

SENATE BILL NO. 269—SENATORS NEAL AND SCHNEIDER

MARCH 2, 2001

JOINT SPONSORS: ASSEMBLYMEN ARBERRY AND WILLIAMS

Referred to Committee on Commerce and Labor

SUMMARY—Repeals provisions pertaining to competitive provision of retail electric and natural gas service. (BDR 58-162)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

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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; repealing provisions pertaining to the competitive provision of retail electric and natural gas service; and providing other matters properly relating thereto.

1 WHEREAS, The State of California opened its markets to the competitive  
2 provision of retail electric service on March 31, 1998; and

3 WHEREAS, San Diego Gas & Electric became the first utility in the State  
4 of California to provide competitive retail electric service; and

5 WHEREAS, During the summer of 2000, many customers of San Diego  
6 Gas & Electric experienced more than a 200 percent increase in the cost of  
7 electricity, as reflected in their monthly power bills; and

8 WHEREAS, Also during the summer and fall of 2000, Pacific Gas &  
9 Electric Corporation and Southern California Edison experienced large  
10 increases in wholesale electricity prices and, unable to raise rates because  
11 of a price freeze, both utilities accumulated deficits in earnings equivalent  
12 to nearly two-thirds of their total net worth; and

13 WHEREAS, These deficits have prompted credit rating agencies to lower  
14 the debt ratings of Pacific Gas & Electric Corporation and Southern  
15 California Edison and have raised concerns about the solvency of these  
16 utilities; and

17 WHEREAS, The tremendous rise in the cost of electricity in California  
18 demonstrates the manner in which insufficient local generation and  
19 transmission capacity in certain areas of the country, combined with  
20 unpredictable wholesale prices, may frustrate the ability of retail electric  
21 customers to benefit from the lower costs that were supposed to result from  
22 the market efficiencies derived from deregulation; and



1 WHEREAS, In a retail electric market that is regulated by the state, utility  
2 generation plants remain subject to the jurisdiction of a state authority and,  
3 therefore, can be required to sell their power output locally at just and  
4 reasonable rates; and

5 WHEREAS, If generation plants are divested and operated by wholesale  
6 electric producers, the plants are subject to federal jurisdiction, and the  
7 Commerce Clause of the United States Constitution prohibits the State of  
8 Nevada from restricting the export of electric power generated by those  
9 plants to other states; and

10 WHEREAS, A shortage in the supply of electric generation currently  
11 exists in the western United States, which has caused wholesale electric  
12 generators in many instances to transmit power from the areas where the  
13 power is produced to distant electric customers in order to obtain the  
14 highest price; and

15 WHEREAS, In a competitive market, Nevada electric customers will  
16 have to compete with customers throughout the western United States for  
17 electricity, including electricity generated by plants located in this state;  
18 and

19 WHEREAS, In the fall of 2000, electric customers in California were  
20 narrowly able to avoid mandated interruptions in power, commonly known  
21 as rolling blackouts, only as a result of intervention by federal authorities  
22 who invoked powers under federal law to require wholesale electric  
23 generators to sell electricity to supply the California market; and

24 WHEREAS, Some of the architects and ardent proponents of the  
25 deregulation of the electric industry in California, along with consumer  
26 representatives and at least one utility, are now demanding the  
27 reinstatement of regulation of that state's electric industry; and

28 WHEREAS, Proponents of the deregulation of retail electric service in  
29 the State of Nevada cannot provide reliable assurances that customers of  
30 retail electric service in this state will not be faced with large rate increases  
31 or interruptions in electric service once deregulation commences; now,  
32 therefore,

33  
34 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
35 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:  
36

37 **Section 1.** NRS 703.010 is hereby amended to read as follows:

38 703.010 As used in this chapter, unless the context otherwise  
39 requires ~~:-~~

40 ~~1. "Alternative seller" has the meaning ascribed to it in NRS 704.967.~~

41 ~~2. "Commission"]~~ , "commission" means the public utilities  
42 commission of Nevada.

43 **Sec. 2.** NRS 703.025 is hereby amended to read as follows:

44 703.025 1. The commission, by majority vote, shall organize the  
45 commission into sections, alter the organization of the commission and  
46 reassign responsibilities and duties of the sections of the commission as the  
47 commission deems necessary to provide:



- 1 (a) Advice and guidance to the commission on economic policies  
2 relating to utilities under the jurisdiction of the commission, and the  
3 regulation of such utilities;
- 4 (b) Administrative, technical, legal and support services to the  
5 commission; and
- 6 (c) For the regulation of utilities governed by the commission and the  
7 services offered by such utilities, including, but not limited to, licensing of  
8 such utilities and services and the resolution of consumer complaints.
- 9 2. The commission shall:
- 10 (a) Formulate the policies of the various sections of the commission;
- 11 (b) Coordinate the activities of the various sections of the commission;
- 12 **and**
- 13 (c) ~~{Take such actions consistent with law as are necessary to encourage~~  
14 ~~and enhance:~~
- 15 ~~—(1) A competitive market for the provision of utility services to~~  
16 ~~customers in this state; and~~
- 17 ~~—(2) The reliability and safety of the provision of those services within~~  
18 ~~that competitive market; and~~
- 19 ~~—(d)}~~ Adopt such regulations consistent with law as the commission  
20 deems necessary for the operation of the commission and the enforcement  
21 of all laws administered by the commission.
- 22 3. Before reorganizing the commission, the commission shall submit  
23 the plan for reorganization to:
- 24 (a) The director of the legislative counsel bureau for transmittal to the  
25 appropriate legislative committee and the interim finance committee; and
- 26 (b) The director of the department of administration.
- 27 **Sec. 3.** NRS 703.168 is hereby amended to read as follows:
- 28 703.168 The commission may, in carrying out its duties:
- 29 1. Cooperate with the Federal Government, its departments and  
30 agencies.
- 31 2. Confer with the regulatory agencies of other states on matters of  
32 mutual concern and benefit to persons served by the public utilities ~~{and~~  
33 ~~alternative sellers}~~ of this state.
- 34 3. Use the services, records, facilities and cooperation of federal and  
35 state regulatory agencies, and hold joint hearings and participate in joint  
36 conferences to reach decisions in matters which require cooperation. All  
37 necessary expenses incurred in attending hearings and conferences outside  
38 this state are a charge against the state, and must be audited and paid as  
39 other claims against this state are paid. The claims must be sworn to by the  
40 commissioner who incurred the expense and approved by the chairman.
- 41 **Sec. 4.** NRS 703.172 is hereby amended to read as follows:
- 42 703.172 1. A division of consumer complaint resolution is hereby  
43 established within the commission.
- 44 2. Pursuant to regulations adopted by the commission, the division of  
45 consumer complaint resolution shall:
- 46 (a) Receive and investigate complaints made against any public utility ;  
47 ~~{or alternative seller;}~~
- 48 (b) Conduct appropriate investigations of the service practices of utility  
49 companies ; ~~{or alternative sellers;}~~ and



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(c) Perform such other functions as are required by law or as the commission deems appropriate.

**Sec. 5.** NRS 703.310 is hereby amended to read as follows:

703.310 1. When a complaint is made against any public utility ~~for alternative seller~~ by any person, that any of the rates, tolls, charges or schedules for regulated services, or any joint rate or rates are in any respect unreasonable or unjustly discriminatory, or any regulation, measurement, practice or act affecting or relating to the production, transmission or delivery or furnishing of heat, light, gas, coal slurry, water or power, or any service in connection therewith or the transmission thereof is, in any respect, unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate, the division of consumer complaint resolution shall investigate the complaint. After receiving the complaint, the division shall give a copy of it to the public utility ~~for alternative seller~~ against whom the complaint is made. Within a reasonable time thereafter, the public utility ~~for alternative seller~~ shall provide the commission with its written response to the complaint according to the regulations of the commission.

2. If the division of consumer complaint resolution is unable to resolve the complaint, the division shall transmit the complaint, the results of its investigation and its recommendation to the commission. If the commission determines that probable cause exists for the complaint, it shall order a hearing thereof, give notice of the hearing and conduct the hearing as it would any other hearing.

3. No order affecting a rate, toll, charge, schedule, regulation, measurement, practice or act complained of may be entered without a formal hearing unless the hearing is dispensed with as provided in NRS 703.320.

**Sec. 6.** NRS 704.030 is hereby amended to read as follows:

704.030 "Public utility" or "utility" does not include:

1. Persons engaged in the production and sale of natural gas, other than sales to the public, or engaged in the transmission of natural gas other than as a common carrier transmission or distribution line or system.

2. Persons engaged in the business of furnishing, for compensation, water or services for the disposal of sewage, or both, to persons within this state if:

(a) They serve 25 persons or less; and

(b) Their gross sales for water or services for the disposal of sewage, or both, amounted to \$5,000 or less during the immediately preceding 12 months.

3. Persons not otherwise engaged in the business of furnishing, producing or selling water or services for the disposal of sewage, or both, but who sell or furnish water or services for the disposal of sewage, or both, as an accommodation in an area where water or services for the disposal of sewage, or both, are not available from a public utility, cooperative corporations and associations or political subdivisions engaged in the business of furnishing water or services for the disposal of sewage, or both, for compensation, to persons within the political subdivision.



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1 4. Persons who are engaged in the production and sale of energy,  
2 including electricity, to public utilities, cities, counties or other entities  
3 which are reselling the energy to the public.

4 5. Persons who are subject to the provisions of NRS 590.465 to  
5 590.645, inclusive.

6 6. Persons who are engaged in the sale or use of special fuel as defined  
7 in NRS 366.060.

8 ~~7. Persons who are licensed as alternative sellers to provide electric~~  
9 ~~services.~~

10 ~~8.~~ Persons who provide water from water storage, transmission and  
11 treatment facilities if those facilities are for the storage, transmission or  
12 treatment of water from mining operations.

13 **Sec. 7.** NRS 704.640 is hereby amended to read as follows:

14 704.640 Except as otherwise provided in NRS 704.281 to 704.284,  
15 inclusive, any person who:

16 1. Operates any public utility to which NRS 704.005 to 704.751,  
17 inclusive, ~~and 704.993 to 704.999, inclusive,~~ apply without first obtaining  
18 a certificate of public convenience and necessity or in violation of its  
19 terms;

20 2. Fails to make any return or report required by NRS 704.005 to  
21 704.751, inclusive, ~~and 704.993 to 704.999, inclusive,~~ or by the  
22 commission pursuant to NRS 704.005 to 704.751, inclusive ; ~~and~~  
23 ~~704.993 to 704.999, inclusive;~~

24 3. Violates, or procures, aids or abets the violating of any provision of  
25 NRS 704.005 to 704.751, inclusive ; ~~and 704.993 to 704.999, inclusive;~~

26 4. Fails to obey any order, decision or regulation of the commission;

27 5. Procures, aids or abets any person in his failure to obey the order,  
28 decision or regulation; or

29 6. Advertises, solicits, proffers bids or otherwise holds himself out  
30 to perform as a public utility in violation of any of the provisions  
31 of NRS 704.005 to 704.751, inclusive, ~~and 704.993 to 704.999,~~  
32 ~~inclusive;~~

33 shall be fined not more than \$500.

34 **Sec. 8.** NRS 704.989 is hereby amended to read as follows:

35 704.989 1. The commission shall establish portfolio standards for  
36 domestic energy that sets forth the minimum percentage of the total  
37 electricity sold during each calendar year that must be derived from  
38 renewable energy resources. The portfolio standards must:

39 (a) Be set at two-tenths of ~~one~~ 1 percent of the total amount of  
40 electricity annually consumed by customers in this state as of January 1,  
41 2001.

42 (b) Be increased biannually thereafter by two-tenths of ~~one~~ 1 percent  
43 of the total annual electric consumption by the customers until the standard  
44 reaches a total of 1 percent of the total amount of electricity consumed.

45 (c) Be derived from not less than 50 percent renewable energy  
46 resources.

47 (d) Be derived from not less than 50 percent solar renewable energy  
48 systems.

49 (e) Be based on renewable energy credits, if applicable.



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- 1       2. Each ~~{vertically integrated electric utility and alternative seller}~~  
2 **public utility** that provides electric service **to retail customers** in this state  
3 shall comply with the portfolio standard established by the commission  
4 pursuant to this section. At the end of each calendar year, each ~~{vertically~~  
5 ~~integrated}~~ **such** electric utility ~~{and alternative seller}~~ shall submit a  
6 report, in a format approved by the commission, of the quantity of  
7 renewable energy and credits, if applicable, that the utility ~~{or alternative~~  
8 ~~seller}~~ generated, purchased, sold and traded to meet the standards of the  
9 portfolio.
- 10       3. In establishing the portfolio pursuant to this section, the commission  
11 may establish a system of credits pursuant to which an electric utility ~~{and~~  
12 ~~alternative seller}~~ may comply with the provisions of this section. A system  
13 of credits must provide that:
- 14       (a) Credits are issued for renewable energy resources for each kilowatt  
15 hour of energy which it produces; and
- 16       (b) Holders of credits may trade or sell the credits to other parties.
- 17       4. For the purposes of this section, ~~{a vertically integrated}~~ **an** electric  
18 utility which, on January 1, 1997, has 9 percent of its electricity consumed  
19 by its customers served by renewable energy resources shall be deemed to  
20 be in compliance until January 1, 2005, with the portfolio standards  
21 established by the commission pursuant to this section. Between January 1,  
22 2005, and December 31, 2009, such ~~{a vertically integrated}~~ **an** electric  
23 utility ~~{and its affiliated alternative seller, if any,}~~ shall reach a total of one-  
24 half of 1 percent of the amount of electricity consumed by its customers, in  
25 annual increments of one-tenth of 1 percent, in solar energy resources for  
26 full compliance with the portfolio standard established by the commission  
27 pursuant to this section.
- 28       5. The electric utility ~~{and alternative seller}~~ shall submit a report to  
29 the commission that provides information relating to the compliance by the  
30 ~~{vertically integrated}~~ electric utility ~~{or alternative seller}~~ with the  
31 requirements of this section. Such reports must be made at least annually,  
32 unless the commission by regulation determines that such reports must be  
33 made more frequently than annually, and must include clear and concise  
34 information that sets forth:
- 35       (a) If the ~~{vertically integrated}~~ electric utility installed a renewable  
36 energy system during the period for which the report is being made, the  
37 date of installation;
- 38       (b) The capacity of renewable energy systems of the ~~{vertically~~  
39 ~~integrated}~~ electric utility ; ~~{or alternative seller;}~~
- 40       (c) The amount of production of energy from the renewable energy  
41 systems;
- 42       (d) The portion of the production of energy that is directly derived from  
43 renewable energy resources;
- 44       (e) The quantity of energy from renewable energy systems that is  
45 transmitted or distributed, or both, to customers in this state by the  
46 ~~{vertically integrated}~~ electric utility ; ~~{or alternative seller;}~~ and
- 47       (f) Such other information that the commission by regulation may deem  
48 relevant.



1 6. ~~Nothing in this section applies~~ *The provisions of this section do*  
2 *not apply* to:

3 (a) Rural electric cooperatives established pursuant to chapter 81 of  
4 NRS;

5 (b) General improvement districts established pursuant to chapter 318  
6 of NRS; or

7 (c) Utilities established pursuant to chapter 709 or 710 of NRS.

8 7. As used in this section:

9 (a) "Renewable energy resources" means wind, solar, geothermal and  
10 biomass energy resources in this state that are naturally regenerated.

11 (b) "Renewable energy system" means an energy system in this state  
12 that utilizes renewable energy resources to produce electricity or solar  
13 thermal energy systems that reduce the consumption of electricity that was  
14 installed and commenced operations after July 1, 1997.

15 **Sec. 9.** NRS 538.181 is hereby amended to read as follows:

16 538.181 1. The commission shall hold and administer all rights and  
17 benefits pertaining to the distribution of the power and water mentioned in  
18 NRS 538.041 to 538.251, inclusive, for the State of Nevada ~~H~~ and, except  
19 as otherwise provided in NRS 538.186, may enter into contracts relating to  
20 that power and water, including the transmission and other distribution  
21 services, on such terms as the commission determines.

22 2. Every applicant, except a federal or state agency or political  
23 subdivision, for power or water to be used within the State of Nevada must,  
24 before the application is approved, provide an indemnifying bond by a  
25 corporation qualified pursuant to the laws of this state, or other collateral,  
26 approved by the state board of examiners, payable to the State of Nevada in  
27 such sum and in such manner as the commission may require, conditioned  
28 for the full and faithful performance of the lease, sublease, contract or other  
29 agreement.

30 3. The power and water must not be sold for less than the actual cost to  
31 the State of Nevada.

32 4. Except as otherwise provided in subsection 5, before any such sale  
33 or lease is made, a notice of it must be advertised in two papers of general  
34 circulation published in the State of Nevada at least once a week for 2  
35 weeks. The commission shall require any person desiring to make  
36 objection thereto to file the objection with the commission within 10 days  
37 after the date of the last publication of the notice. If any objection is filed,  
38 the commission shall set a time and place for a hearing of the objection not  
39 more than 30 days after the date of the last publication of the notice.

40 5. The provisions of subsection 4 do not apply to:

41 (a) Any contract by the commission to sell supplemental power to a  
42 holder of a long-term firm contract with the state for power if the  
43 supplemental power is procured by the commission from a prearranged  
44 source and is secured by the holder for his own use; or

45 (b) Any agreement by the commission to sell short-term or interruptible  
46 power on short notice for immediate acceptance to a holder of a long-term  
47 firm contract with the state for power who can take delivery of the short-  
48 term or interruptible power when it is available.



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1       6. Except as otherwise provided in subsection 2 of NRS 538.251, any  
2 such lease, sublease, contract or sale of the water or power is not binding  
3 upon the State of Nevada until ratified and approved by the governor and,  
4 where required by federal law, until approved by the United States.

5       7. The commission shall, upon the expiration of a contract for the sale  
6 of power which is in effect on July 1, 1993, offer to the purchaser the right  
7 to renew the contract. If the commission is unable to supply the amount of  
8 power set forth in the contract because of a shortage of power available for  
9 sale, it shall reduce, on a pro rata basis, the amount of power it is required  
10 to sell pursuant to the renewed contract.

11       8. ~~Except as otherwise provided in NRS 704.987, notwithstanding~~  
12 **Notwithstanding** any provision of chapter 704 of NRS, any purchase of:

13       (a) Power or water for distribution or exchange, and any subsequent  
14 distribution or exchange of power or water by the commission; or

15       (b) Water for distribution or exchange, and any subsequent distribution  
16 or exchange of water by any entity to which or with which the commission  
17 has contracted the water,  
18 is not subject to regulation by the public utilities commission of Nevada.

19       **Sec. 10.** 1. NRS 703.151, 704.961, 704.965, 704.966, 704.967,  
20 704.968, 704.969, 704.970, 704.971, 704.972, 704.973, 704.974, 704.975,  
21 704.976, 704.977, 704.978, 704.979, 704.980, 704.981, 704.982, 704.9823,  
22 704.9826, 704.9829, 704.983, 704.984, 704.985, 704.986, 704.9865,  
23 704.987, 704.988, 704.990, 704.993, 704.994, 704.995, 704.996, 704.997,  
24 704.998 and 704.999 are hereby repealed.

25       2. Sections 335, 336, 337, 338 and 340 of chapter 482, Statutes of  
26 Nevada 1997, at pages 2021 and 2022, and sections 17, 21, 22, 23, 24 and  
27 26 of chapter 600, Statutes of Nevada 1999, at pages 3269 and 3272, are  
28 hereby repealed.

29       **Sec. 11.** Any license issued to an alternative seller pursuant to NRS  
30 704.977 or 704.998 is void on and after the effective date of this act.

31       **Sec. 12.** The public utilities commission of Nevada shall cease  
32 requiring public utilities to divest their generation assets and shall take all  
33 possible actions to reverse any previously required divestiture of  
34 generation assets by public utilities, including, without limitation,  
35 requesting the Federal Energy Regulatory Commission to reconsider any  
36 orders adopted by Federal Energy Regulatory Commission that are  
37 inconsistent with this section.

38       **Sec. 13.** This act becomes effective upon passage and approval.

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## LEADLINES OF REPEALED SECTIONS

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**703.151 Duties of commission in adopting regulations relating to  
provision of electric service.**



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**704.961 Commission to provide education and informational services regarding issues related to provision of competitive utility services.**

**704.965 Definitions.**

**704.966 “Aggregation service” defined.**

**704.967 “Alternative seller” defined.**

**704.968 “Customer” defined.**

**704.969 “Effective competition” defined.**

**704.970 “Electric distribution utility” defined.**

**704.971 “Electric service” defined.**

**704.972 “Generation service” defined.**

**704.973 “Noncompetitive service” defined.**

**704.974 “Potentially competitive service” defined.**

**704.975 “Vertically integrated electric utility” defined.**

**704.976 Date upon which customers may begin obtaining potentially competitive services from alternative sellers; exception; commission authorized to establish different dates for provision of different services; determination of potentially competitive service; determination of prices under certain circumstances; regulations; date upon which potentially competitive electric service deemed competitive; reconsideration of determinations; date upon which vertically integrated electric utility is required to provide potentially competitive service through affiliate.**

**704.977 Licensing of alternative sellers: Requirements; regulations; provision of aggregation service.**

**704.978 Provision of potentially competitive service by provider of noncompetitive service prohibited; exception; certain facilities or services of provider of noncompetitive service to be made available to alternative sellers on equal and nondiscriminatory basis; use of name or logo by affiliate.**

**704.979 Markets for electric services: Monitoring by commission; investigations; regulations; transmission of evidence of anticompetitive or discriminatory conduct to attorney general or appropriate federal agency; alternative sellers and affiliates not exempt from other applicable statutes; person aggrieved by conduct of alternative seller not required to seek relief first from commission.**

**704.980 Provision of potentially competitive service by affiliate of provider of noncompetitive service: Requirements; regulations; provider of noncompetitive service and affiliate subject to applicable statutes relating to consumer and antitrust protections.**

**704.981 Noncompetitive service: Requirements; regulations.**

**704.982 Designation of vertically integrated electric utility or its successor electric distribution utility for certain customers; obligation to serve; rate to be charged; alternate methods for providing electric service; reacquisition of service from designated provider; limitation on commission adjusting rates, earnings, rate base or rate of return of designated provider.**



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**704.9823** Commission to establish total rate for components of electric service for each class of customers of electric service; modification of rates; reduction of total rate; inapplicability of total rates to customer of alternative seller.

**704.9826** Authority of designated provider of electric service to recover shortfall.

**704.9829** Authority of licensed alternative seller to take over part of service provided by designated vertically integrated electric utility; offer; auction; bidding; review of bids.

**704.983** Recoverable costs of vertically integrated electric utilities and successor electric distribution utilities; procedure adopted by commission for recovery from ratepayers; commission required to consider minimization of certain federal taxes in determining recoverable costs.

**704.984** Adverse effects of competitive service on employees of vertically integrated electric utilities; certain costs related to employees to be considered in determining recoverable costs.

**704.985** Change in alternative sellers: Procedure; standards; educational program.

**704.986** Vertically integrated electric utility to submit plan for compliance to commission; commission authorized to exempt vertically integrated electric utility or alternative seller from strict application of certain provisions of chapter.

**704.9865** Vertically integrated electric utility in existence on January 1, 1999, to comply with existing obligations for purchase of power; recovery of costs.

**704.987** Colorado River commission: Sale of electricity; provision of transmission or distribution service.

**704.988** Availability of electric service: Forecasts of electric capacity and energy; establishment of equitable obligations to ensure sufficient capacity is available; submission of information to commission.

**704.990** Commission to prepare for legislature quarterly report assessing developments in electric industry.

**704.993** Definitions.

**704.994** “Alternative seller” defined.

**704.995** “Person” defined.

**704.996** “Potentially competitive service” defined.

**704.997** Alternative plan of regulation for utility that supplies natural gas: Requirements; regulations; applicability of statutory provisions; use of name or logo by affiliate; sale of service relating to supply of natural gas by unlicensed alternative seller unlawful.

**704.998** Licensing of alternative sellers: Requirements; regulations; denial, limitation, suspension or revocation.

**704.999** Restoration of service: Conditions; tariffs.



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**TEXT OF REPEALED SECTIONS**

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**Section 335 of chapter 482, Statutes of Nevada 1997:**

Sec. 335. The executive director of the department of taxation shall, not later than January 1, 1999, submit to the director of the legislative counsel bureau for distribution to the legislature a report including, but not limited to:

1. An analysis of the effect of the tax policies of this state on:
  - (a) The potential for effective competition in providing electric services to customers; and
  - (b) The effect of competition in providing electric services to customers on the revenue from taxes and franchise fees of this state and local governments.
2. Recommendations for legislation that would advance the purposes of sections 28 to 53, inclusive, of this act and ensure a minimal effect on the tax revenue of this state and local governments.

**Section 336 of chapter 482, Statutes of Nevada 1997:**

Sec. 336. In the quarterly report for the first quarter of 1999, which must be submitted by the public utilities commission of Nevada pursuant to section 53 of this act, the commission shall provide a comprehensive evaluation of the development of the markets for potentially competitive services since July 1, 1997.

**Section 337 of chapter 482, Statutes of Nevada 1997:**

Sec. 337. The public service commission of Nevada shall adopt regulations to carry out the provisions of sections 28 to 53, inclusive, of this act not later than July 1, 1999.

**Section 338 of chapter 482, Statutes of Nevada 1997:**

Sec. 338. The public service commission of Nevada shall adopt the regulations required by section 54 of this act not later than November 1, 1997.

**Section 340 of chapter 482, Statutes of Nevada 1997:**

Sec. 340. The public service commission of Nevada shall, on or before:

1. July 1, 1998, adopt the regulations required by sections 58 to 63, inclusive, of this act.
2. February 1, 1999, submit a written report concerning the alternative plan of regulation adopted pursuant to sections 58 to 63, inclusive of this act, including the names of the public utilities which supply natural gas that have elected to operate under the alternative plan, to the director of the legislative counsel bureau for transmittal to the 70th session of the legislature.
3. February 1, 2001, submit a written report concerning the alternative plan and any recommendations for legislation to the director of the legislative counsel bureau for transmittal to the 71st session of the legislature.



**Section 17 of chapter 600, Statutes of Nevada 1999:**

Sec. 17. NRS 704.982 is hereby amended to read as follows:

704.982 1. The commission shall designate ~~{a vertically integrated electric utility or its successor}~~ **an** electric distribution utility to provide electric service to customers who are unable to obtain electric service from an alternative seller or who fail to select an alternative seller. The provider so designated by the commission is obligated to provide electric service to the customers. Electric service provided by the utility pursuant to this section shall be deemed to be a noncompetitive service for which the utility may recover its costs pursuant to NRS 704.001 to 704.655, inclusive, 704.701 to 704.751, inclusive, and 704.800 to 704.900, inclusive.

2. ~~{The rate that the designated provider of electric service must charge a customer for the provision of electric service pursuant to subsection 1 is the total rate established for that class of customer by the commission pursuant to section 4 of this act.}~~

~~—3—~~ Upon a finding by the commission that the public interest will be promoted, the commission may prescribe alternate methods for providing electric service to those customers described in subsection 1. The alternate methods may include, but are not limited to, the direct assignment of customers to alternative sellers or **other** electric distribution utilities or a process of competitive bidding for the right to provide electric service to the designated customers, including, without limitation, an auction conducted pursuant to section 6 of this act. ~~{Any alternate methods prescribed by the commission pursuant to this subsection may not go into effect before July 1, 2001.}~~

~~—4—~~ 3. A customer who has obtained generation, aggregation or any other potentially competitive service for at least 30 continuous days from an alternative seller ~~{after March 1, 2000, or such other date that is determined to be in the public interest by the governor pursuant to NRS 704.976,}~~ may reacquire service from the designated provider of electric service pursuant to tariffs approved by the commission. The commission shall establish minimum terms and conditions under which electric service must be provided pursuant to this section, including a minimum period during which a customer must be obligated to pay for the electric service from the assigned provider. The price charged for electric service for a particular group of customers must reflect the incremental cost of serving the group.

~~{5—}~~ 4. If the designated provider of the electric service pursuant to subsection 1 is ~~{a vertically integrated}~~ **an** electric **distribution** utility, the utility shall provide the electric service ~~{on or after July 1, 2001,}~~ only through an affiliate whose sole business activity is the provision of electric service.

~~{6—}~~ Except upon the application of the designated provider to reduce the total rate for any class of customers pursuant to section 4 of this act, the commission shall not initiate or conduct any proceedings to adjust the rates, earnings, rate base or rate of return of the designated provider of electric service during the period in which the



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~~provider is providing that service to customers pursuant to this section.]~~

**Section 21 of chapter 600, Statutes of Nevada 1999:**

Sec. 21. On or before March 1, 2000, or such other date that is determined to be in the public interest by the governor pursuant to NRS 704.976, the commission shall, for the purposes of NRS 704.986, establish for each class of customers of electric service in this state the rate for each component and a total rate for electric services for customers based on the cost to provide electric service to each class of customers in this state. The total rate established for each class of customers pursuant to this section must be the same as the total rate for each class of customers that is in effect on June 1, 1999.

**Section 22 of chapter 600, Statutes of Nevada 1999:**

Sec. 22. On or before March 1, 2000, or such other date that is determined to be in the public interest by the governor pursuant to NRS 704.976, an alternative seller and a vertically integrated electric utility may negotiate and enter into a contract with a customer for the provision of electric service, but no such contract is effective before March 1, 2000, or such other date that is determined to be in the public interest by the governor pursuant to NRS 704.976.

**Section 23 of chapter 600, Statutes of Nevada 1999:**

Sec. 23. This act must not be construed to impair any existing rights under contracts with customers in effect on June 1, 1999.

**Section 24 of chapter 600, Statutes of Nevada 1999:**

Sec. 24. This act must not be construed to impair any existing rights under any labor agreement to which a vertically integrated electric utility or its successor electric distribution utility or an affiliate thereof is a party on July 1, 1999.

**Section 26 of chapter 600, Statutes of Nevada 1999:**

Sec. 26. If the pending merger between Sierra Pacific Resources and Nevada Power Company, referred to in the records of the Public Utilities Commission of Nevada as Docket No. 98-7023, is terminated for any reason before the completion of the merger, this act expires by limitation on the date on which the pending merger is terminated.

