
SENATE BILL NO. 438—COMMITTEE ON COMMERCE AND LABOR

MARCH 15, 1999

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes related to electric restructuring. (BDR 58-861)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~{omitted material}~~ is material to be omitted.

AN ACT relating to utilities; providing in skeleton form for the extension of the statutory deadline by which customers may begin obtaining potentially competitive services; providing in skeleton form for the revision of certain provisions governing the provision of electric services in a competitive market; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND
ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** Chapter 704 of NRS is hereby amended by adding thereto a
2 new section to read as follows:
3 *A vertically integrated electric utility that provides electric services to*
4 *more than 80 percent of the total number of electric customers in this*
5 *state shall divest its generation services.*
6 **Sec. 2.** NRS 704.965 is hereby amended to read as follows:
7 704.965 As used in NRS 704.965 to 704.990, inclusive, *and section 1*
8 *of this act*, unless the context otherwise requires, the words and terms
9 defined in NRS 704.966 to 704.975, inclusive, have the meanings ascribed
10 to them in those sections.
11 **Sec. 3.** NRS 704.976 is hereby amended to read as follows:
12 704.976 1. The date upon which customers may begin obtaining
13 generation, aggregation and any other potentially competitive services
14 from an alternative seller must be no later than ~~{December 31, 1999,}~~
15 *February 1, 2000*, unless the commission determines that a different date is
16 necessary to protect the public interest. If the commission determines that a

1 different date is necessary, the commission shall provide a report to the
2 director of the legislative counsel bureau for transmittal to the legislature
3 ~~{by February 1, 1999,}~~ which:

4 (a) Explains the reason that the commission has not granted such an
5 authorization; and

6 (b) States whether the commission will grant such an authorization by
7 ~~{December 31, 1999,}~~ *February 1, 2000.*

8 2. The commission may:

9 (a) Establish different dates for the provision of different services by
10 alternative sellers in different geographic areas; and

11 (b) Authorize, in gradual phases, the right *of customers* to buy from
12 alternative sellers.

13 3. The commission shall determine that an electric service is a
14 potentially competitive service if provision of the service by alternative
15 sellers:

16 (a) Will not harm any class of customers;

17 (b) Will decrease the cost of providing the service to customers in this
18 state or increase the quality or innovation of the service to customers in this
19 state;

20 (c) Is a service for which effective competition in the market is likely to
21 develop;

22 (d) Will advance the competitive position of this state relative to
23 surrounding states; and

24 (e) Will not otherwise jeopardize the safety and reliability of the electric
25 service in this state.

26 4. If the commission determines that a market for a potentially
27 competitive service does not have effective competition, the commission
28 shall, by regulation, establish the method for determining prices for the
29 service and the terms and conditions for providing the service. The
30 regulations must ensure that the pricing method, terms and conditions are
31 just and reasonable and not unduly discriminatory. The regulations may
32 include pricing alternatives which authorize the seller to reduce prices
33 below maximum pricing levels specified by the commission or any other
34 form of alternative pricing which the commission determines to be
35 consistent with the provisions of this subsection. In determining whether a
36 market for an electric service has effective competition, the commission
37 shall:

38 (a) Identify the relevant market;

39 (b) Identify, where feasible, the alternative sellers that participate and
40 are reasonably expected to participate in the relevant market; and

41 (c) Calculate, where feasible, the market share of each participant in the
42 market and evaluate the significance of each share.

- 1 5. On or before October 1, 2000, the commission shall submit to the
2 director of the legislative counsel bureau for transmittal to the appropriate
3 legislative committee a report which:
- 4 (a) Evaluates the effectiveness of competition in the market for each
5 service which customers have the right to purchase from alternative sellers;
6 and
- 7 (b) Recommends actions which the legislature should take to increase
8 the effectiveness of competition in the markets for all potentially
9 competitive services.
- 10 6. On or before October 1, 2001, an electric service that has been
11 found *on or before that date* to be potentially competitive shall be deemed
12 to be competitive.
- 13 7. The commission may reconsider any determination made pursuant to
14 this section upon its own motion or upon a showing of good cause by a
15 party requesting a reconsideration. Upon a finding by the commission that
16 the market for a service previously found not to have effective competition
17 has become effectively competitive, the commission shall repeal the
18 regulations which established the pricing methods and the terms and
19 conditions for providing that service. The commission shall conduct any
20 proceedings for the reconsideration of any such determination as
21 expeditiously as practicable considering the current work load of the
22 commission and the need to protect the public interest.
- 23 8. A vertically integrated electric utility shall not provide a potentially
24 competitive service except through an affiliate:
- 25 (a) On or after ~~December 31, 1999;~~ *February 1, 2000;* or
26 (b) The date on which the commission determines that the service is
27 potentially competitive,
28 whichever is later.