

ASSEMBLY BILL NO. 284—ASSEMBLYMEN CARPENTER,
GRADY AND GOICOECHEA

MARCH 12, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Authorizes utility customers who operate irrigation pumps to purchase electricity from alternative sellers. (BDR 58-947)

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; authorizing utility customers who operate irrigation pumps to purchase electricity and associated services from alternative sellers; requiring certain utilities to provide distribution service for such transactions; requiring the Public Utilities Commission of Nevada to adopt certain regulations and tariffs; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the Public Utilities Commission of Nevada regulates electric utilities which have been issued a certificate of public convenience and necessity to provide electric service to the public. (Chapter 704 of NRS) An electric utility operating under such a certificate generally has the right to be the exclusive provider of electric service to customers within its service area. (NRS 704.330) However, certain entities, such as the Colorado River Commission of Nevada and providers of new electric resources, are authorized by existing law to provide electric service in certain limited circumstances within the service territory of an electric utility operating under a certificate of public convenience and necessity. (NRS 704.787, chapter 704B of NRS)

Under existing law, a customer who operates irrigation pumps generally is required to purchase electricity from the electric utility that holds the certificate of public convenience and necessity for the customer's service area. However, such a customer is entitled under existing law to lower rates for electricity for those irrigation pumps in certain circumstances. (NRS 704.225)

This bill authorizes a customer who operates irrigation pumps to purchase electricity, transmission service and distribution service from an alternative seller other than the electric utility that serves the customer. To facilitate such transactions, this bill requires the Commission to adopt regulations and just and



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reasonable tariffs, and this bill also requires the electric utility that serves the customer to provide distribution service to the customer if such service is necessary to carry out the transaction with the alternative seller.

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

Section 1. Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Commission shall adopt regulations and just and reasonable tariffs to allow a customer who operates irrigation pumps to purchase electricity and, if necessary, transmission service or distribution service, or both, from an alternative seller other than the electric utility that serves the customer.

2. If necessary to facilitate the transaction between the customer and the alternative seller, the electric utility that serves the customer shall provide distribution service to the customer pursuant to the just and reasonable tariffs adopted by the Commission.

3. As used in this section:

(a) "Customer who operates irrigation pumps" or "customer" means a customer of an electric utility who operates irrigation pumps to water or irrigate crops or other agricultural commodities as part of a commercial farming operation or agricultural business.

(b) "Electric utility" has the meaning ascribed to it in NRS 704.7571.

Sec. 2. NRS 704.330 is hereby amended to read as follows:

704.330 1. Every public utility owning, controlling, operating or maintaining or having any contemplation of owning, controlling or operating any public utility shall, before beginning such operation or continuing operations or construction of any line, plant or system or any extension of a line, plant or system within this State, obtain from the Commission a certificate that the present or future public convenience or necessity requires or will require such continued operation or commencement of operations or construction.

2. Nothing in this section requires a public utility to secure such a certificate for any extension within any town or city within which it lawfully commenced operations or for any other extension as long as the extension:

(a) Is to serve a telephone toll station or stations to be located not more than 10 miles from existing telephone facilities; or



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(b) Remains within the boundaries of the service area which have been established by the Commission for its railroad, line, plant or system, and not then served by a public utility of like character.

3. Upon the granting of any certificate of public convenience **H and necessity**, the Commission may make such an order and prescribe such terms and conditions for the location of lines, plants or systems to be constructed, extended or affected as may be just and reasonable.

4. When a complaint has been filed with the Commission alleging that any utility is being operated without a certificate of public convenience and necessity as required by this section, or when the Commission has reason to believe that any provision of this section is being violated, the Commission shall investigate such operations and the Commission may, after a hearing, make its order requiring the owner or operator of the utility to cease and desist from any operation in violation of this section. The Commission shall enforce compliance with such an order under the powers vested in the Commission by law.

5. If any public utility in constructing or extending its line, plant or system interferes or is about to interfere with the operation of the line, plant or system of any other public utility already constructed, the Commission, on complaint of the public utility claiming to be injuriously affected, after hearing, may make such an order prohibiting the construction or extension, or prescribing such terms and conditions for the location of the lines, plants or systems affected, as to it may seem just and reasonable.

6. Except as provided in subsection 7 **H and section 1 of this act**, whenever the Commission, after a hearing upon its own motion or upon complaint, finds that there is or will be a duplication of service by public utilities in any area, the Commission shall either issue a certificate of public convenience and necessity assigning specific territories to one or to each of such utilities **H** or, by certificate of public convenience and necessity, otherwise define the conditions of rendering service and construction, extensions within such territories, and shall order the elimination of such duplication, all upon such terms as are just and reasonable, having due regard to due process of law and to all the rights of the respective parties and to public convenience and necessity.

7. The Commission may allow a duplication of service by public utilities in an area if:

(a) The service provided is related to telecommunication; and

(b) It finds that the competition should occur and that any duplication of service is reasonable.



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- 1 **Sec. 3.** This act becomes effective:
2 1. Upon passage and approval for the purpose of adopting
3 regulations and performing any other preparatory administrative
4 tasks that are necessary to carry out the provisions of this act; and
5 2. On October 1, 2007, for all other purposes.

