidence level	Margin of Error	Population Variability	Sample Size
Population Single Family	95%	5%	50%	385
Nevada Power Company (Southern Nevada)	95%	5%	50%	384
Sierra Pacific Power Company (Northern Nevada)	95%	5%	50%	384

Result

Sample size: 385

This means 385 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within 5% of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5%
Population Proportion: 50% Use 50% if not sure
Population Size: 1048001 Leave blank if unlimited population size.

Result

Sample size: 384

This means 384 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within 5% of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5%
Population Proportion: 50% Use 50% if not sure
Population Size: 604303 Leave blank if unlimited population size.

Result

Sample size: 381

This means 381 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within 5% of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5%
Population Proportion: 50% Use 50% if not sure
Population Size: 40755 Leave blank if unlimited population size.

Result

Sample size: 387

This means 387 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within 5% of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5%
Population Proportion: 50% Use 50% if not sure
Population Size: 8020 Leave blank if unlimited population size.

APPENDIX B – AREAS OF FOCUS AND HOURS WORKED

Hours worked by CBIZ team member, with areas of focus listed:

NAME	AREAS OF FOCUS	HOURS
Bedford, Ronny	Completeness and Accuracy, Engagement Startup, Field Check Validating-Documenting, Google Searches for Inconclusives, i-Connect Meter Validation, Photo Review, Project Management, QC Review, Reconciliation of Differences, Reporting, Reviewer Test Step Development, Status Mtg Prep & Updates, Workbook Testing	432.25
Brandt, Jennifer	Data Analytics - Process Dev, Engagement Startup, Photo Review, Planning & Admin, Reconciliation of Differences, Reporting, Status Mtg Prep & Updates	33.25
Campbell, Cameron	i-Connect Meter Validation, Photo Review, Planning & Admin, Project Management, QC Review, Reporting	156.25
Clostio, John Eric	Data Analytics	1.5
Ferreira, Rebecca	Engagement Startup, Workbook Testing	23.25
Flores, Liza	Engagement Startup, Workbook Testing	43.25
FuQua, Jason	Completeness and Accuracy, Engagement Startup, Photo Review, Planning & Admin, Project Management, Reconciliation of Differences, Status Mtg Prep & Updates, Workbook Testing	189.25
Kribs, Joe	Data Analytics	92
Law, Adam	Engagement Startup, Google Searches for Inconclusives, i-Connect Meter Validation, Photo Review, Planning & Admin, QC Review, Workbook Testing	299.5
Lofthus, Shannon	Data Analytics - Process Dev	0.5
Losacco, David	Data Analytics - Process Dev	1
Martinez, Monica	Engagement Startup, i-Connect Meter Validation, QC Review, Reconciliation of Differences, Testing Preparation / Setup, Workbook Testing	48.5
Moore, Erika	Planning & Admin	0.5

Nguyen, Phillip	Completeness and Accuracy, Engagement Startup, Google Searches for Inconclusives, i-Connect Meter Validation, Photo Review, Planning & Admin, QC Review, Workbook Testing	301.25
Sanchez, Koret	Completeness and Accuracy, Engagement Startup	3.75
Siglain-O'Brien, Katie	Workbook Testing	30.25
Simpson, Gentry	Engagement Startup, Planning & Admin, Workbook Testing	42.5
Strain, Jared	Photo Review-April, QC Review, Workbook Testing	176.5
Trevino, Gabe	i-Connect Meter Validation, Workbook Testing, Testing Preparation / Setup	17
Weller, Jaden	i-Connect Meter Validation, Photo Review-April	5
Woltkamp, Ty	i-Connect Meter Validation, QC Review	18

Hours worked by area of focus:

AREAS OF FOCUS	HOURS
Engagement Startup	134.25
Planning & Admin	34.25
Data Analytics - Downloading data	92
Data Analytics - Process Dev	5.5
Testing Preparation / Setup	20.25
T1N Workbook Testing	99.5
T2N-Workbook Testing	94.75
T1S-Workbook Testing	107
T2S-Workbook Testing	91.25
Reviewer Test Step Development	0.5
Completeness and Accuracy	68.25
Reconciliation of Differences	81.5
Status Mtg Prep & Updates	30.75
Project Management	33.75
Google Searches for Inconclusives	60.75

Lessons Learned	1.25
Reporting	19.5
Photo Review	584.25
i-Connect Meter Validation	169
QC Review	148
Field Check Validating-Documenting	39
TOTAL	1,915.25

APPENDIX C – MEETINGS / STATUS WITH MANAGEMENT

DATE	Topics/Areas of Focus	ATTENDEES
August 13, 2025	Background, customer classification process, proposed project, and timeline.	NV Energy – Michael Knox, Michael Behrens, Michelle Fish, Shawn Elicegui, Timothy Clausen; CBIZ – Ronny Bedford, Jennifer Brandt
August 21, 2025	Project kickoff, introductions, sampling approach, audit coordination, internal assurance project, and documentation planning.	NV Energy – John Lind, Michael Knox, Timothy Clausen, Michelle Fish, Antoine Tilmon, Shawn Elicegui; CBIZ – Kendra Allen, Ronny Bedford
August 22, 2025	Aligned sampling expectations, audit coordination, and documentation requests.	NV Energy – Shawn Elicegui, Tim Clausen; CBIZ – Ronny Bedford
August 25, 2025	Reviewed misclassifications, possible causes, error rates, and root causes from internal assurance review.	NVE – Shawn Elicegui, John Lind, Mike Greene, Heather Morales, Jenel Mogo, Mike Knox; CBIZ – Ronny Bedford, Kendra Allen
September 2, 2025	Status update on NV Energy internal audit test results, classification issues, and team coordination.	NVE – Tilmon, Antoine; Lind, John; Elicegui, Shawn; Bellows, Ryan; Behrens, Michael; Mobo, Jenel; Morales, Heather; Johnson, Monique; Fish, Michelle; Gerome, Dan; Days, Stephen; Brecke, Matt; Silveyra, Angelica; Crane, Wendy; Knox, Michael; Clausen, Timothy; Barnes, Justin; CBIZ – Ronny Bedford, Erika Moore
September 3, 2025	Engagement letter, documentation gaps, definitions, and coordination.	NVE – Shawn; CBIZ – Ronny Bedford
September 5, 2025	Discussed incorrect GIS data overwrite, classification impacts, history tables, and validation needs. 150,000 premises scrubbed.	NVE – Michelle Fish, John Lind, Antoine Tilmon; CBIZ – Ronny Bedford, Erika Moore, Kendra Allen

DATE	Topics/Areas of Focus	ATTENDEES
September 9, 2025	Discussed September 5 meeting, project scope, testing approach, and next steps.	NVE – Shawn Elicegui, Michael Behren; CBIZ – Ronny Bedford
September 11, 2025	Internal assurance project process, data provided, support required, and project coordination.	NVE – John Lind; CBIZ – Ronny Bedford
September 22, 2025	Reviewed Northern Nevada residential non-standard metering rate schedules.	NVE – Shawn Elicegui; CBIZ – Ronny Bedford
December 11, 2025	Reviewed RFP elements, remaining items, and support needed.	NV Energy – Shawn Elicegui; CBIZ – Ronny Bedford, Erika Moore
February 11, 2026	Report completeness, reconciling differences, walkthroughs, and management representation.	NV Energy – Shawn Elicegui, Mike Knox, Michelle Fish; CBIZ – Ronny Bedford, Jason FuQua
February 18, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Jennifer Brandt, Ronny Bedford
February 27, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford
March 13, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
March 20, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
March 25, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
March 26, 2026	Discussed inconclusive premises classification using images, shared-wall criteria, history of mobile home anomalies, county assessor concerns,	NV Energy – Mike Knox, Shawn Elicegui, Michelle Fish; CBIZ – Ronny Bedford, Jason FuQua

DATE	Topics/Areas of Focus	ATTENDEES
	caution re: third-party web sites, and field checks.	
March 27, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
March 31, 2026	Discussed documentation received, mobile home classification criteria, images, tariff definitions, iConnect for meter placement, defined terms vs rates, request for additional attributes.	NV Energy – Mike Knox, Shawn Elicegui, Michelle Fish; CBIZ – Ronny Bedford, Jason FuQua
April 1, 2026	Reviewed samples to illustrate when iConnect validation was needed, reviewed DM rate, evidence of shared walls, management confirmed CBIZ to proceed with adding 21 more testing attributes (to be known as Round 2 testing).	NV Energy – Shawn Elicegui, Jeff; CBIZ – Ronny Bedford
April 2, 2026	Clarified classification criteria using shared-wall and metering factors.	NV Energy – Mike Knox, Shawn Elicegui; CBIZ – Ronny Bedford
April 6, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
April 17, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
April 27, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
April 21, 2026	Reviewed premises in iConnect to support classification decisions.	NV Energy – Angelica Silveyra, Lisa Koerner, Raul Lozada, Michelle Fish; CBIZ – Phillip Nguyen, Adam Law, Jared

DATE	Topics/Areas of Focus	ATTENDEES
		Strain, Cameron Campbell, Ronny Bedford, Jason FuQua
April 28, 2026	Reviewed project status of Round 2 testing, deliverables, iConnect usage, and coordination.	Jason; Ronny; Jennifer; Shawn Elicegui; Michael Knox; Laurel Hogen; Katie Nannini
May 1, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
May 15, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Michelle Fish, Jennifer Brandt, Ronny Bedford, Jason Fuqua
May 20, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Marie Steele, Michelle Fish, Jennifer Brandt, Ronny Bedford
May 22, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Marie Steele, Michelle Fish, Jennifer Brandt, Ronny Bedford, Cameron Campbell, Jason Fuqua
June 2, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Marie Steele, Michelle Fish, Jennifer Brandt, Ronny Bedford, Cameron Campbell
June 8, 2026	Status Report (email)	Parties to the thread: Shawn Elicegui, Michael Knox, Marie Steele, Michelle Fish, Jennifer Brandt, Ronny Bedford

APPENDIX D - SUMMARY OF COMPANY PROCESSES

CBIZ interviewed key Company personnel (Michelle Fish, Anjelica Silvara, and Monique Johnson) and reviewed relevant documentation, including the “Single-Fam_Multi-Fam Requirements–Addendum”, to assess the Company’s processes for addressing the risk of residential customer account misclassifications.

The following describes the Company’s structured approach to addressing the risk of residential customer account misclassification including the processes and controls implemented to (1) systematically identify accounts that may have been improperly classified, (2) investigate and correct confirmed misclassifications to ensure accurate billing and reporting, and (3) strengthen preventive measures to reduce the likelihood of similar issues occurring in the future.

IDENTIFICATION OF MISCLASSIFICATIONS

The Company utilized the following query-based analytics, GIS data, county assessor records, and manual validation techniques to evaluate account classifications across the population:

- Performed targeted query-based data scrubbing, including searches for accounts with unit numbers and specific dwelling types to surface potentially misclassified properties.
- Leveraged historical classification indicators (e.g., legacy use of unit numbers to identify multi-family properties) to inform identification logic.https://cbizcorp.sharepoint.com/teams/RASNVEnergy/_layouts/15/Doc.aspx?sourcedoc={C7862519-2363-420D-8B39-C37CA11E624E}&file=08_Process+Descrip+Michelle+Fish_061026.docx&action=default&mobileredirect=true
- Utilized GIS data and county assessor records (e.g., land use fields) to distinguish between single-family and multi-family properties and compare against internal system classifications.https://cbizcorp.sharepoint.com/teams/RASNVEnergy/_layouts/15/Doc.aspx?sourcedoc={C7862519-2363-420D-8B39-C37CA11E624E}&file=08_Process+Descrip+Michelle+Fish_061026.docx&action=default&mobileredirect=true
- Conducted iterative data analysis and re-running of queries to address conflicting data between internal records and external sources.
- Incorporated event-driven identification triggers, such as customer complaints or account changes (e.g., property modifications) to initiate additional reviews.
- Applied manual validation using external tools (e.g., images from Google Maps, Google Earth, realtor and county assessor websites) through cross-functional collaboration.

The use of multiple independent data sources and layered validation procedures represents a comprehensive approach designed to improve classification accuracy, although the need for iterative queries and resolution of conflicting data indicates inherent complexity and some reliance on manual judgment.

INVESTIGATION AND CORRECTION

The Company implemented the following processes to review flagged accounts, update classification codes, and apply billing corrections where appropriate, supported by internal review activities:

- Initiated case-level review and reclassification of flagged accounts following identification through queries or customer escalation.
- Conducted cross-functional validation between New Business and Billing teams to confirm appropriate classification changes.
- Implemented billing system updates to revise rate classifications, ensuring corrections are applied to the account record.
- Executed review and validation of rate code changes, ensuring all modifications are checked for accuracy before finalization.
- Supported corrections using documented processes, scripts, and data handling methods.

Ongoing identification of additional misclassified accounts indicates that while correction processes are functioning, full remediation is still in progress, and continued effort is required to resolve any remaining discrepancies.

PREVENTION

The Company established the following controls to further support ongoing monitoring:

- Established a rate change validation control, requiring Billing review and approval of all changes to classification-related fields (e.g., rate codes). https://cbizcorp.sharepoint.com/teams/RASNVEnergy/_layouts/15/Doc.aspx?sourcedoc={C7862519-2363-420D-8B39-C37CA11E624E}&file=08_Process_Descrrip_Michelle_Fish_061026.docx&action=default&mobileredirect=true
- Implemented recurring reporting on new premises and meter sets, enabling proactive review of classification inputs such as dwelling type.
- Implemented bi-weekly cross-functional review meetings between New Business and Billing teams to monitor trends, review reports, and spot-check classifications. https://cbizcorp.sharepoint.com/teams/RASNVEnergy/_layouts/15/Doc.aspx?sourcedoc={C7862519-2363-420D-8B39-C37CA11E624E}&file=08_Process_Descrrip_Michelle_Fish_061026.docx&action=default&mobileredirect=true
- Enhanced customer application forms to capture more precise dwelling type information at the point of account setup.
- Updated training guides and internal documentation to reflect revised classification procedures and ensure consistent staff understanding.
- Developed and maintained formal requirements detailing classification logic, data sources, and process changes.
- Procedures to obtain updated information when made available from county assessors.

These controls are appropriately designed to detect and prevent future misclassifications; however, many of the controls rely on manual review and supervisory oversight, which may introduce variability in execution.

The Company has also taken steps to formalize and document its processes, including the development of requirements documentation, updates to training guides, revisions to customer application forms, and the introduction of new data fields to support classification decisions. While documentation exists and has been updated, discussions with management indicated that opportunities remain to further standardize definitions and enhance formal training materials, particularly for complex classification scenarios such as townhomes and mixed-use properties.

Based on discussions with management, the processes appear to have been generally followed in practice, with regular review meetings, cross-department coordination, and communication channels to address unusual or complex cases.

APPENDIX E - EXPLANATION OF STATISTICAL SUFFICIENCY OF SAMPLE SIZES

The sample sizes selected for the NV Energy Premises Validation project are statistically sufficient to support population-level estimation. The sampling methodology was designed using four discrete strata (two regions and two testing populations), each evaluated at a 95 percent confidence level, a 5 percent margin of error, and a 50 percent population variability assumption. These parameters are standard and intentionally conservative, as a 50 percent variability assumption produces the largest required sample size when the true error rate is unknown.

Population basis and sampling design. The population was stratified as:

- Test One - all single-family premises, and
- Test Two – premises identified as misclassified and subsequently corrected from single-family to multi-family.

with each test further segmented between southern and northern Nevada.

Separate sample size calculations were performed for each stratum rather than applying a single blended sample across the full population. This approach preserves statistical precision within each underlying population and ensures that conclusions are supportable at the stratum level.

Sample size determination. CBIZ utilized a standard statistical sample size calculator (Calculator.net) to determine the required sample size for each stratum, resulting in the following:

Test	Region	Population	Confidence	Margin of Error	Variability	Sample Size	Sampling Fraction
Test 1	South	1,352,350	95%	5%	50%	385	0.028%
Test 1	North	513,409	95%	5%	50%	384	0.075%
Test 2	South	42,369	95%	5%	50%	381	0.899%
Test 2	North	9,267	95%	5%	50%	369	3.982%

At a 95 percent confidence level, the corresponding z-score is 1.96. Applying a 5 percent margin of error and a 50 percent variability assumption results in an initial (infinite-population) sample size of approximately 384 observations. Because each population is finite, a finite population correction was applied, resulting in slightly adjusted minimum sample sizes for each stratum. As a

result, required sample sizes cluster within a narrow range (369 to 385) despite populations sizes ranging from 9,267 to 1,352,350.

The calculated and selected sample sizes are as follows:

- **Test One** – Nevada Power Company (South): finite-population formula result = 384.04, selected sample size = 385.
- **Test One** – Sierra Pacific Power Company (North): finite-population formula result = 383.86, selected sample size = 384.
- **Test Two** – Nevada Power Company (South): finite-population formula result = 380.70, selected sample size = 381.
- **Test Two** – Sierra Pacific Power Company (North): finite-population formula result = 368.89, selected sample size = 369.

Statistical rationale. For attribute-based testing, once the confidence level, margin of error, and variability assumption are defined, required sample sizes increase only marginally as total population size grows. Accordingly, sample sizes in the high-300 range remain statistically valid for populations ranging from thousands to over one million records. The selected sample sizes are consistent with this principle and align with standard 95 percent confidence / ± 5 percent precision design.

Combined sample and overall precision. Across all four strata, the team sampled a total of 1,519 records from a combined population of 1,917,395. Because each stratum was independently sized and then aggregated, the overall design maintains the intended confidence and precision within each population while providing a robust total sample for project-level analysis.

Observed results and population extrapolation. CBIZ testing identified 26 misclassifications across the 1,519 sampled records, resulting in an observed error rate of 1.7117 percent. Applying this rate to the full population of 1,917,395 yields:

- Point estimate: 32,819.14 potentially affected items
- Lower bound: 21,495.47 records
- Upper bound: 47,895.91 records.

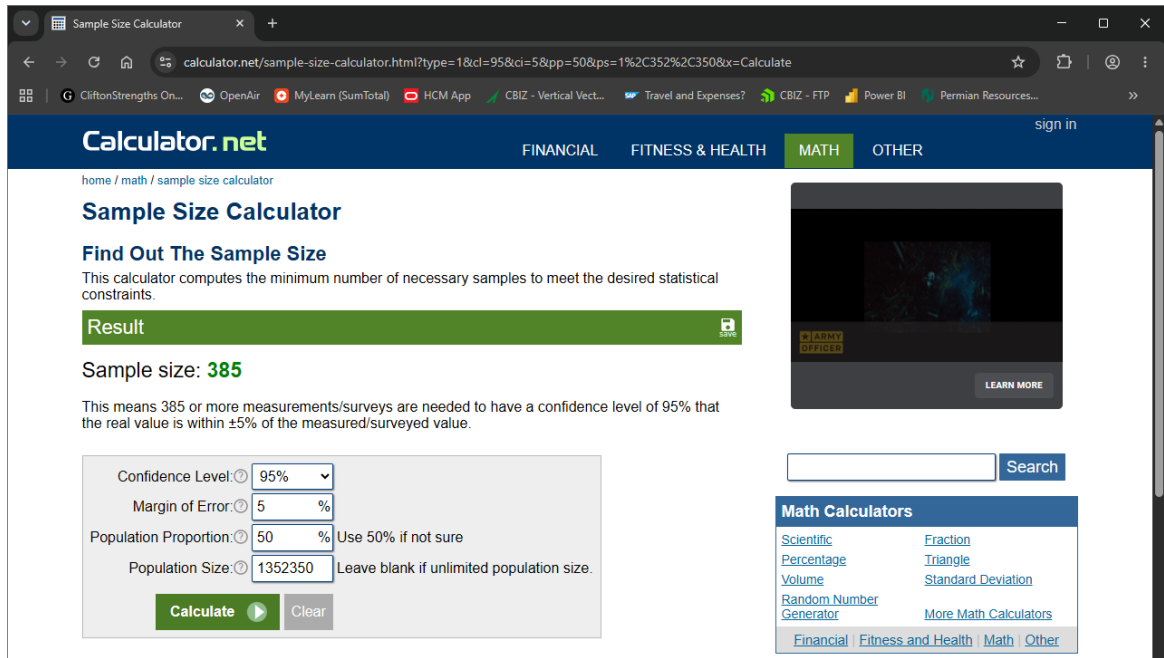
This demonstrates that the sample not only meets statistical sufficiency requirements, but that it also supports quantitative extrapolation with an associated range of uncertainty.

Conclusion. Based on the methodology described above, the selected sample sizes for Test One and Test Two were derived using standard and conservative statistical assumptions (95 percent

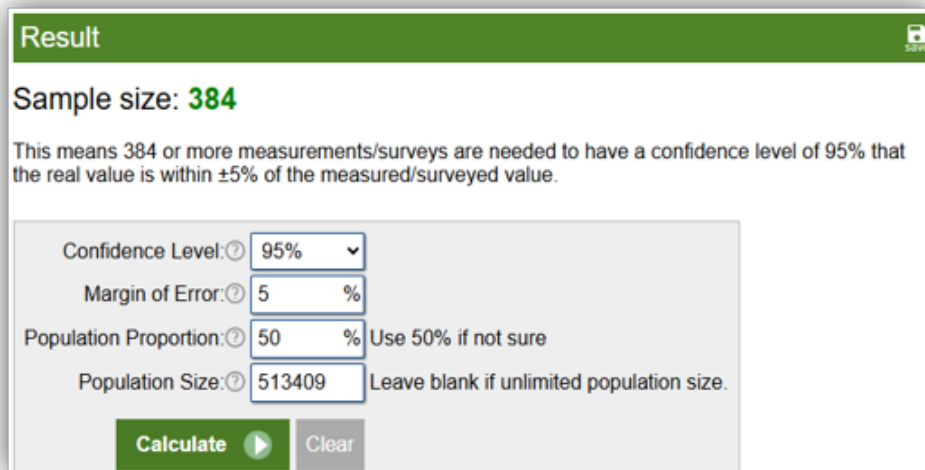
confidence, 5 percent margin of error, and 50 percent variability). The resulting sample sizes of 385, 384, 381, and 369 are therefore statistically sufficient to support conclusions at the stratum and across the broader NV Energy population.

Calculator.net results. The following excerpts from the Calculator.net sample size tool reflect the methodology used to determine the appropriate sample sizes for each of the four strata tested.

T1 – South: Population of 1,352,350



T1 – North: Population of 513,409



T2 – South: Population of 42,369

Result

Sample size: 381

This means 381 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within $\pm 5\%$ of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5 %
Population Proportion: 50 % Use 50% if not sure
Population Size: 42369 Leave blank if unlimited population size.

Calculate Clear

T2 – North: Population of 9,267

Result

Sample size: 369

This means 369 or more measurements/surveys are needed to have a confidence level of 95% that the real value is within $\pm 5\%$ of the measured/surveyed value.

Confidence Level: 95%
Margin of Error: 5 %
Population Proportion: 50 % Use 50% if not sure
Population Size: 9267 Leave blank if unlimited population size.

Calculate Clear

APPENDIX F – MANAGEMENT REPRESENTATION LETTER



July 1, 2026

Ronny Bedford, CPA, CIA, CISA, CFE
Senior Manager
CBIZ Risk & Advisory Services
1001 McKinney Street, Suite 1700
Houston, TX 77002
Ronny.Bedford@CBIZ.com

RE: Data Provided to CBIZ Pursuant to the Scope of Work Dated January 14, 2026

Dear Mr. Bedford:

This representation letter is provided to you on behalf of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (the "Companies"). The representation letter is provided to CBIZ Risk & Advisory Services ("CBIZ") in connection with its review, assessment and validation of the Companies' analysis and conclusions regarding the misclassification of multi-family residential premises in the Companies' billing system of record. CBIZ conducted the review, assessment and validation pursuant to that certain Statement of Work dated January 14, 2026 ("Statement of Work"), a copy of which is attached to this representation letter as Attachment A.

We confirm, to the best of our knowledge and believe, the following:

1. **Management Responsibilities**

1. We were responsible for extraction from Banner of four separate data sets as follows:
 - a. A data set representing all northern Nevada accounts classified as single-family residential premises (referred to as the T1-North Data Set);
 - b. A data set representing all southern Nevada accounts classified as single-family residential premises (referred to as the T1-South Data Set);
 - c. A data set representing all premises previously reclassified by the Companies as multifamily premises in northern Nevada (referred to as the T2-North Data Set); and,
 - d. A data set representing all premises previously reclassified by the Companies as multifamily premises in southern Nevada (referred to as the T2-South Data Set and, together with the T1-North Data Set, the T1-South Data Set, and the T2-North Data Set, the Data Sets).
2. We were responsible for the preparation, completeness, and accuracy of the Data Sets to CBIZ, including the appropriate selection of source data, assumptions, and methodologies used to compile such Data Sets. We acknowledge that CBIZ has relied on the Data Sets as provided by us and has not independently verified the completeness or accuracy of such information.
3. To satisfy these responsibilities, the Companies' Information Technology ("IT") team compiled and securely transmitted the data requested by CBIZ via an SFTP server.
 - a. First, the IT team extracted all single family ("SF") metered services, including addresses and account details, using the full list of SF rate codes provided by the Companies' Customer Operations Rates Team (the "Rates Team"). This data set includes accounts with service from January 1, 2017, through February 3, 2026, both

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Mr. Bedford
July 1, 2026
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active and inactive. The query used for this request was developed based on rate codes supplied by the Rates Team's subject-matter expert ("SME") and was validated by the SME to ensure accurate inclusion of all relevant SF rates.

- b. Second, IT generated a separate data set of misclassified multi-family ("MF") metered services by pulling address and service information associated with scrubbed premises identified in internal custom tables that were generated during the Companies' review of the Banner Customer Information System to identify MF premises that had been incorrectly classified as SF. This data set was evaluated and verified over the course of three reviews performed by the Companies' Billing team.

2. **Completeness and Access to Information**

We provided CBIZ with:

1. All records, data, policies and procedures, and supporting documentation necessary to CBIZ's responsibilities under the Statement of Work;
2. Access to personnel and explanations as requested by CBIZ; and,
3. All transactions, events, data inputs, and other information relevant to CBIZ's responsibilities under the Statement of Work have been completely and accurately provided to CBIZ and are reflected in the Data Sets.

3. **Final Representations**

1. We are not aware of any material errors or omissions in the Data Sets or other information we provided to CBIZ.
2. We believe that all information provided to CBIZ relevant to CBIZ's responsibilities under the Statement of Work is complete and accurate in all material aspects for purposes of performing the procedures outlined in the Statement of Work.
3. We believe that the information provided to CBIZ is sufficient to perform its responsibilities under the Statement of Work.

Very truly yours,



Shawn M. Elicegui
Senior Vice President, Regulation and Resource Planning