

SENATE BILL NO. 260—SENATOR AMODEI

MARCH 11, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing transmission systems and resource planning of certain electric utilities. (BDR 58-561)

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 energy; requiring the Public Utilities Commission of Nevada to develop certain policies relating to transmission systems and resource planning of certain electric utilities; requiring certain electric utilities to submit their plans for procuring resources to the Commission for approval; providing penalties; 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 703.377 is hereby amended to read as follows:
2 703.377 1. Any certificate of public convenience and
3 necessity, permit or license issued or transferred in accordance with
4 the provisions of NRS 704.001 to 704.751, inclusive, *and sections 3*
5 *and 4 of this act* is not a franchise or irrevocable.
6 2. Upon receipt of a written complaint or on its own motion,
7 the Commission may, after investigation and hearing, revoke any
8 certificate, permit or license, except that the Commission may not
9 revoke the certificate of a public utility unless the Commission has
10 arranged for another public utility to provide the service for which
11 the certificate was granted.
12 3. If the Commission revokes any certificate, permit or license,
13 the person who held the certificate, permit or license may seek



1 judicial review pursuant to the provisions of NRS 703.373 to
2 703.376, inclusive.

3 **Sec. 2.** Chapter 704 of NRS is hereby amended by adding
4 thereto the provisions set forth as sections 3 and 4 of this act.

5 **Sec. 3. 1. *The Commission shall develop a policy to***
6 ***preserve, protect and promote the transmission systems that are***
7 ***owned, operated or used by the utilities which supply electricity in***
8 ***this state. The policy developed by the Commission must:***

9 (a) *Apply uniformly to all transmission systems on a statewide*
10 *basis; and*

11 (b) *Ensure that the integrity and reliability of all transmission*
12 *systems in this state are preserved, protected and promoted with*
13 *regard to all customers in this state.*

14 2. *The Commission shall develop a policy for long-term*
15 *resource planning that must be followed by the utilities which*
16 *supply electricity in this state. The policy developed by the*
17 *Commission must:*

18 (a) *Promote rapid responses to changing energy markets;*

19 (b) *Allow flexibility through the use of techniques of risk*
20 *management; and*

21 (c) *Include strategies for efficiently and effectively procuring*
22 *resources.*

23 **Sec. 4. 1. *Not later than January 31 of each year, each***
24 ***utility which supplies electricity in this state shall submit its plan***
25 ***for procuring resources to the Commission for approval.***

26 2. *The Commission may approve the plan only if the plan:*

27 (a) *Enables the utility to fulfill its obligation to serve its*
28 *customers at rates that are just and reasonable;*

29 (b) *Moderates the price risks associated with serving those*
30 *customers; and*

31 (c) *Contains procedures to ensure that the utility's actions in*
32 *procuring resources are undertaken in accordance with the plan*
33 *and are reviewed for prudence in a timely manner.*

34 **Sec. 5.** NRS 704.032 is hereby amended to read as follows:

35 704.032 The Commission on Economic Development may
36 participate in proceedings before the Public Utilities Commission of
37 Nevada concerning a public utility in the business of supplying
38 electricity or natural gas to advocate the accommodation of the state
39 plan for industrial development and diversification. The
40 Commission on Economic Development may intervene as a matter
41 of right in a proceeding pursuant to NRS 704.736 to 704.751,
42 inclusive, *and sections 3 and 4 of this act* or *NRS* 704.991.

43 **Sec. 6.** NRS 704.635 is hereby amended to read as follows:

44 704.635 When a complaint has been filed with the Commission
45 alleging that a person is providing a service which requires a



1 certificate of public convenience and necessity, or when the
2 Commission has reason to believe that any provision of NRS
3 704.005 to 704.751, inclusive, *and sections 3 and 4 of this act* is
4 being violated, the Commission shall investigate the operation and
5 may, after a hearing, issue an order requiring that the person cease
6 and desist from any operation in violation of NRS 704.005 to
7 704.751, inclusive ~~§~~, *and sections 3 and 4 of this act*. The
8 Commission shall enforce the order under the powers vested in the
9 Commission by NRS 704.005 to 704.751, inclusive, *and sections 3*
10 *and 4 of this act* or other law.

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

12 704.640 Except as otherwise provided in NRS 704.281 to
13 704.284, inclusive, any person who:

14 1. Operates any public utility to which NRS 704.005 to
15 704.751, inclusive, and *sections 3 and 4 of this act and NRS*
16 704.993 to 704.999, inclusive, apply without first obtaining a
17 certificate of public convenience and necessity or in violation of its
18 terms;

19 2. Fails to make any return or report required by NRS 704.005
20 to 704.751, inclusive, and *sections 3 and 4 of this act and NRS*
21 704.993 to 704.999, inclusive, or by the Commission pursuant to
22 NRS 704.005 to 704.751, inclusive, and *sections 3 and 4 of this act*
23 *and NRS* 704.993 to 704.999, inclusive;

24 3. Violates, or procures, aids or abets the violating of any
25 provision of NRS 704.005 to 704.751, inclusive, and *sections 3 and*
26 *4 of this act and NRS* 704.993 to 704.999, inclusive;

27 4. Fails to obey any order, decision or regulation of the
28 Commission;

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

31 6. Advertises, solicits, proffers bids or otherwise holds himself
32 out to perform as a public utility in violation of any of the
33 provisions of NRS 704.005 to 704.751, inclusive, and *sections 3*
34 *and 4 of this act and NRS* 704.993 to 704.999, inclusive,
35 shall be fined not more than \$500.

36 **Sec. 8.** NRS 704.736 is hereby amended to read as follows:

37 704.736 The ~~application~~ *provisions* of NRS 704.736 to
38 704.751, inclusive, ~~is limited~~ *and sections 3 and 4 of this act*
39 *apply* to any public utility in the business of supplying electricity
40 which has an annual operating revenue in this state of \$2,500,000 or
41 more.

42 **Sec. 9.** NRS 704.741 is hereby amended to read as follows:

43 704.741 1. A utility which supplies electricity in this state
44 shall, on or before July 1 of every third year, in the manner specified
45 by the Commission, submit a plan to increase its supply of



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1 electricity or decrease the demands made on its system by its
2 customers to the Commission.

3 2. The Commission shall, by regulation, prescribe the contents
4 of such a plan including, but not limited to, the methods or formulas
5 which are used by the utility to:

6 (a) Forecast the future demands; and

7 (b) Determine the best combination of sources of supply to meet
8 the demands or the best method to reduce them.

9 **3. *The plan must be consistent with:***

10 ***(a) The policies concerning transmission systems and long-***
11 ***term resource planning developed by the Commission pursuant to***
12 ***section 3 of this act; and***

13 ***(b) The utility's plan for procuring resources approved by the***
14 ***Commission pursuant to section 4 of this act.***

15 **Sec. 10.** NRS 704.746 is hereby amended to read as follows:

16 704.746 1. Not more than 60 days after a utility has filed its
17 plan, the Commission shall convene a public hearing on the
18 adequacy of the plan.

19 2. At the hearing any interested person may make comments to
20 the Commission regarding the contents and adequacy of the plan.

21 3. After the hearing the Commission shall determine whether:

22 (a) The forecast requirements of the utility are based on
23 substantially accurate data and an adequate method of forecasting.

24 (b) The plan identifies and takes into account any present and
25 projected reductions in the demand for energy that may result from
26 measures to improve energy efficiency in the industrial,
27 commercial, residential and energy producing sectors of the area
28 being served.

29 (c) The plan adequately demonstrates the economic,
30 environmental and other benefits to this state and to the customers
31 of the utility, associated with the following possible measures and
32 sources of supply:

33 (1) Improvements in energy efficiency;

34 (2) Pooling of power;

35 (3) Purchases of power from neighboring states or countries;

36 (4) Facilities that operate on solar or geothermal energy or
37 wind;

38 (5) Facilities that operate on the principle of cogeneration or
39 hydrogeneration; and

40 (6) Other generation facilities.

41 ***(d) The plan is consistent with:***

42 ***(1) The policies concerning transmission systems and long-***
43 ***term resource planning developed by the Commission pursuant to***
44 ***section 3 of this act; and***



1 (2) *The utility's plan for procuring resources approved by*
2 *the Commission pursuant to section 4 of this act.*

3 4. The Commission may give preference to the measures and
4 sources of supply set forth in paragraph (c) of subsection 3 that:

5 (a) Provide the greatest economic and environmental benefits to
6 the State;

7 (b) Are consistent with the provisions of this section; and

8 (c) Provide levels of service that are adequate and reliable.

9 5. The Commission shall:

10 (a) Adopt regulations which determine the level of preference to
11 be given to those measures and sources of supply; and

12 (b) Consider the value to the public of using water efficiently
13 when it is determining those preferences.

14 **Sec. 11.** NRS 704.873 is hereby amended to read as follows:

15 704.873 If a public utility that is subject to the provisions of
16 NRS 704.736 to 704.751, inclusive, *and sections 3 and 4 of this act*
17 applies to the Commission for a permit for the construction of a
18 utility facility:

19 1. The Commission has exclusive jurisdiction with regard to
20 the determination of whether a need exists for the utility facility; and

21 2. No other permitting entity may consider, in its review of any
22 application for a permit, license or other approval for the
23 construction of the utility facility, whether a need exists for the
24 utility facility.

25 **Sec. 12.** NRS 704.893 is hereby amended to read as follows:

26 704.893 No public utility which has a parent or an affiliated
27 corporation or a subsidiary of that parent or affiliated corporation
28 with an interest in the ownership of a utility facility, may purchase
29 or contract for the capacity of that facility unless the purchase or the
30 contract has been reviewed and approved by the Commission in a
31 manner consistent with the provisions of NRS 704.736 to 704.751,
32 inclusive ~~§~~, *and sections 3 and 4 of this act.*

33 **Sec. 13.** This act becomes effective on July 1, 2003.

