

SENATE BILL NO. 526—COMMITTEE ON COMMERCE AND LABOR

MARCH 26, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Requires public utilities commission of Nevada to adopt regulations pertaining to affordability of rates for certain utility services. (BDR 58-1121)

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 public utilities; requiring the public utilities commission of Nevada to adopt regulations pertaining to the affordability of rates for certain services provided by public utilities; 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
2 the provisions set forth as sections 2, 3 and 4 of this act.
3 **Sec. 2. *The legislature hereby finds and declares that:***
4 ***1. Electricity and natural gas are basic necessities because the***
5 ***residents of this state require electricity and natural gas to cool, heat and***
6 ***light their homes;***
7 ***2. The residents of this state should not be required to bear an undue***
8 ***economic burden to obtain electricity and natural gas; and***
9 ***3. It is the purpose and policy of the legislature in enacting the***
10 ***provisions of sections 3 and 4 of this act to reduce the average cost of***
11 ***certain components of electric service and natural gas service to ensure***
12 ***that the residents of this state are able to obtain electricity and natural***
13 ***gas at affordable rates.***
14 **Sec. 3. *1. Notwithstanding the provisions of NRS 704.040 to***
15 ***704.202, inclusive, the commission shall adopt regulations requiring the***
16 ***following entities to provide rates for electric service which ensure the***
17 ***basic affordability of that service for residential customers:***
18 ***(a) Public utilities;***
19 ***(b) Alternative sellers; and***
20 ***(c) A provider of electric service pursuant to NRS 704.982.***
21 ***2. The regulations adopted by the commission pursuant to subsection***
22 ***1 must establish a separate structure of rates for residential customers***
23 ***which:***



- 1 (a) *Modifies only that component of the total rate for electric service*
2 *which is attributable to generation service;*
- 3 (b) *Is organized in such a manner that the cost of electric service*
4 *increases as the quantity of electricity consumed increases, beginning at*
5 *a level of consumption known as the baseline quantity of electric service;*
- 6 (c) *Reduces by at least 25 percent the cost of electric service for*
7 *residential customers of electric service who restrict the quantity of*
8 *electricity that they consume to the level of the structure of rates which*
9 *corresponds to the baseline quantity of electric service, when compared*
10 *to a structure of rates in which the cost of electric service does not*
11 *increase as the quantity of electricity consumed increases; and*
- 12 (d) *To the extent practicable, ensures that the total amount of money*
13 *expended for electric service by all the residential customers of electric*
14 *service in this state, when considered as a group, is the same as the total*
15 *amount of money that the group would expend for electric service*
16 *without the separate structure of rates established pursuant to this*
17 *section.*
- 18 3. *As used in this section:*
- 19 (a) *"Alternative seller" has the meaning ascribed to it in NRS*
20 *704.967.*
- 21 (b) *"Baseline quantity of electric service" means the quantity of*
22 *generation service necessary to provide services of cooling, heating and*
23 *lighting for a dwelling of average size, taking into consideration*
24 *differences in the consumption of generation service that are attributable*
25 *to the changing of the seasons of the year and differences in climatic*
26 *zones.*
- 27 (c) *"Electric distribution utility" has the meaning ascribed to it in*
28 *NRS 704.970.*
- 29 (d) *"Electric service" has the meaning ascribed to it in NRS 704.971.*
- 30 (e) *"Generation service" has the meaning ascribed to it in NRS*
31 *704.972.*
- 32 (f) *"Quantity of generation service necessary to provide services of*
33 *cooling for a dwelling of average size" means the number of kilowatt*
34 *hours required to operate:*
- 35 (1) *An air-conditioning unit of average size and efficiency for a*
36 *duration sufficient to cool a dwelling of average size to a reasonable*
37 *temperature, as determined by the commission; and*
- 38 (2) *A refrigerator of average size and efficiency at a temperature*
39 *sufficient to maintain the freshness of food, as determined by the*
40 *commission.*
- 41 (g) *"Quantity of generation service necessary to provide services of*
42 *heating for a dwelling of average size" means the number of kilowatt*
43 *hours required to operate, in an area in which natural gas is not*
44 *available for such purposes:*
- 45 (1) *A heating unit of average size and efficiency for a duration*
46 *sufficient to heat a dwelling of average size to a reasonable temperature,*
47 *as determined by the commission; and*



(2) A water-heating unit of average size and efficiency for a duration sufficient to provide an adequate supply of hot water for a dwelling of average size, as determined by the commission.

(h) "Quantity of generation service necessary to provide services of lighting for a dwelling of average size" means the number of kilowatt hours required to illuminate a dwelling of average size for a duration and to a level of luminosity that is reasonable, as determined by the commission.

Sec. 4. 1. Notwithstanding the provisions of NRS 704.040 to 704.202, inclusive, the commission shall adopt regulations requiring the following entities to provide rates for natural gas service which ensure the basic affordability of that service for residential customers:

(a) Public utilities; and

(b) Alternative sellers.

2. The regulations adopted by the commission pursuant to subsection 1 must establish a separate structure of rates for residential customers of natural gas service which:

(a) Modifies only that component of the total rate for natural gas service which is attributable to the cost of the commodity of natural gas;

(b) Is organized in such a manner that the cost of natural gas service increases as the quantity of natural gas consumed increases, beginning at a level of consumption known as the baseline quantity of natural gas service;

(c) Reduces by at least 25 percent the cost of natural gas service for residential customers of natural gas service who restrict the quantity of natural gas that they consume to the level of the structure of rates which corresponds to the baseline quantity of natural gas service, when compared to a structure of rates in which the cost of natural gas service does not increase as the quantity of natural gas consumed increases; and

(d) To the extent practicable, ensures that the total amount of money expended for natural gas service by all the residential customers of natural gas service in this state, when considered as a group, is the same as the total amount of money that the group would expend for natural gas service without the separate structure of rates established pursuant to this section.

3. As used in this section:

(a) "Alternative seller" has the meaning ascribed to it in NRS 704.994.

(b) "Baseline quantity of natural gas service" means the quantity of natural gas service necessary to provide services of heating for a dwelling of average size, taking into consideration differences in the consumption of natural gas service that are attributable to the changing of the seasons of the year and differences in climatic zones.

(c) "Quantity of natural gas service necessary to provide services of heating for a dwelling of average size" means the number of therms required to operate, in an area in which natural gas is available for such purposes:



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1 (1) *A heating unit of average size and efficiency for a duration*
2 *sufficient to heat a dwelling of average size to a reasonable temperature,*
3 *as determined by the commission; and*

4 (2) *A water-heating unit of average size and efficiency for a*
5 *duration sufficient to provide an adequate supply of hot water for a*
6 *dwelling of average size, as determined by the commission.*

7 (d) *“Therm” means a measure of heat equal to 100,000 British*
8 *thermal units.*

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

