

ASSEMBLY BILL NO. 545—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

MARCH 26, 2007

Referred to Committee on Government Affairs

SUMMARY—Authorizes local governments to require the placement or replacement of certain electric transmission lines in an underground location. (BDR 22-482)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local governments; authorizing the governing body of a county or city to require that certain electric transmission lines be placed or replaced in an underground location; requiring under certain circumstances that the costs associated with such placement or replacement be allocated across the entire rate base of a public utility corporation or service provider; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, certain local governments are authorized to establish a local improvement district to finance a project to convert certain service facilities to underground facilities. (NRS 271.800, 271.850) Existing law also allows certain property owners to petition for the creation of a service district to pay for the cost of converting certain overhead electric and communication facilities to underground locations. (Chapter 704A of NRS) Under existing law, the cost of converting both types of facilities is borne by benefited property owners.

This bill authorizes a governing body to adopt an ordinance requiring that a public utility corporation or service provider place or replace electric transmission lines (defined for the purposes of the bill to mean transmission lines that are designed to operate at 120 kilovolts or more) in an underground location. This bill also requires that the costs associated with the placing or replacing of such electric transmission lines in an underground location be allocated across the entire rate



* A B 5 4 5 *

base of the public utility corporation or service provider, as applicable, unless the transmission lines supply electricity only to a single local governmental jurisdiction or entity, in which case the provisions of existing law cause those costs to be borne only by the benefited property owners.

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

Section 1. Chapter 278 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A governing body may adopt an ordinance requiring that a public utility corporation or service provider, as applicable:

(a) Place electric transmission lines underground.

(b) Replace existing overhead electric transmission lines with underground electric transmission lines.

2. Except as otherwise provided in subsection 3, if a governing body adopts an ordinance as described in subsection 1, there is a conclusive presumption that the placing or replacing of the electric transmission lines in an underground location will benefit the entire rate base of the public utility corporation or service provider, as applicable.

3. If electric transmission lines that are to be placed or replaced in an underground location serve only a single local governmental jurisdiction or entity, the presumption set forth in subsection 2 may be rebutted by a preponderance of evidence to the contrary.

4. If a governing body adopts an ordinance as described in subsection 1, it shall provide an opportunity for a hearing to allow interested persons and entities to challenge the presumption set forth in subsection 2.

5. If a governing body adopts an ordinance as described in subsection 1 and:

(a) The presumption set forth in subsection 2 is not successfully challenged, the cost of placing or replacing the electric transmission lines in an underground location must be allocated across the entire rate base of the public utility corporation or service provider in the manner set forth in section 4 or 6 of this act, as applicable.

(b) The presumption set forth in subsection 2 is successfully challenged, the cost of placing or replacing the electric transmission lines in an underground location must be allocated or assessed against the lots or tracts of real property that will be benefited by such placement or replacement:

(1) In the manner set forth in NRS 271.800 and 271.850;

(2) In the manner set forth in chapter 704A of NRS; or



* A B 5 4 5 *

1 (3) *As allowed or provided by other applicable law.*

2 6. *As used in this section:*

3 (a) *“Electric transmission line” means an electric*
4 *transmission line which is designed to operate at 120 kilovolts or*
5 *more.*

6 (b) *“Public utility corporation” has the meaning ascribed to it*
7 *in NRS 704A.120.*

8 (c) *“Service provider” has the meaning ascribed to it in*
9 *NRS 271.2045.*

10 **Sec. 2.** NRS 278.010 is hereby amended to read as follows:

11 278.010 As used in NRS 278.010 to 278.630, inclusive, *and*
12 *section 1 of this act*, unless the context otherwise requires, the
13 words and terms defined in NRS 278.0105 to 278.0195, inclusive,
14 have the meanings ascribed to them in those sections.

15 **Sec. 3.** Chapter 271 of NRS is hereby amended by adding
16 thereto the provisions set forth as sections 4 and 5 of this act.

17 **Sec. 4. 1.** *A service provider subject to the jurisdiction of*
18 *the Public Utilities Commission of Nevada may apply to the*
19 *Commission for an adjustment in its rates to allow its recovery of*
20 *the cost of placing or replacing electric transmission lines in an*
21 *underground location as described in section 1 of this act.*

22 2. *After receipt of such an application, the Commission shall*
23 *hold a public hearing within 120 days to consider whether to*
24 *authorize such an adjustment and, if authorized, the methods to be*
25 *used to allow the recovery.*

26 3. *The Commission shall render its written decision within*
27 *180 days after receiving the application for such an adjustment.*

28 4. *The Commission shall render its decision based on the*
29 *record and may grant the application, deny it or grant it according*
30 *to such terms, conditions or modifications as the Commission*
31 *finds appropriate.*

32 5. *The Commission may grant an application for such an*
33 *adjustment if it determines that the presumption set forth in*
34 *subsection 2 of section 1 of this act has not been successfully*
35 *challenged.*

36 6. *If the Commission grants the application, the service*
37 *provider shall, within a reasonable time specified by the*
38 *Commission, file with the Commission a tariff which sets forth the*
39 *adjustment in the rates authorized pursuant to this section.*

40 7. *A service provider shall annually present to the*
41 *Commission a certified accounting of the costs it has incurred*
42 *pursuant to section 1 of this act and an accounting of the revenues*
43 *it has received in that year from the adjustment in its rates.*

44 8. *As used in this section, “electric transmission line” has the*
45 *meaning ascribed to it in section 1 of this act.*



* A B 5 4 5 *

1 **Sec. 5.** *If a service provider subject to the jurisdiction of the*
2 *Public Utilities Commission of Nevada has been granted an*
3 *adjustment in rates pursuant to section 4 of this act, the amount of*
4 *assessments against tracts of land within a district to finance an*
5 *underground conversion project must be reduced to reflect the*
6 *proportion of the cost of the project, if any, which will be defrayed*
7 *by that adjustment.*

8 **Sec. 6.** Chapter 704A of NRS is hereby amended by adding
9 thereto a new section to read as follows:

10 1. *A public utility corporation subject to the jurisdiction of*
11 *the Public Utilities Commission of Nevada may apply to the*
12 *Commission for an adjustment in its rates to allow its recovery of*
13 *the cost of placing or replacing electric transmission lines in an*
14 *underground location as described in section 1 of this act.*

15 2. *After receipt of such an application, the Commission shall*
16 *hold a public hearing within 120 days to consider whether to*
17 *authorize such an adjustment and, if authorized, the methods to be*
18 *used to allow the recovery.*

19 3. *The Commission shall render its written decision within*
20 *180 days after receiving the application for such an adjustment.*

21 4. *The Commission shall render its decision based on the*
22 *record and may grant the application, deny it or grant it according*
23 *to such terms, conditions or modifications as the Commission*
24 *finds appropriate.*

25 5. *The Commission may grant an application for such an*
26 *adjustment if it determines that the presumption set forth in*
27 *subsection 2 of section 1 of this act has not been successfully*
28 *challenged.*

29 6. *If the Commission grants the application, the public utility*
30 *corporation shall, within a reasonable time specified by the*
31 *Commission, file with the Commission a tariff which sets forth the*
32 *adjustment in the rates authorized pursuant to this section.*

33 7. *A public utility corporation shall annually present to the*
34 *Commission a certified accounting of the costs it has incurred*
35 *pursuant to section 1 of this act and an accounting of the revenues*
36 *it has received in that year from the adjustment in its rates.*

37 8. *As used in this section, "electric transmission line" has the*
38 *meaning ascribed to it in section 1 of this act.*

39 **Sec. 7.** NRS 704A.312 is hereby amended to read as follows:
40 704A.312 1. At any time after there occur the conditions
41 stated in subsection 1 or in subsections 2 and 3 of NRS 704A.290,
42 the governing body, by resolution, shall:

43 (a) Determine the total cost of the construction or conversion
44 pertaining to the service district, including, without limitation,
45 interest on any interim warrants relating thereto and all other



1 incidental costs, based upon the actual costs known at the time of
2 such determination of cost and otherwise upon the estimated costs
3 stated in the joint report prepared under NRS 704A.180, as
4 modified, if modified by the occurrence thereafter of factors
5 affecting such costs and permitting their revision;

6 (b) *In the case of the placement or replacement of electric*
7 *transmission lines in an underground location as described in*
8 *section 1 of this act, determine and subtract the portion of the cost,*
9 *if any, that will be paid by an adjustment in rates granted pursuant*
10 *to section 6 of this act;*

11 (c) Determine the net cost of the construction or conversion to
12 be defrayed by special assessments;

13 ~~[(c)]~~ (d) Order the municipal engineer to make out or to cause to
14 be made out an assessment roll containing, among other matters:

15 (1) The name of each last known owner of each lot to be
16 assessed, or if not known, a statement that the name is "unknown";
17 and

18 (2) A description of each tract to be assessed, and the amount
19 of the proposed assessment thereon, apportioned upon the basis for
20 assessments stated in the resolution of the governing body adopted
21 pursuant to subsection 2 of NRS 704A.180, but subject to the
22 provisions of subsections 5 and 6 of NRS 704A.240; and

23 ~~[(d)]~~ (e) Cause a copy of the resolution to be furnished by the
24 municipal clerk to the municipal engineer.

25 2. If by mistake or otherwise any person is improperly
26 designated in the assessment roll as the owner of any lot, or if the
27 same is assessed without the name of the owner or each owner, as
28 the case may be, or in the name of a person other than the owner,
29 such assessment shall not for that reason be vitiated but shall, in all
30 respects, be as valid upon and against such lot as though assessed in
31 the name of the owner or each owner thereof, as the case may be;
32 and when the assessment roll has been confirmed, such assessment
33 shall become a lien on such lot and be collected as provided by law.

34 3. No assessment shall exceed the amount of the special
35 benefits to the lot assessed nor exceed the amount of the reasonable
36 market value of such lot for any one project for the construction or
37 conversion of any one type of service facilities of a public utility
38 corporation, as determined by the governing body.

39 4. *As used in this section, "electric transmission line" has the*
40 *meaning ascribed to it in section 1 of this act.*

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

