

ASSEMBLY BILL NO. 524—COMMITTEE ON COMMERCE AND LABOR

MARCH 23, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Requires an electric utility to increase the reliability of its electric service. (BDR 58-899)

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 an electric utility to submit a plan to achieve an increase in the reliability of its electric service under certain circumstances; requiring the Public Utilities Commission of Nevada to prescribe the form and content of such a plan; requiring the Commission to hold a hearing before accepting such a plan; requiring an electric utility to implement an accepted plan; requiring an electric utility to submit certain reports to the Commission concerning its implementation of such a plan; requiring a public utility to take certain actions in an emergency to ensure public safety; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 3** of this bill requires an electric utility that provides electric service to
2 customers in this State to submit to the Public Utilities Commission of Nevada a
3 plan to achieve an increase in the reliability of the utility's electric service of at
4 least 20 percent within 10 years after the plan is accepted by the Commission.
5 **Section 3** requires the Commission to prescribe the form and content of such a
6 plan. **Sections 4 and 5** of this bill require the Commission to hold hearings on a
7 plan and accept it or order it to be amended within 120 days after the plan is
8 submitted. If the plan is approved by the Commission, **section 6** of this bill requires
9 the electric utility to implement the plan, adhere to its provisions and submit annual
10 reports concerning the electric utility's performance under the plan. **Section 8** of
11 this bill requires a public utility to ensure public safety in an emergency by
12 requiring the dispatch of the closest repair crew to the infrastructure or equipment



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13 needing repair and by requiring the dispatcher to be familiar with the topography of
14 the service area of the public utility.

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
2 thereto the provisions set forth as sections 2 to 8, inclusive, of this
3 act.

4 **Sec. 2. 1.** *As used in sections 2 to 8, inclusive, of this act,*
5 *unless the context otherwise requires, "electric utility" means any*
6 *public utility or successor in interest that:*

7 (a) *Is in the business of providing electric service to customers;*

8 (b) *Holds a certificate of public convenience and necessity*
9 *issued or transferred pursuant to this chapter; and*

10 (c) *In the most recently completed calendar year or in any*
11 *other calendar year within the 7 calendar years immediately*
12 *preceding the most recently completed calendar year, had a gross*
13 *operating revenue of \$250,000,000 or more in this State.*

14 **2.** *The term does not include a cooperative association,*
15 *nonprofit corporation, nonprofit association or provider of electric*
16 *service which is declared to be a public utility pursuant to NRS*
17 *704.673 and which provides service only to its members.*

18 **Sec. 3. 1.** *An electric utility that provides electric service to*
19 *customers in this State shall, not later than July 1, 2008, submit to*
20 *the Commission a plan to achieve an increase in the reliability of*
21 *its electric service of at least 20 percent within 10 years after the*
22 *plan is accepted by the Commission.*

23 **2.** *The Commission shall, by regulation, prescribe the form*
24 *and contents of the plan, including, without limitation:*

25 (a) *The methods or formulas to be used to measure the*
26 *reliability of electric service, including, without limitation, the*
27 *electric utility's:*

28 (1) *Customer Average Interruption Duration Index;*

29 (2) *System Average Interruption Duration Index; and*

30 (3) *System Average Interruption Frequency Index;*

31 (b) *Requirements for methods to predict, anticipate, prevent,*
32 *avoid or terminate interruptions in electric service; and*

33 (c) *A schedule for progressive incremental increases in the*
34 *reliability of the utility's electric service during the period covered*
35 *by the plan.*

36 **3.** *As used in this section:*



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(a) "Customer Average Interruption Duration Index" means the average length of the interruption in electric service experienced by the average customer during a period of service.

(b) "System Average Interruption Duration Index" means the average length of each interruption in electric service experienced by the average customer during a period of service.

(c) "System Average Interruption Frequency Index" means the average number of interruptions in electric service experienced by the average customer during a period of service.

Sec. 4. 1. Not more than 60 days after a utility submits its plan pursuant to section 3 of this act, the Commission shall convene a public hearing on the adequacy of the plan.

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

3. After the hearing, the Commission shall determine whether the plan:

(a) Satisfies the requirements established by the Commission pursuant to section 3 of this act; and

(b) Is likely to achieve an increase of at least 20 percent in the reliability of the electric service provided by the electric utility within 10 years after the plan is accepted by the Commission.

Sec. 5. 1. Within 120 days after an electric utility submits its plan, the Commission shall issue an order accepting the plan as submitted or requiring the plan to be amended and resubmitted. If the Commission requires a plan to be resubmitted, the Commission's order must specify the portions of the plan that require amendment.

2. All prudent and reasonable expenditures made to develop the utility's plan, including, without limitation, environmental, engineering and other studies, must be recovered from the rates charged to the utility's customers.

Sec. 6. A utility whose plan is accepted by the Commission shall:

1. Implement the plan;

2. Adhere to the schedule for progressive incremental increases in the reliability of the utility's electric service set forth in the plan; and

3. Submit an annual report to the Commission concerning the electric utility's implementation and performance under the plan.

Sec. 7. The Commission shall establish, by regulation, a schedule of administrative penalties for the violation of any provision of sections 2 to 7, inclusive, of this act.



1 **Sec. 8. 1. A public utility shall ensure that, in an**
2 **emergency which threatens public safety:**

3 **(a) Any employee dispatched to repair infrastructure or**
4 **equipment of the public utility is dispatched from the nearest**
5 **available location to the infrastructure or equipment.**

6 **(b) Any person who dispatches an employee pursuant to**
7 **paragraph (a) or who otherwise provides direction to the employee**
8 **possesses a sufficient knowledge of the topography of the service**
9 **area of the public utility and the equipment and infrastructure of**
10 **the public utility so as to ensure the safety of the public and the**
11 **employee as much as is practicable.**

12 **2. The Commission may adopt such regulations as are**
13 **necessary to carry out the provisions of this section.**

14 **Sec. 9. This act becomes effective:**

15 1. Upon passage and approval for the purpose of adopting
16 regulations and performing any other preparatory administrative
17 tasks that are necessary to carry out the provisions of this act; and

18 2. On January 1, 2008, for all other purposes.

