

SENATE BILL NO. 390—COMMITTEE ON COMMERCE AND LABOR

MARCH 19, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises certain provisions relating to provision of electric service.
(BDR 58-966)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: 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 public utilities; revising the provisions relating to the circumstances under which a vertically integrated electric utility is required to provide certain electric services through an affiliate; revising the provisions relating to the rates charged by certain electric utilities after the date on which customers may begin obtaining potentially competitive services from alternative sellers; 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.** NRS 704.982 is hereby amended to read as follows:
2 704.982 1. The commission shall designate a vertically integrated
3 electric utility or its successor electric distribution utility to provide electric
4 service to customers who are unable to obtain electric service from an
5 alternative seller or who fail to select an alternative seller. The provider so
6 designated by the commission is obligated to provide electric service to the
7 customers. Electric service provided by the utility pursuant to this section
8 shall be deemed to be a noncompetitive service for which the utility may
9 recover its costs pursuant to NRS 704.001 to 704.655, inclusive, 704.701
10 to 704.751, inclusive, and 704.800 to 704.900, inclusive.
11 2. The rate that the designated provider of electric service must charge
12 a customer for the provision of electric service pursuant to subsection 1 is
13 the total rate established for that class of customer by the commission
14 pursuant to NRS 704.9823.
15 3. Upon a finding by the commission that the public interest will be
16 promoted, the commission may prescribe alternate methods for providing
17 electric service to those customers described in subsection 1. The alternate
18 methods may include, but are not limited to, the direct assignment of
19 customers to alternative sellers or electric distribution utilities or a process
20 of competitive bidding for the right to provide electric service to the



1 designated customers, including, without limitation, an auction conducted
2 pursuant to NRS 704.9829. Any alternate methods prescribed by the
3 commission pursuant to this subsection may not go into effect before
4 July 1, 2001.

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

16 ~~5. If the designated provider of the electric service pursuant to~~
17 ~~subsection 1 is a vertically integrated electric utility, the utility shall~~
18 ~~provide the electric service on or after July 1, 2001, only through an~~
19 ~~affiliate whose sole business activity is the provision of electric service.~~

20 ~~6. Except upon the application of the designated provider to reduce the~~
21 ~~total rate for any class of customers pursuant to NRS 704.9823, the~~ *The*
22 commission shall not initiate or conduct any proceedings to adjust the
23 rates, earnings, rate base or rate of return of the designated provider of
24 electric service during the period in which the provider is providing that
25 service to customers pursuant to this section.

26 **Sec. 2.** NRS 704.9823 is hereby amended to read as follows:

27 704.9823 *1.* The commission shall, for each class of customers of
28 electric service in this state, establish a total rate for the components of
29 electric service that are necessary to provide electric service to customers
30 in this state pursuant to subsection 1 of NRS 704.982. The total rate for
31 each class must be established at and must not exceed the *sum of:*

32 *(a) The* total rate for each class of customers of electric service in this
33 state which ~~has~~ *was* in effect on July 1, 1999 ~~except that the commission~~
34 ~~shall modify the rates to account for the effects of any decisions by the~~
35 ~~commission relating to any cases filed with the commission before October~~
36 ~~1, 1999, which involve the use of deferred accounting. Upon approval by~~
37 ~~the commission, the provider designated pursuant to subsection 1 of NRS~~
38 ~~704.982 may reduce the total rate for any class of customers.] ; and~~

39 *(b) Any rate approved by the commission pursuant to subsection 6 of*
40 *NRS 704.110 on or after July 1, 1999, or any other rate to recover the*
41 *increased cost of purchased fuel or power approved by the commission*
42 *on or after July 1, 1999.*

43 2. The total rates established pursuant to ~~this subsection~~ *subsection 1*
44 do not apply to any customer who ~~obtains~~ *has obtained* generation,
45 aggregation or any other potentially competitive service from an alternative
46 seller.



1 **Sec. 3.** Section 17 of chapter 600, Statutes of Nevada 1999, at page
2 3269, is hereby amended to read as follows:

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

4 704.982 1. The commission shall designate ~~{a vertically~~
5 ~~integrated electric utility or its successor}~~ *an* electric distribution
6 utility to provide electric service to customers who are unable to
7 obtain electric service from an alternative seller or who fail to select
8 an alternative seller. The provider so designated by the commission is
9 obligated to provide electric service to the customers. Electric service
10 provided by the utility pursuant to this section shall be deemed to be a
11 noncompetitive service for which the utility may recover its costs
12 pursuant to NRS 704.001 to 704.655, inclusive, 704.701 to 704.751,
13 inclusive, and 704.800 to 704.900, inclusive.

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

18 ~~—3—~~ Upon a finding by the commission that the public interest will
19 be promoted, the commission may prescribe alternate methods for
20 providing electric service to those customers described in subsection
21 1. The alternate methods may include, but are not limited to, the direct
22 assignment of customers to alternative sellers or *other* electric
23 distribution utilities or a process of competitive bidding for the right
24 to provide electric service to the designated customers, including,
25 without limitation, an auction conducted pursuant to section 6 of this
26 act. ~~{Any alternate methods prescribed by the commission pursuant to~~
27 ~~this subsection may not go into effect before July 1, 2001—~~

28 ~~—4—~~ 3. A customer who has obtained generation, aggregation or
29 any other potentially competitive service for at least 30 continuous
30 days from an alternative seller ~~{after March 1, 2000, or such other~~
31 ~~date that is determined to be in the public interest by the governor~~
32 ~~pursuant to NRS 704.976.}~~ *may reacquire service from the*
33 *designated provider of electric service pursuant to tariffs approved*
34 *by the commission.* The commission shall establish minimum terms
35 and conditions under which electric service must be provided pursuant
36 to this section, including a minimum period during which a customer
37 must be obligated to pay for the electric service from the assigned
38 provider. The price charged for electric service for a particular group
39 of customers must reflect the incremental cost of serving the group.

40 ~~{5. The commission shall not initiate or conduct any proceedings~~
41 ~~to adjust the rates, earnings, rate base or rate of return of the~~
42 ~~designated provider of electric service during the period in which the~~
43 ~~provider is providing that service to customers pursuant to this~~
44 ~~section.}~~

45 **Sec. 4.** Section 21 of chapter 600, Statutes of Nevada 1999, at page
46 3272, is hereby amended to read as follows:

47 Sec. 21. On or before March 1, 2000, or such other date that is
48 determined to be in the public interest by the governor pursuant to
49 NRS 704.976, the commission shall, for the purposes of NRS



1 704.986, establish for each class of customers of electric service in
2 this state the rate for each component and a total rate for electric
3 services for customers based on the cost to provide electric service to
4 each class of customers in this state. ~~The total rate established for~~
5 ~~each class of customers pursuant to this section must be the same as~~
6 ~~the total rate for each class of customers that is in effect on June 1,~~
7 ~~1999.~~

8 **Sec. 5.** This act becomes effective upon passage and approval.

