

SENATE BILL NO. 437—COMMITTEE ON COMMERCE AND LABOR

MARCH 22, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions concerning generation and consumption of energy. (BDR 58-232)

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 energy; establishing a new program for evaluating and rating the energy consumption of residential property; revising legislative findings concerning energy conservation and energy requirements; allocating a portion of the unspent money in the Fund for Energy Assistance and Conservation for a program for improving energy conservation and energy efficiency in residential property; requiring certain electric utilities to make quarterly rate adjustments; requiring the creation of various methods and programs to remove financial disincentives that may discourage energy conservation by various public utilities that purchase natural gas for resale; making various changes relating to the definition of “net metering system”; making various changes relating to offers of net metering to customer-generators; making various changes relating to calculations of net energy measurements concerning net metering systems; making various changes relating to the definition of “utility facility” as it relates to the construction of utility facilities and environmental conservation; requiring certain residential properties for sale to be evaluated and rated based on energy consumption and requiring that such evaluations and ratings be provided to purchasers of those properties; clarifying the terms “lowest responsive and responsible bidder” and “best bid” in relation to certain public works; providing for and revising requirements



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relating to the analysis of operation and maintenance costs of certain public works; revising certain environmental design standards for building purposes relating to public works; creating certain partial tax abatements and requirements regarding assessed values for real property and environmental design and renewable energy system standards; requiring certain real estate licensees to adhere to various new requirements in the sale of residential property; creating for certain real estate licensees various continuing education requirements regarding the evaluation and rating of the energy consumption of residential property; revising the expiration dates for certain partial abatements on various property taxes; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides various requirements relating to the sale of residential property. (NRS 113.100-113.150, 645.230-645.321) **Sections 1, 3-5, 16, 25 and 26** of this bill: (1) establish a new program for evaluating and rating the energy consumption of residential property; (2) allocate a portion of the unspent money in the Fund for Energy Assistance and Conservation for a program of improving energy conservation and energy efficiency in residential property; (3) require certain residential properties for sale to be evaluated and rated based on energy consumption and require that such evaluations and ratings be provided to purchasers of those properties; (4) require certain real estate licensees to adhere to various new requirements in the sale of residential property; and (5) create various continuing education requirements for those licensees. The continuing education requirements relate to the evaluation and rating of the energy consumption of residential property.

Existing law contains legislative findings concerning energy conservation and energy requirements. (NRS 701.010) **Sections 2 and 7** of this bill accomplish two things. First, they revise those findings in relation to public utilities. Second, they require the creation of various methods and programs which will remove financial disincentives that discourage energy conservation by various public utilities that purchase natural gas for resale.

Existing law allows for quarterly rate adjustments for a public utility which purchases natural gas for resale. (NRS 704.110) **Sections 6 and 8-11** of this bill require certain electric utilities to also make such quarterly rate adjustments.

Existing law provides for requirements relating to electric utilities and net metering systems. (NRS 704.766-704.775) Existing law also provides for requirements relating to the construction of utility facilities and environmental conservation as cited in the Utility Environmental Protection Act. (NRS 704.820-704.900) **Sections 12-15** of this bill make various changes relating to the definition of "net metering system," offers of net metering to customer-generators, calculations relating to net energy measurements as regards net metering systems, and the definition of "utility facility" as it relates to the construction of utility facilities and environmental conservation.

Existing law provides for certain requirements concerning public works contracts, including requirements concerning the acceptance of bids, the costs of operating the public work and the various standards of environmental design. (NRS 338.1373-338.645) **Sections 17-21** of this bill revise and add to those requirements by, among other things, clarifying the terms "lowest responsive and responsible



bidder” and “best bid,” providing for and revising requirements relating to the analysis of operation and maintenance costs, and revising certain environmental design standards for building purposes.

Existing law provides requirements for the partial abatement of certain property taxes, including property taxes for various residences. (NRS 361.471-361.4735) **Sections 22-24** of this bill create certain partial tax abatements and certain requirements regarding assessed values for real property, as the abatements and requirements relate to residences which meet various environmental design and renewable energy system standards.

Existing law provides for certain new or expanded businesses to receive a partial abatement on various property taxes. (NRS 361.0687) **Sections 27-30** of this bill revise the expiration dates for such partial abatements.

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

Section 1. Chapter 701 of NRS is hereby amended by adding thereto a new section to read as follows:

1. The Director shall adopt regulations establishing a program for evaluating and rating the energy consumption of residential property in this State.

2. The regulations must include, without limitation:

(a) Standards for evaluating the energy consumption of residential property; and

(b) A system for rating a residential property based on the results of the evaluation of the residential property.

3. As used in this section:

(a) “Dwelling unit” means any building, structure or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one person who maintains a household or by two or more persons who maintain a common household.

(b) “Residential property” means any land in this State to which is affixed not less than one or more than four dwelling units.

Sec. 2. NRS 701.010 is hereby amended to read as follows:

701.010 1. The Legislature finds that:

(a) Energy is essential to the economy of the State and to the health, safety and welfare of the people of the State.

(b) The State has a responsibility to encourage the maintenance of a reliable and economical supply of energy at a level which is consistent with the protection of environmental quality.

(c) The State has a responsibility to encourage the utilization of a wide range of measures which reduce wasteful uses of energy resources.



(d) *The State and the public have an interest in encouraging public utilities to promote and take actions toward energy conservation.*

(e) Planning for energy conservation and future energy requirements should include consideration of state, regional and local plans for land use, urban expansion, transportation systems, environmental protection and economic development.

~~(e)~~ (f) Government and private enterprise need to accelerate research and development of sources of renewable energy and to improve technology related to the research and development of existing sources of energy.

~~(f)~~ (g) While government and private enterprise are seeking to accelerate research and development of sources of renewable energy, they must also prepare for and respond to the advent of competition within the electrical energy industry and are, therefore, encouraged to maximize the use of indigenous energy resources to the extent competitively and economically feasible.

~~(g)~~ (h) Prevention of delays and interruptions in providing energy, protecting environmental values and conserving energy require expanded authority and capability within State Government.

2. It is the policy of this State to encourage participation with all levels of government and private enterprise in cooperative state, regional and national programs to assure adequate supplies of energy resources and markets for such energy resources.

3. It is the policy of this State to assign the responsibility for managing and conserving energy and its sources to agencies whose other programs are similar, to avoid duplication of effort in developing policies and programs for energy.

Sec. 3. Chapter 702 of NRS is hereby amended by adding thereto a new section to read as follows:

1. At the beginning of a fiscal year, 50 percent of the money in the Fund which was allocated to the Division of Welfare and Supportive Services during the preceding fiscal year pursuant to NRS 702.260 and which remains unspent and unencumbered must be distributed to the Housing Division for a program of improving energy conservation and energy efficiency in residential property. The Housing Division may use not more than 6 percent of the money distributed pursuant to this section for its administrative expenses.

2. Except as otherwise provided in NRS 702.150, after deduction for its administrative expenses, the Housing Division may use the money distributed pursuant to this section only to provide a qualified purchaser of residential property which has received a deficient evaluation and rating on the energy consumption of the residential property pursuant to the program



1 *established in section 1 of this act with a grant to pay for*
2 *improvements designed to increase the energy conservation and*
3 *energy efficiency of the residential property or to assist an eligible*
4 *household in acquiring such improvements.*

5 *3. To be eligible to receive assistance from the Housing*
6 *Division pursuant to this section:*

7 *(a) The purchaser of the residential property must have a*
8 *household income that is not more than 150 percent of the*
9 *federally designated level signifying poverty, as determined by the*
10 *Housing Division; and*

11 *(b) The residential property must not meet the standards for*
12 *energy conservation and energy efficiency established pursuant to*
13 *section 1 of this act.*

14 *4. The Housing Division shall adopt regulations to carry out*
15 *and enforce the provisions of this section.*

16 *5. In carrying out the provisions of this section, the Housing*
17 *Division shall:*

18 *(a) Solicit advice from the Division of Welfare and Supportive*
19 *Services and from other knowledgeable persons;*

20 *(b) Identify and implement appropriate delivery systems to*
21 *distribute money from the Fund and to provide other assistance*
22 *pursuant to this section;*

23 *(c) Coordinate with other federal, state and local agencies that*
24 *provide energy assistance or conservation services to low-income*
25 *persons and, to the extent allowed by federal law and to the extent*
26 *practicable, use the same simplified application forms as those*
27 *other agencies;*

28 *(d) Encourage other persons to provide resources and services,*
29 *including, to the extent practicable, schools and programs that*
30 *provide training in the building trades and apprenticeship*
31 *programs;*

32 *(e) Establish a process for evaluating the programs conducted*
33 *pursuant to this section;*

34 *(f) Develop a process for making changes to such programs;*
35 *and*

36 *(g) Engage in annual planning and evaluation processes with*
37 *the Division of Welfare and Supportive Services as required by*
38 *NRS 702.280.*

39 **Sec. 4.** NRS 702.250 is hereby amended to read as follows:

40 702.250 1. There is hereby created as a special revenue fund
41 in the State Treasury the Fund for Energy Assistance and
42 Conservation. The Division of Welfare and Supportive Services
43 shall administer the Fund.

44 2. In addition to the money that must be credited to the Fund
45 from the universal energy charge, all money received from private



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1 or public sources to carry out the purposes of this chapter must be
2 deposited in the State Treasury for credit to the Fund.

3 3. The Division shall, to the extent practicable, ensure that the
4 money in the Fund is administered in a manner which is coordinated
5 with all other sources of money that are available for energy
6 assistance and conservation, including, without limitation, money
7 contributed from private sources, money obtained from the Federal
8 Government and money obtained from any agency or
9 instrumentality of this State or political subdivision of this State.

10 4. The interest and income earned on the money in the Fund,
11 after deducting any applicable charges, must be credited to the
12 Fund. All claims against the Fund must be paid as other claims
13 against the State are paid.

14 5. After deduction of any refunds paid from the Fund pursuant
15 to NRS 702.160, the money in the Fund must be distributed
16 pursuant to NRS 702.260 and 702.270 **and section 3 of this act.**

17 **Sec. 5.** NRS 702.280 is hereby amended to read as follows:

18 702.280 1. The Division of Welfare and Supportive Services
19 and the Housing Division jointly shall establish an annual plan to
20 coordinate their activities and programs pursuant to this chapter. In
21 preparing the annual plan, the Divisions shall solicit advice from
22 knowledgeable persons. The annual plan must include, without
23 limitation, a description of:

24 (a) The resources and services being used by each program and
25 the efforts that will be undertaken to increase or improve those
26 resources and services;

27 (b) The efforts that will be undertaken to improve administrative
28 efficiency;

29 (c) The efforts that will be undertaken to coordinate with other
30 federal, state and local agencies, nonprofit organizations and any
31 private business or trade organizations that provide energy
32 assistance or conservation services to low-income persons;

33 (d) The measures concerning program design that will be
34 undertaken to improve program effectiveness; and

35 (e) The efforts that will be taken to address issues identified
36 during the most recently completed annual evaluation conducted
37 pursuant to subsection 2.

38 2. The Division of Welfare and Supportive Services and the
39 Housing Division jointly shall:

40 (a) Conduct an annual evaluation of the programs that each
41 Division carries out pursuant to NRS 702.260 and 702.270 **and**
42 **section 3 of this act;**

43 (b) Solicit advice from the Commission as part of the annual
44 evaluation; and



(c) Prepare a report concerning the annual evaluation and submit the report to the Governor, the Legislative Commission and the Interim Finance Committee.

3. The report prepared pursuant to subsection 2 must include, without limitation:

(a) A description of the objectives of each program;

(b) An analysis of the effectiveness and efficiency of each program in meeting the objectives of the program;

(c) The amount of money distributed from the Fund for each program and a detailed description of the use of that money for each program;

(d) An analysis of the coordination between the Divisions concerning each program; and

(e) Any changes planned for each program.

Sec. 6. NRS 703.130 is hereby amended to read as follows:

703.130 1. The Commission shall appoint a Deputy Commissioner who shall serve in the unclassified service of the State.

2. The Commission shall appoint a Secretary who shall perform such administrative and other duties as are prescribed by the Commission. The Commission shall also appoint an Assistant Secretary.

3. The Commission may employ such other clerks, experts or engineers as may be necessary.

4. Except as otherwise provided in subsection 5, the Commission:

(a) May appoint one or more hearing officers for a period specified by the Commission to conduct proceedings or hearings that may be conducted by the Commission pursuant to NRS 702.160 and 702.170 and chapters 704, 704A, 704B, 705, 708 and 711 of NRS.

(b) Shall prescribe by regulation the procedure for appealing a decision of a hearing officer to the Commission.

5. The Commission shall not appoint a hearing officer to conduct proceedings or hearings:

(a) In any matter pending before the Commission pursuant to NRS 704.7561 to 704.7595, inclusive; or

(b) In any matter pending before the Commission pursuant to NRS 704.061 to 704.110, inclusive, in which an electric utility has filed a general rate application or an *annual deferred energy accounting adjustment* application. ~~[to clear its deferred accounts.]~~

6. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.



Sec. 7. NRS 703.320 is hereby amended to read as follows:

703.320 Except as otherwise provided in ~~subsection 8~~
subsections 8 and 9 of NRS 704.110:

1. In any matter pending before the Commission, if a hearing is required by a specific statute or is otherwise required by the Commission, the Commission shall give notice of the pendency of the matter to all persons entitled to notice of the hearing. The Commission shall by regulation specify:

(a) The manner of giving notice in each type of proceeding; and

(b) The persons entitled to notice in each type of proceeding.

2. The Commission shall not dispense with a hearing:

(a) In any matter pending before the Commission pursuant to NRS 704.7561 to 704.7595, inclusive; or

(b) Except as otherwise provided in *paragraph (f) of subsection 1* of NRS 704.100, in any matter pending before the Commission pursuant to NRS 704.061 to 704.110, inclusive, in which an electric utility has filed a general rate application or an ~~application to clear its deferred accounts.~~ *annual deferred energy accounting adjustment application pursuant to NRS 704.187.*

3. In any other matter pending before the Commission, the Commission may dispense with a hearing and act upon the matter pending unless, within 10 days after the date of the notice of pendency, a person entitled to notice of the hearing files with the Commission a request that the hearing be held. If such a request for a hearing is filed, the Commission shall give at least 10 days' notice of the hearing.

4. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

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

1. The Commission shall adopt regulations to establish methods and programs for a public utility which purchases natural gas for resale that remove financial disincentives which discourage the public utility from supporting energy conservation, including, without limitation:

(a) Procedures for a public utility which purchases natural gas for resale to have a mechanism established during a general rate application filed pursuant to NRS 704.110 to ensure that the costs of the public utility for providing service are recovered without regard to the difference in the quantity of natural gas actually sold by the public utility by taking into account the adjusted and annualized quantity of natural gas sold during a test year and the growth in the number of customers of the public utility;

(b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity



1 *relating to increasing energy efficiency or energy conservation;*
2 *and*

3 *(c) Procedures for a public utility which purchases natural gas*
4 *for resale to apply to the Commission for the recovery of costs*
5 *associated with an activity approved by the Commission pursuant*
6 *to paragraph (b).*

7 *2. The regulations adopted pursuant to subsection 1 must*
8 *ensure that the methods and programs consider the recovery of*
9 *costs, stabilization of revenue and any reduction of risk for the*
10 *public utility which purchases natural gas for resale.*

11 **Sec. 9.** NRS 704.062 is hereby amended to read as follows:

12 704.062 "Application to make changes in any schedule" and
13 "application" include, without limitation:

- 14 1. A general rate application;
15 2. An application to recover the increased cost of purchased
16 fuel, purchased power, or natural gas purchased for resale; and
17 3. An *annual deferred energy accounting adjustment*
18 *application . ~~[to clear deferred accounts.]~~*

19 **Sec. 10.** NRS 704.069 is hereby amended to read as follows:

20 704.069 1. Except as otherwise provided in ~~[subsection 8]~~
21 *subsections 8 and 9* of NRS 704.110, the Commission shall conduct
22 a consumer session to solicit comments from the public in any
23 matter pending before the Commission pursuant to NRS 704.061 to
24 704.110, inclusive, in which:

25 (a) A public utility has filed a general rate application, an
26 application to recover the increased cost of purchased fuel,
27 purchased power, or natural gas purchased for resale , ~~[or]~~ an
28 application to clear its deferred accounts ~~[;]~~ , *an annual deferred*
29 *energy accounting adjustment application pursuant to NRS*
30 *704.187 or an annual rate adjustment application;* and

31 (b) The changes proposed in the application will result in an
32 increase in annual gross operating revenue, as certified by the
33 applicant, in an amount that will exceed \$50,000 or 10 percent of
34 the applicant's annual gross operating revenue, whichever is less.

35 2. In addition to the case-specific consumer sessions required
36 by subsection 1, the Commission shall, during each calendar year,
37 conduct at least one general consumer session in the county with the
38 largest population in this State and at least one general consumer
39 session in the county with the second largest population in this
40 State. At each general consumer session, the Commission shall
41 solicit comments from the public on issues concerning public
42 utilities. Not later than 60 days after each general consumer session,
43 the Commission shall submit the record from the general consumer
44 session to the Legislative Commission.



Sec. 11. NRS 704.100 is hereby amended to read as follows:

704.100 **1.** Except as otherwise provided in NRS 704.075 and 704.68904 to 704.68984, inclusive, or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097 or pursuant to the regulations adopted by the Commission in accordance with subsection 4 of NRS 704.040:

~~[(1)]~~ **(a)** A public utility shall not make changes in any schedule, unless the public utility:

~~[(a)]~~ **(1)** Files with the Commission an application to make the proposed changes and the Commission approves the proposed changes pursuant to NRS 704.110; or

~~[(b)]~~ **(2)** Files the proposed changes with the Commission using a letter of advice in accordance with the provisions of ~~subsection 5. —2.]~~ **paragraph (f).**

(b) A public utility shall adjust its rates on a quarterly basis between annual rate adjustment applications pursuant to subsection 8 of NRS 704.110 based on changes in the public utility's recorded costs of natural gas purchased for resale.

~~[(3)]~~ **(c)** *An electric utility shall, between annual deferred energy accounting adjustment applications filed pursuant to NRS 704.187, adjust its rates on a quarterly basis pursuant to subsection 9 of NRS 704.110.*

(d) A public utility shall post copies of all proposed schedules and all new or amended schedules in the same offices and in substantially the same form, manner and places as required by NRS 704.070 for the posting of copies of schedules that are currently in force.

~~[(4)]~~ **(e)** A public utility may not set forth as justification for a rate increase any items of expense or rate base that previously have been considered and disallowed by the Commission, unless those items are clearly identified in the application and new facts or considerations of policy for each item are advanced in the application to justify a reversal of the prior decision of the Commission.

~~[(5)]~~ **(f)** Except as otherwise provided in ~~subsection —6.]~~ **paragraph (g),** if the proposed change in any schedule does not change any rate or will result in an increase in annual gross operating revenue, as certified by the public utility, in an amount that does not exceed \$2,500:

~~[(a)]~~ **(1)** The public utility may file the proposed change with the Commission using a letter of advice in lieu of filing an application; and

~~[(b)]~~ **(2)** The Commission shall determine whether it should dispense with a hearing regarding the proposed change.



~~[6-]~~ (g) If the applicant is a public utility furnishing telephone service and the proposed change in any schedule will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that does not exceed \$50,000 or 10 percent of the applicant's annual gross operating revenue, whichever is less, the Commission shall determine whether it should dispense with a hearing regarding the proposed change.

~~[7-]~~ (h) In making the determination pursuant to ~~[subsection 5 or 6-]~~ **paragraph (f) or (g)**, the Commission shall first consider all timely written protests, any presentation that the Regulatory Operations Staff of the Commission may desire to present, the application of the public utility and any other matters deemed relevant by the Commission.

2. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

Sec. 12. NRS 704.110 is hereby amended to read as follows:

704.110 Except as otherwise provided in NRS 704.075 and 704.68904 to 704.68984, inclusive, or as may otherwise be provided by the Commission pursuant to NRS 704.095 or 704.097 or pursuant to the regulations adopted by the Commission in accordance with subsection 4 of NRS 704.040:

1. If a public utility files with the Commission an application to make changes in any schedule, including, without limitation, changes that will result in a discontinuance, modification or restriction of service, the Commission shall investigate the propriety of the proposed changes to determine whether to approve or disapprove the proposed changes. If an electric utility files such an application and the application is a general rate application or an **annual deferred energy accounting adjustment** application, ~~[to clear its deferred accounts,]~~ the Consumer's Advocate shall be deemed a party of record.

2. Except as otherwise provided in subsections 3 and ~~[13-]~~ **12**, if a public utility files with the Commission an application to make changes in any schedule, the Commission shall issue a written order approving or disapproving, in whole or in part, the proposed changes:

(a) For a public utility that is a PAR carrier, not later than 180 days after the date on which the application is filed; and

(b) For all other public utilities, not later than 210 days after the date on which the application is filed.

3. If a public utility files with the Commission a general rate application, the public utility shall submit with its application a statement showing the recorded results of revenues, expenses, investments and costs of capital for its most recent 12 months for which data were available when the application was prepared.



1 Except as otherwise provided in subsection 4, in determining
2 whether to approve or disapprove any increased rates, the
3 Commission shall consider evidence in support of the increased
4 rates based upon actual recorded results of operations for the same
5 12 months, adjusted for increased revenues, any increased
6 investment in facilities, increased expenses for depreciation, certain
7 other operating expenses as approved by the Commission and
8 changes in the costs of securities which are known and are
9 measurable with reasonable accuracy at the time of filing and which
10 will become effective within 6 months after the last month of those
11 12 months, but the public utility shall not place into effect any
12 increased rates until the changes have been experienced and
13 certified by the public utility to the Commission and the
14 Commission has approved the increased rates. The Commission
15 shall also consider evidence supporting expenses for depreciation,
16 calculated on an annual basis, applicable to major components of the
17 public utility's plant placed into service during the recorded test
18 period or the period for certification as set forth in the application.
19 Adjustments to revenues, operating expenses and costs of securities
20 must be calculated on an annual basis. Within 90 days after the date
21 on which the certification required by this subsection is filed with
22 the Commission, or within the period set forth in subsection 2,
23 whichever time is longer, the Commission shall make such order in
24 reference to the increased rates as is required by this chapter. An
25 electric utility shall file a general rate application pursuant to this
26 subsection at least once every ~~[24]~~ 36 months based on the
27 following schedule:

28 (a) An electric utility that primarily serves less densely
29 populated counties shall file a general rate application on or before
30 ~~[October 3, 2005,]~~ December 3, 2007, and at least once every ~~[24]~~
31 36 months thereafter.

32 (b) An electric utility that primarily serves densely populated
33 counties shall file a general rate application on or before
34 ~~[November 15, 2006,]~~ December 3, 2008, and at least once every
35 ~~[24]~~ 36 months thereafter.

36 4. In addition to submitting the statement required pursuant to
37 subsection 3, a public utility which purchases natural gas for resale
38 may submit with its general rate application a statement showing the
39 effects, on an annualized basis, of all expected changes in
40 circumstances. If such a statement is filed, it must include all
41 increases and decreases in revenue and expenses which may occur
42 within 210 days after the date on which its general rate application
43 is filed with the Commission if such expected changes in
44 circumstances are reasonably known and are measurable with
45 reasonable accuracy. If a public utility submits such a statement, the



1 public utility has the burden of proving that the expected changes in
2 circumstances set forth in the statement are reasonably known and
3 are measurable with reasonable accuracy. If the Commission
4 determines that the public utility has met its burden of proof:

5 (a) The Commission shall consider the statement submitted
6 pursuant to this subsection and evidence relevant to the statement in
7 addition to the statement required pursuant to subsection 3 as
8 evidence in establishing just and reasonable rates for the public
9 utility; and

10 (b) The public utility is not required to file with the Commission
11 the certification that would otherwise be required pursuant to
12 subsection 3.

13 5. If a public utility files with the Commission an application to
14 make changes in any schedule and the Commission does not issue a
15 final written order regarding the proposed changes within the time
16 required by this section, the proposed changes shall be deemed to be
17 approved by the Commission.

18 6. If a public utility files with the Commission a general rate
19 application, the public utility shall not file with the Commission
20 another general rate application until all pending general rate
21 applications filed by that public utility have been decided by the
22 Commission unless, after application and hearing, the Commission
23 determines that a substantial financial emergency would exist if the
24 public utility is not permitted to file another general rate application
25 sooner. The provisions of this subsection do not prohibit the public
26 utility from filing with the Commission, while a general rate
27 application is pending, an application to recover the increased cost
28 of purchased fuel, purchased power, or natural gas purchased for
29 resale pursuant to subsection 7 , *a quarterly rate adjustment*
30 *pursuant to subsection 8 or 9, any information relating to deferred*
31 *accounting requirements pursuant to NRS 704.185* or an *annual*
32 *deferred energy accounting adjustment* application ~~to clear its~~
33 ~~deferred accounts pursuant to subsection 9,~~ *pursuant to NRS*
34 *704.187,* if the public utility is otherwise authorized *to so file* by
35 those provisions . ~~to file such an application.~~

36 7. A public utility may file an application to recover the
37 increased cost of purchased fuel, purchased power, or natural gas
38 purchased for resale once every 30 days. The provisions of this
39 subsection do not apply to:

40 (a) An electric utility ~~using deferred accounting pursuant to~~
41 ~~NRS 704.187;~~ *which is required to adjust its rates on a quarterly*
42 *basis pursuant to subsection 9;* or

43 (b) A public utility which purchases natural gas for resale and
44 which adjusts its rates on a quarterly basis between annual rate
45 adjustment applications pursuant to subsection 8.



8. A public utility which purchases natural gas for resale must request approval from the Commission to adjust its rates on a quarterly basis between annual rate adjustment applications based on changes in the public utility's recorded costs of natural gas purchased for resale. If the Commission approves such a request:

(a) The public utility shall file written notice with the Commission before the public utility makes a quarterly rate adjustment between annual rate adjustment applications. A quarterly rate adjustment is not subject to the requirements for notice and a hearing pursuant to NRS 703.320 or the requirements for a consumer session pursuant to subsection 1 of NRS 704.069.

(b) The public utility shall provide written notice of each quarterly rate adjustment to its customers by including the written notice with a customer's regular monthly bill. The public utility shall begin providing such written notice to its customers not later than 30 days after the date on which the public utility files its written notice with the Commission pursuant to paragraph (a). The written notice that is included with a customer's regular monthly bill:

(1) Must be printed separately on fluorescent-colored paper and must not be attached to the pages of the bill; and

(2) Must include the following:

(I) The total amount of the increase or decrease in the public utility's revenues from the rate adjustment, stated in dollars and as a percentage;

(II) The amount of the monthly increase or decrease in charges for each class of customer or class of service, stated in dollars and as a percentage;

(III) A statement that customers may send written comments or protests regarding the rate adjustment to the Commission; and

(IV) Any other information required by the Commission.

(c) The public utility shall file an annual rate adjustment application with the Commission. The annual rate adjustment application is subject to the requirements for notice and a hearing pursuant to NRS 703.320 and the requirements for a consumer session pursuant to subsection 1 of NRS 704.069.

(d) The proceeding regarding the annual rate adjustment application must include a review of each quarterly rate adjustment and a review of the transactions and recorded costs of natural gas included in each quarterly rate adjustment and the annual rate adjustment application. There is no presumption of reasonableness or prudence for any quarterly rate adjustment or for any transactions or recorded costs of natural gas included in any quarterly rate adjustment or the annual rate adjustment application, and the public



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1 utility has the burden of proving reasonableness and prudence in the
2 proceeding.

3 (e) The Commission shall not allow the public utility to recover
4 any recorded costs of natural gas which were the result of any
5 practice or transaction that was unreasonable or was undertaken,
6 managed or performed imprudently by the public utility, and the
7 Commission shall order the public utility to adjust its rates if the
8 Commission determines that any recorded costs of natural gas
9 included in any quarterly rate adjustment or the annual rate
10 adjustment application were not reasonable or prudent.

11 ~~9. [Except as otherwise provided in subsection 10 and~~
12 ~~subsection 5 of NRS 704.100, if an electric utility using deferred~~
13 ~~accounting pursuant to NRS 704.187 files an application to clear its~~
14 ~~deferred accounts and to change one or more of its rates based upon~~
15 ~~changes in the costs for purchased fuel or purchased power, the~~
16 ~~Commission, after a public hearing and by an appropriate order:~~

17 ~~—(a) Shall allow the electric utility to clear its deferred accounts~~
18 ~~by refunding any credit balance or recovering any debit balance~~
19 ~~over a period not to exceed 3 years, as determined by the~~
20 ~~Commission.~~

21 ~~—(b) Shall not allow the electric utility to recover any debit~~
22 ~~balance, or portion thereof, in an amount that would result in a rate~~
23 ~~of return during the period of recovery that exceeds the rate of~~
24 ~~return authorized by the Commission in the most recently completed~~
25 ~~rate proceeding for the electric utility.~~

26 ~~—10. Before allowing an electric utility to clear its deferred~~
27 ~~accounts pursuant to subsection 9, the Commission shall determine~~
28 ~~whether the costs for purchased fuel and purchased power that the~~
29 ~~electric utility recorded in its deferred accounts are recoverable and~~
30 ~~whether the revenues that the electric utility collected from~~
31 ~~customers in this State for purchased fuel and purchased power are~~
32 ~~properly recorded and credited in its deferred accounts. The~~
33 ~~Commission shall not allow the electric utility to recover any costs~~
34 ~~for purchased fuel and purchased power that were the result of any~~
35 ~~practice or transaction that was undertaken, managed or performed~~
36 ~~imprudently by the electric utility.~~

37 ~~—11.] An electric utility shall adjust its rates on a quarterly~~
38 ~~basis based on changes in the public utility's recorded costs of~~
39 ~~purchased fuel or purchased power in the following manner:~~

40 *(a) An electric utility shall file written notice with the*
41 *Commission on or before August 15, 2007, and every quarter*
42 *thereafter of the quarterly rate adjustment to be made by the*
43 *electric utility for the following quarter. The first quarterly rate*
44 *adjustment by the electric utility will take effect on October 1,*
45 *2007, and each subsequent quarterly rate adjustment will take*



1 *effect every quarter thereafter. A quarterly rate adjustment is not*
2 *subject to the requirements for notice and a hearing pursuant to*
3 *NRS 703.320 or the requirements for a consumer session pursuant*
4 *to subsection 1 of NRS 704.069.*

5 *(b) Each electric utility shall provide written notice of each*
6 *quarterly rate adjustment to its customers by including the written*
7 *notice with a customer's regular monthly bill. The electric utility*
8 *shall begin providing such written notice to its customers not later*
9 *than 30 days after the date on which the electric utility files a*
10 *written notice with the Commission pursuant to paragraph (a).*
11 *The written notice that is included with a customer's regular*
12 *monthly bill:*

13 *(1) Must be printed separately on fluorescent-colored paper*
14 *and must not be attached to the pages of the bill; and*

15 *(2) Must include the following:*

16 *(I) The total amount of the increase or decrease in the*
17 *electric utility's revenues from the rate adjustment, stated in*
18 *dollars and as a percentage;*

19 *(II) The amount of the monthly increase or decrease in*
20 *charges for each class of customer or class of service, stated in*
21 *dollars and as a percentage;*

22 *(III) A statement that customers may send written*
23 *comments or protests regarding the rate adjustment to the*
24 *Commission; and*

25 *(IV) Any other information required by the Commission.*

26 *(c) An electric utility shall file an annual deferred energy*
27 *accounting adjustment application pursuant to NRS 704.187 with*
28 *the Commission. The annual deferred energy accounting*
29 *adjustment application is subject to the requirements for notice*
30 *and a hearing pursuant to NRS 703.320 and the requirements for*
31 *a consumer session pursuant to subsection 1 of NRS 704.069.*

32 *(d) The proceeding regarding the annual deferred energy*
33 *accounting adjustment application must include a review of each*
34 *quarterly rate adjustment and a review of the transactions and*
35 *recorded costs of purchased fuel and purchased power included in*
36 *each quarterly rate adjustment and the annual deferred energy*
37 *accounting adjustment application.*

38 *10. If an electric utility files an annual deferred energy*
39 *accounting adjustment application ~~[to clear its deferred accounts]~~*
40 *pursuant to subsection 9 and NRS 704.187 while a general rate*
41 *application is pending, the electric utility shall:*

42 *(a) Submit with its annual deferred energy accounting*
43 *adjustment application ~~[to clear its deferred accounts]~~ information*
44 *relating to the cost of service and rate design; and*



(b) Supplement its general rate application with the same information, if such information was not submitted with the general rate application.

~~{12.}~~ **11.** A utility facility identified in a 3-year plan submitted pursuant to NRS 704.741 and accepted by the Commission for acquisition or construction pursuant to NRS 704.751 and the regulations adopted pursuant thereto shall be deemed to be a prudent investment. The utility may recover all just and reasonable costs of planning and constructing such a facility.

~~{13.}~~ **12.** A PAR carrier may, in accordance with this section and NRS 704.100, file with the Commission a request to approve or change any schedule to provide volume or duration discounts to rates for telecommunication service for an offering made to all or any class of business customers. The Commission may conduct a hearing relating to the request, which must occur within 45 days after the date the request is filed with the Commission. The request and schedule shall be deemed approved if the request and schedule are not disapproved by the Commission within 60 days after the date the Commission receives the request.

~~{14.}~~ **13.** As used in this section:

(a) "Electric utility" has the meaning ascribed to it in NRS 704.187.

(b) "Electric utility that primarily serves densely populated counties" ~~{has the meaning ascribed to it in NRS 704.187.}~~ *means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose population is 400,000 or more than it does from customers located in counties whose population is less than 400,000.*

(c) "Electric utility that primarily serves less densely populated counties" ~~{has the meaning ascribed to it in NRS 704.187.}~~ *means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose population is less than 400,000 than it does from customers located in counties whose population is 400,000 or more.*

(d) "PAR carrier" has the meaning ascribed to it in NRS 704.68942.

Sec. 13. NRS 704.187 is hereby amended to read as follows:

704.187 1. ~~{Except as otherwise provided in section 36 of chapter 16, Statutes of Nevada 2001, beginning on March 1, 2001, an}~~ **An** electric utility that purchases fuel or power shall use deferred accounting by recording upon its books and records in deferred accounts all increases and decreases in costs for purchased fuel and purchased power that are prudently incurred by the electric utility.



2. An electric utility using deferred accounting shall include in its annual report to the Commission a statement showing, for the period of recovery, the allocated rate of return for each of its operating departments in this State using deferred accounting. If, during the period of recovery, the rate of return for any operating department using deferred accounting is greater than the rate of return authorized by the Commission in the most recently completed rate proceeding for the electric utility, the Commission shall order the electric utility that recovered costs for purchased fuel or purchased power through its rates during the reported period to transfer to the next energy adjustment period that portion of the amount recovered by the electric utility that exceeds the authorized rate of return.

3. Except as otherwise provided in this section, an electric utility using deferred accounting shall file an annual *deferred energy accounting adjustment* application ~~{to clear its deferred accounts based on the following schedule:~~

~~—(a) An electric utility that primarily serves less densely populated counties shall file an annual application to clear its deferred accounts on December 1, 2005, and in December} on March 1, 2008, and on March 1 of each year thereafter . {on a date specified by the Commission.~~

~~—(b) An electric utility that primarily serves densely populated counties shall file an annual application to clear its deferred accounts on January 17, 2006, and in January of each year thereafter on a date specified by the Commission.}~~

4. ~~{An electric utility using deferred accounting may file a semiannual application to clear its deferred accounts if the net change in revenues necessary to clear its deferred accounts for the reported period is more than 5 percent of the total revenues generated by the electric utility during that period from its rates for purchased fuel and purchased power most recently authorized by the Commission.~~

~~—5.}~~ As used in this section:

(a) ~~["Application to clear its deferred accounts"]~~ *“Annual deferred energy accounting adjustment application”* means an application filed by an electric utility pursuant to this section and subsection 9 of NRS 704.110.

(b) “Costs for purchased fuel and purchased power” means all costs which are prudently incurred by an electric utility and which are required to purchase fuel, to purchase capacity and to purchase energy. The term does not include any costs that the Commission determines are not recoverable pursuant to subsection ~~{10}~~ 9 of NRS 704.110.



(c) “Electric utility” means any public utility or successor in interest that:

(1) Is in the business of providing electric service to customers;

(2) Holds a certificate of public convenience and necessity issued or transferred pursuant to this chapter; and

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

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

~~[(d) “Electric utility that primarily serves densely populated counties” means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose population is 400,000 or more than it does from customers located in counties whose population is less than 400,000.~~

~~—(e) “Electric utility that primarily serves less densely populated counties” means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose population is less than 400,000 than it does from customers located in counties whose population is 400,000 or more.]~~

Sec. 14. NRS 704.771 is hereby amended to read as follows:

704.771 **1.** “Net metering system” means a facility or energy system for the generation of electricity that:

~~[(1)]~~ **(a)** Uses renewable energy as its primary source of energy to generate electricity;

~~[(2)]~~ **(b)** Has a generating capacity of not more than ~~[(150~~ kilowatts;

~~—(3)]~~ **1 megawatt;**

(c) Is located on the customer-generator’s premises;

~~[(4)]~~ **(d)** Operates in parallel with the utility’s transmission and distribution facilities; and

~~[(5)]~~ **(e)** Is intended primarily to offset part or all of the customer-generator’s requirements for electricity.

2. The term does not include a facility or energy system for the generation of electricity which has a generating capacity that exceeds the greater of:

(a) The limit on the demand that the class of customer of the customer-generator may place on the system of the utility; or



(b) One hundred fifty percent of the peak demand of the customer.

Sec. 15. NRS 704.773 is hereby amended to read as follows:

704.773 1. A utility shall offer net metering, as set forth in NRS 704.775, to the customer-generators operating within its service area until the cumulative capacity of all such net metering systems is equal to 1 percent of the utility's peak capacity.

2. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of not more than 30 kilowatts, the utility:

(a) Shall offer to make available to the customer-generator an energy meter that is capable of registering the flow of electricity in two directions.

(b) May, at its own expense and with the written consent of the customer-generator, install one or more additional meters to monitor the flow of electricity in each direction.

(c) Shall not charge a customer-generator any fee or charge that would increase the customer-generator's minimum monthly charge to an amount greater than that of other customers of the utility in the same rate class as the customer-generator.

3. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of more than 30 kilowatts, the utility may:

(a) Require the customer-generator to install at its own cost ~~[an]~~ :

(1) An energy meter that is capable of measuring generation output and customer load ~~[H]; and~~

(2) Any upgrades to the system of the utility that are required to make the net metering system compatible with the system of the utility.

(b) ~~[Charge]~~ *Except as otherwise provided in paragraph (c), charge* the customer-generator any applicable fee or charge charged to other customers of the utility in the same rate class as the customer-generator, including, without limitation, customer, demand and facility charges.

(c) Not charge the customer-generator any standby charge.

Sec. 16. NRS 704.775 is hereby amended to read as follows:

704.775 1. The billing period for net metering must be a monthly period.

2. ~~[If a customer-generator's net metering system has a capacity of not more than 30 kilowatts, the]~~ *The* net energy measurement must be calculated in the following manner:

(a) The utility shall measure, in kilowatt hours, the net electricity produced or consumed during the billing period, in accordance with normal metering practices.



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(b) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator which is fed back to the utility during the billing period, the customer-generator must be billed for the net electricity supplied by the utility.

(c) If the electricity generated by the customer-generator which is fed back to the utility exceeds the electricity supplied by the utility during the billing period:

(1) Neither the utility nor the customer-generator is entitled to compensation for electricity provided to the other during the billing period.

(2) The excess electricity which is fed back to the utility during the billing period is carried forward to the next billing period as an addition to the kilowatt hours generated by the customer-generator in that billing period. If the customer-generator is billed for electricity pursuant to a time-of-use rate schedule, the excess electricity carried forward must be added to the same time-of-use period as the time-of-use period in which it was generated unless the subsequent billing period lacks a corresponding time-of-use period. In that case, the excess electricity carried forward must be apportioned evenly among the available time-of-use periods.

(3) ~~Excess~~ Except as otherwise provided in this subparagraph, excess electricity may be carried forward to subsequent billing periods. ~~Indefinitely, but~~ Any credit for excess electricity that accrues to the customer-generator during a billing period that is not applied toward the electricity consumed by the customer-generator before the billing period for the month of September of each year for the customer-generator must expire without compensation to the customer-generator, and a customer-generator is not entitled to receive compensation for any excess electricity that remains if:

(I) The net metering system ceases to operate or is disconnected from the utility's transmission and distribution facilities;

(II) The customer-generator ceases to be a customer of the utility at the premises served by the net metering system; or

(III) The customer-generator transfers the net metering system to another person.

(4) The value of the excess electricity ~~which is fed back to the utility shall be deemed to be electricity that the utility generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive.~~

~~3. If a customer-generator's net metering system has a capacity of more than 30 kilowatts, the net energy measurement must be calculated in the following manner:~~



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~~—(a) The utility shall:~~

~~—(1) Measure, in kilowatt hours, the amount of electricity supplied by the utility to the customer generator during the billing period and calculate its value using the tariff that would be applicable if the customer generator did not use a net metering system; and~~

~~—(2) Measure, in kilowatt hours, the amount of electricity generated by the customer generator which is fed back to the utility during the billing period and calculate its value at a rate that is consistent with the rate used to calculate the value of the electricity supplied by the utility.~~

~~—(b) If the value of electricity supplied by the utility exceeds the value of the electricity generated by the customer generator which is fed back to the utility during the billing period, the customer generator must be billed for the net value of the electricity supplied by the utility.~~

~~—(c) If the value of the electricity generated by the customer generator which is fed back to the utility exceeds the value of the electricity supplied by the utility during the billing period:~~

~~—(1) Neither the utility nor the customer generator is entitled to compensation for the value of the electricity provided to the other during the billing period.~~

~~—(2) The value of the excess electricity:~~

~~—(l) Must not be shown as a credit on the customer generator's bill for that billing period but must be reflected as a credit that is carried forward to offset the value of the electricity supplied by the utility during a subsequent billing period. At the discretion of the utility, the credit may be in a dollar amount or in kilowatt hours. If the credit is reflected as excess electricity and the customer generator is billed for electricity pursuant to a time of use rate schedule, the excess electricity carried forward must be added to the same time of use period as the time of use period in which it was generated unless the subsequent billing period lacks a corresponding time of use period. In that case, the excess electricity carried forward must be apportioned evenly among the available time of use periods. Excess electricity may be carried forward to subsequent billing periods indefinitely, but a customer generator is not entitled to receive compensation for any excess electricity that remains if the net metering system ceases to operate or is disconnected from the utility's transmission and distribution facilities, the customer generator ceases to be a customer of the utility at the premises served by the net metering system or the customer generator transfers the net metering system to another person.~~



* S B 4 3 7 *

~~(H) Does not reduce any other fee or charge imposed by the utility.~~

~~(3) The excess electricity which is fed back to the utility] must not be used to reduce any other fee or charge imposed by the utility.~~

3. If the cost of purchasing and installing a net metering system was paid for:

(a) In whole or in part by a utility, the electricity generated by the net metering system shall be deemed to be electricity that the utility generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive.

(b) Entirely by a customer-generator, the Commission shall issue to the customer-generator portfolio energy credits for use within the system of portfolio energy credits adopted by the Commission pursuant to NRS 704.7821 equal to the electricity generated by the net metering system.

4. A bill for electrical service is due at the time established pursuant to the terms of the contract between the utility and the customer-generator.

Sec. 17. NRS 704.860 is hereby amended to read as follows:

704.860 "Utility facility" means:

1. Electric generating plants and their associated facilities, except:

(a) Electric generating plants and their associated facilities that are or will be located entirely within the boundaries of a county whose population is 100,000 or more; or

(b) Electric generating plants and their associated facilities which use or will use renewable energy, as defined in NRS 704.7811, as their primary source of energy to generate electricity and which have or will have a generating capacity of not more than ~~[150 kilowatts.]~~ **1 megawatt**, including, without limitation, a net metering system, as defined in NRS 704.771.

➔ As used in this subsection, "associated facilities" includes, without limitation, any facilities for the storage, transmission or treatment of water, including, without limitation, facilities to supply water or for the treatment or disposal of wastewater, which support or service an electric generating plant.

2. Electric transmission lines and transmission substations that:

(a) Are designed to operate at 200 kilovolts or more;

(b) Are not required by local ordinance to be placed underground; and

(c) Are constructed outside any incorporated city.

3. Gas transmission lines, storage plants, compressor stations and their associated facilities when constructed outside:



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(a) Any incorporated city; and

(b) Any county whose population is 100,000 or more.

4. Water storage, transmission and treatment facilities, other than facilities for the storage, transmission or treatment of water from mining operations.

5. Sewer transmission and treatment facilities.

Sec. 18. Chapter 113 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 4, the seller shall have the energy consumption of the residential property evaluated and rated pursuant to the program established pursuant to section 1 of this act.

2. Except as otherwise provided in subsection 5, not more than 3 days after a seller and a purchaser have entered into an agreement for the conveyance of residential property, the seller or his agent shall serve the purchaser or his agent with the completed evaluation and rating.

3. After service of the completed disclosure form but before conveyance of the residential property to the purchaser pursuant to subsection 2, a purchaser or his agent may:

(a) Rescind the agreement to purchase the property; or

(b) Close escrow and accept the residential property.

4. Subsection 1 does not apply to a sale or intended sale of residential property:

(a) By foreclosure pursuant to chapter 107 of NRS.

(b) Between any co-owners of the property, spouses or persons related within the third degree of consanguinity.

(c) By a person who takes temporary possession or control of or title to the property solely to facilitate the sale of the property on behalf of a person who relocates to another county, state or country before title to the property is transferred to a purchaser.

5. If an evaluation and rating of a residential property was completed not more than 5 years before the seller and purchaser entered into the agreement to purchase the residential property, the seller or his agent may serve the purchaser or his agent with that evaluation and rating.

Sec. 19. NRS 228.360 is hereby amended to read as follows:

228.360 The Consumer's Advocate:

1. Shall intervene in and represent the public interest in:

(a) All proceedings conducted pursuant to NRS 704.7561 to 704.7595, inclusive; and

(b) All proceedings conducted pursuant to NRS 704.061 to 704.110, inclusive, in which an electric utility has filed a general rate application or an *annual deferred energy accounting adjustment* application . ~~[to clear its deferred accounts.]~~



2. May, with respect to all public utilities except railroads and cooperative utilities, and except as otherwise provided in NRS 228.380:

(a) Conduct or contract for studies, surveys, research or expert testimony relating to matters affecting the public interest or the interests of utility customers.

(b) Examine any books, accounts, minutes, records or other papers or property of any public utility subject to the regulatory authority of the Public Utilities Commission of Nevada in the same manner and to the same extent as authorized by law for members of the Public Utilities Commission of Nevada and its staff.

(c) Except as otherwise provided in subsection 1, petition for, request, initiate, appear or intervene in any proceeding concerning rates, charges, tariffs, modifications of service or any related matter before the Public Utilities Commission of Nevada or any court, regulatory body, board, commission or agency having jurisdiction over any matter which the Consumer's Advocate may bring before or has brought before the Public Utilities Commission of Nevada or in which the public interest or the interests of any particular class of utility customers are involved. The Consumer's Advocate may represent the public interest or the interests of any particular class of utility customers in any such proceeding, and he is a real party in interest in the proceeding.

3. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

Sec. 20. Chapter 338 of NRS is hereby amended by adding thereto the provisions set forth as sections 21 and 22 of this act.

Sec. 21. *For the purpose of determining which bidder is the lowest responsive and responsible bidder for the purposes of subsection 5 of NRS 338.1385 or subsection 4 of NRS 338.143 or the contractor who submitted the best bid for the purposes of subsection 1 of NRS 338.1389 or subsection 1 of NRS 338.147, the value of each bid submitted to a public body for the construction, repair or reconstruction of any public work which is a public building must be calculated as the aggregate sum of the:*

1. Total cost set forth in the bid for the construction, repair or reconstruction of the public building; and

2. Estimate of the cost to operate and maintain the public building for its expected useful life included in the bid pursuant to section 22 of this act.

Sec. 22. *Each bid submitted to a public body for the construction, repair or reconstruction of any public work which is a public building to which paragraph (a) of subsection 1 of NRS 338.1385 or paragraph (a) of subsection 1 of NRS 338.143 applies*



1 *must include a detailed analysis of the cost of operating and*
2 *maintaining the building for its expected useful life.*

3 **Sec. 23.** NRS 338.187 is hereby amended to read as follows:

4 338.187 1. ~~[Except as otherwise provided in subsection 2,~~
5 ~~each]~~ *Each public work which is the construction of a new*
6 occupied public building ~~[whose construction will be sponsored or~~
7 ~~financed by this State must, when completed,]~~ *must* meet the
8 requirements to be certified at or meet the equivalent of the ~~[base]~~
9 *silver* level or higher in accordance with the Leadership in Energy
10 and Environmental Design Green Building Rating System, or an
11 equivalent standard, as adopted by the Director of the Office of
12 Energy pursuant to NRS 701.217.

13 2. ~~[During each biennium, at least two occupied public~~
14 ~~buildings whose construction will be sponsored or financed by this~~
15 ~~State must be designated as demonstration projects and must, when~~
16 ~~completed, meet the requirements to be certified at or meet the~~
17 ~~equivalent of the silver level or higher in accordance with the~~
18 ~~Leadership in Energy and Environmental Design Green Building~~
19 ~~Rating System, or an equivalent standard, as adopted by the Director~~
20 ~~of the Office of Energy pursuant to NRS 701.217 if:~~

21 ~~—(a) The Director of the Office of Energy, in consultation with~~
22 ~~the State Board of Examiners and the State Public Works Board, has~~
23 ~~determined that it is feasible for the buildings to meet such~~
24 ~~requirements and standards and that it is a cost-effective investment~~
25 ~~to do so; and~~

26 ~~—(b) The agency or agencies that will occupy the buildings have~~
27 ~~agreed to allow the buildings to be designated as demonstration~~
28 ~~projects pursuant to this subsection.~~

29 ~~3. Each occupied public building whose construction is~~
30 ~~sponsored or financed by a local government may meet the~~
31 ~~requirements to be certified at or meet the equivalent of the base~~
32 ~~level or higher in accordance with the Leadership in Energy and~~
33 ~~Environmental Design Green Building Rating System, or an~~
34 ~~equivalent standard, as adopted by the Director of the Office of~~
35 ~~Energy pursuant to NRS 701.217.~~

36 ~~4.]~~ As used in this section, “occupied public building” means a
37 *climate-controlled* public building used ~~[primarily as an office~~
38 ~~space or work area for persons employed]~~ by this State or a local
39 government. ~~[The term does not include a public building used~~
40 ~~primarily as a storage facility or warehouse or for similar purposes.]~~

41 **Sec. 24.** NRS 338.190 is hereby amended to read as follows:

42 338.190 1. Before it begins to construct or renovate any
43 *public work which is an* occupied public building ~~[which is larger~~
44 ~~than 20,000 square feet, each agency of the State or a political~~
45 ~~subdivision, district, authority, board or public corporation of the~~



1 ~~State~~, a public body shall obtain a detailed analysis of the cost of
2 operating and maintaining the building for its expected useful life.

3 2. The analysis must:

4 (a) Estimate the cost to construct or renovate the occupied
5 public building and the cost to operate and maintain the occupied
6 public building; and

7 (b) Identify measures, including, without limitation, for the:

8 (1) Conservation of water;

9 (2) Conservation of energy and energy efficiency that will
10 generate cost savings within 10 years that are equal to or greater
11 than the cost of implementation; and

12 (3) Use of types of energy which are alternatives to fossil
13 fuels, such as active and passive applications of solar energy, wind
14 and geothermal energy,

15 ➔ which can be included in the occupied public building in its
16 construction or renovation.

17 3. The ~~agency of government~~ public body which proposes to
18 construct or renovate the occupied public building must consider the
19 results of the analysis required by this section in deciding upon the
20 type of construction or renovation and the components and systems
21 which will be included in the occupied public building. The ~~agency
of government~~ public body shall consider the use of types of energy
22 which are alternatives to fossil fuels and any other energy
23 conservation measures identified in the analysis into the design of
24 the occupied public building if it is determined to be in the best
25 interest of the ~~State~~ public body.

26 4. The ~~agency of government~~ public body may select,
27 through the bidding process, a contractor to conduct the analysis
28 required pursuant to this section. If a contractor is selected to
29 conduct the analysis, any contract for the purchase, lease or rental of
30 cost-saving measures must provide that all payments, other than any
31 obligations that become due if the contract is terminated before the
32 contract expires, be made from the cost savings.

33 5. As used in this section, "occupied public building" means a
34 climate-controlled public building used ~~[primarily as an office
space or work area for persons employed]~~ by an agency of the State
35 or a political subdivision, district, authority, board or public
36 corporation of the State. ~~[The term does not include a public
building used primarily as a storage facility or warehouse or for
37 similar purposes.]~~

38 Sec. 25. Chapter 361 of NRS is hereby amended by adding
39 thereto the provisions set forth as sections 26 and 27 of this act.

40 Sec. 26. 1. The county assessors shall grant a partial
41 abatement from the ad valorem taxes levied in a county on a
42 single-family residence that is certified at or meets the equivalent
43



1 of the silver level or higher by a person authorized to grant such
2 certification in accordance with the Leadership in Energy and
3 Environmental Design Green Building Rating System, or its
4 equivalent, as adopted by the Director of the Office of Energy
5 pursuant to NRS 701.217.

6 2. The partial abatement must be for a duration of not more
7 than 10 years and must not exceed 50 percent of the taxes on real
8 property payable each year pursuant to this chapter.

9 3. The Nevada Tax Commission shall establish by regulation
10 the qualifications and methods to determine eligibility for the
11 abatement, the duration of the abatement and the amount of the
12 abatement.

13 4. The Nevada Tax Commission shall immediately forward a
14 certificate of eligibility for the abatement to:

- 15 (a) The Department;
16 (b) The county treasurer; and
17 (c) The county assessor.

18 5. As used in this section:

19 (a) "Single-family residence" means a parcel or other unit of
20 real property or unit of personal property which is intended or
21 designed to be occupied by one family with facilities for living,
22 sleeping, cooking and eating.

23 (b) "Unit of personal property" includes, without limitation,
24 any:

25 (1) Mobile or manufactured home, whether or not the
26 owner thereof also owns the real property upon which it is located;
27 or

28 (2) Taxable unit of a condominium, common-interest
29 community, planned unit development or similar property,
30 ↳ if classified as personal property for the purposes of this
31 chapter.

32 (c) "Unit of real property" includes, without limitation, any
33 taxable unit of a condominium, common-interest community,
34 planned unit development or similar property, if classified as real
35 property for the purposes of this chapter.

36 Sec. 27. 1. Except as otherwise provided in subsection 2,
37 any value added by a renewable energy system located on real
38 property must be excluded from the assessed value of the real
39 property.

40 2. Value added by a renewable energy system must not be
41 excluded from the assessed value of real property during any
42 period in which the person that owns the real property is receiving
43 another abatement or exemption from the taxes imposed by this
44 chapter.



1 **3. As used in this section, "renewable energy system" has the**
2 **meaning ascribed to it in NRS 704.7815.**

3 **Sec. 28.** Chapter 645 of NRS is hereby amended by adding
4 thereto a new section to read as follows:

5 **1. A licensee shall not enter into an agreement with a seller**
6 **of residential property to promote the sale of the residential**
7 **property unless the seller has completed the evaluation and rating**
8 **of the energy consumption of the residential property pursuant to**
9 **section 18 of this act.**

10 **2. If the evaluation and rating of the energy consumption of a**
11 **residential property indicate that the residential property may**
12 **qualify for the program established pursuant to section 3 of this**
13 **act, a licensee shall provide a written notification to the purchaser**
14 **regarding the program.**

15 **Sec. 29.** NRS 645.575 is hereby amended to read as follows:

16 645.575 1. The Commission shall adopt regulations that
17 prescribe the standards for the continuing education of persons
18 licensed pursuant to this chapter. Until the Commission adopts such
19 regulations, the standards for continuing education are as follows:

20 (a) For renewal of a license which is on active status, a
21 requirement for the hours of attendance at any approved educational
22 course, seminar or conference of:

23 (1) Thirty hours within the first year immediately after initial
24 licensing; and

25 (2) Fifteen hours within each subsequent 2-year period
26 before renewal.

27 ➤ For each period, at least 6 of the hours must be devoted to ethics,
28 professional conduct or the legal aspects of real estate.

29 (b) For reinstatement of a license which has been placed on
30 inactive status, a requirement for total attendance at any approved
31 educational course, seminar or conference of:

32 (1) Thirty hours if the license was on inactive status for 2
33 years or less during the initial license period;

34 (2) Fifteen hours if the license was on inactive status for a
35 period of 2 years or less, no part of which was during the initial
36 license period;

37 (3) Forty-five hours if the license was on inactive status for a
38 period of more than 2 years, part of which was during the initial
39 license period; or

40 (4) Thirty hours if the license was on inactive status for a
41 period of more than 2 years, no part of which was during the initial
42 license period.

43 ➤ For each period, at least 6 of the hours must be devoted to ethics,
44 professional conduct or the legal aspects of real estate.



(c) A basis and method of qualifying educational programs and certifying attendance which will satisfy the requirements of this section.

(d) A procedure for the evaluation of petitions based on a claim of equivalency with the requirements of paragraph (a) or (b).

(e) A system of controlling and reporting qualifying attendance.

(f) A statement of the conditions for which an extension of time may be granted to comply with the continuing education requirements as well as a method of applying and qualifying for an extension.

2. The standards prescribed in subsection 1 must permit alternatives of subject material, taking cognizance of specialized areas of practice and alternatives in sources of programs considering availability in area and time. The standards must include, where qualified, generally accredited educational institutions, private vocational schools, educational programs and seminars of professional societies and organizations, other organized educational programs on technical subjects, or equivalent offerings. The Commission shall qualify only those educational courses that it determines address the appropriate subject matter and are given by an accredited university or community college. Subject to the provisions of this section, the Commission has exclusive authority to determine what is an appropriate subject matter for qualification as a continuing education course.

3. In addition to any other standards for continuing education that the Commission adopts by regulation pursuant to this section, the Commission ~~may~~:

(a) Shall adopt by regulation standards for continuing education that require a person issued a license as a real estate broker or real estate broker-salesman to complete a course of instruction on:

(1) The program for evaluating and rating the energy consumption of residential property established pursuant to section 1 of this act;

(2) The program for energy efficiency and energy conservation established pursuant to section 3 of this act; and

(3) Programs for mortgages that allow a purchaser of residential property to include costs incurred in improving the energy efficiency of a residential property in a mortgage on a residential property.

(b) May, without limitation, adopt by regulation standards for continuing education that:

~~(a)~~ (1) Establish a postlicensing curriculum of continuing education which must be completed by a person within the first year immediately after initial licensing of the person.



~~(b)~~ (2) Require a person whose license as a real estate broker or real estate broker-salesman has been placed on inactive status for any reason for 1 year or more or has been suspended or revoked to complete a course of instruction in broker management that is designed to fulfill the educational requirements for issuance of a license which are described in paragraph (d) of subsection 2 of NRS 645.343, before the person's license is reissued or reinstated.

4. Except as otherwise provided in this subsection, the license of a real estate broker, broker-salesman or salesman must not be renewed or reinstated unless the Administrator finds that the applicant for the renewal license or for reinstatement to active status has completed the continuing education required by this chapter. Any amendment or repeal of a regulation does not operate to prevent an applicant from complying with this section for the next licensing period following the amendment or repeal.

Sec. 30. Section 9 of chapter 335, Statutes of Nevada 2001, as last amended by section 5 of chapter 467, Statutes of Nevada 2003, at page 2927, is hereby amended to read as follows:

Sec. 9. 1. This section and sections 1, 2 and 4 to 8, inclusive, of this act become effective on July 1, 2001.

2. ~~[Sections 2 and]~~ *Section* 5 of this act ~~[expire]~~ *expires* by limitation on June 30, 2009.

3. ~~[Section 3 of this act becomes effective on July 1, 2009.~~

~~—4.]~~ Section 2 of this act becomes effective at 12:01 a.m. on July 1, 2001.

Sec. 31. Section 7 of chapter 467, Statutes of Nevada 2003, at page 2927, is hereby amended to read as follows:

Sec. 7. 1. This act becomes effective on July 1, 2003.

2. ~~[Sections 2 and]~~ *Section* 4 of this act ~~[expire]~~ *expires* by limitation on June 30, 2009.

Sec. 32. Section 5 of chapter 389, Statutes of Nevada 2005, at page 1516, is hereby amended to read as follows:

Sec. 5. ~~[1.]~~ This ~~[section and sections 1, 2 and 4 of this]~~ act ~~[become]~~ *becomes* effective on July 1, 2005.

~~[2.—Section 2 of this act expires by limitation on June 30, 2009.~~

~~—3.—Section 3 of this act becomes effective on July 1, 2009.]~~

Sec. 33. Section 3 of chapter 335, Statutes of Nevada 2001, as amended by section 40 of chapter 2, Statutes of Nevada 2003, at page 56, and section 3 of chapter 389, Statutes of Nevada 2005, at page 1515, are hereby repealed.



- 1 **Sec. 34.** 1. This section and sections 2, 6 to 17, inclusive, 19
2 to 27, inclusive, and 29 to 33, inclusive, of this act become effective
3 upon passage and approval.
4 2. Sections 1, 3, 4, 5, 18 and 28 of this act become effective on
5 January 1, 2009.

TEXT OF REPEALED SECTIONS

Section 3 of chapter 335, Statutes of Nevada 2001:

Sec. 3. NRS 361.0687 is hereby amended to read as follows:

361.0687 1. A person who intends to locate or expand a business in this state may, pursuant to NRS 360.750, apply to the commission on economic development for a partial abatement from the taxes imposed by this chapter.

2. For a business to qualify pursuant to NRS 360.750 for a partial abatement from the taxes imposed by this chapter, the commission on economic development must determine that, in addition to meeting the other requirements set forth in subsection 2 of that section:

(a) If the business is a new business in a county or city whose population is 50,000 or more:

(1) The business will make a capital investment in the county of at least \$50,000,000 if the business is an industrial or manufacturing business or at least \$5,000,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the employment security division of the department of employment, training and rehabilitation on July 1 of each fiscal year.

(b) If the business is a new business in a county or city whose population is less than 50,000:

(1) The business will make a capital investment in the county of at least \$5,000,000 if the business is an industrial or manufacturing business or at least \$500,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this state is at least 100 percent of the average statewide hourly wage as established by the employment security division of the department of



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employment, training and rehabilitation on July 1 of each fiscal year.

3. ~~HH~~ *Except as otherwise provided in NRS 361.0685, if* a partial abatement from the taxes imposed by this chapter is approved by the commission on economic development pursuant to NRS 360.750:

(a) The partial abatement must:

(1) Be for a duration of at least 1 year but not more than 10 years;

(2) Not exceed 50 percent of the taxes *on personal property* payable by a business each year pursuant to this chapter; and

(3) Be administered and carried out in the manner set forth in NRS 360.750.

(b) The executive director of the commission on economic development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the commission granted. The executive director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

Section 3 of chapter 389, Statutes of Nevada 2005:

Sec. 3. NRS 361.0687 is hereby amended to read as follows:

361.0687 1. A person who intends to locate or expand a business in this State may, pursuant to NRS 360.750, apply to the Commission on Economic Development for a partial abatement from the taxes imposed by this chapter.

2. For a business to qualify pursuant to NRS 360.750 for a partial abatement from the taxes imposed by this chapter, the Commission on Economic Development must determine that, in addition to meeting the other requirements set forth in subsection 2 of that section:

(a) If the business is a new business in a county whose population is 100,000 or more or a city whose population is 60,000 or more:

(1) The business will make a capital investment in the county of at least \$50,000,000 if the business is an industrial or manufacturing business or at least \$5,000,000 if the business is not an industrial or manufacturing business; and



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(2) The average hourly wage that will be paid by the new business to its employees in this State is at least 100 percent of the average statewide hourly wage as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

(b) If the business is a new business in a county whose population is less than 100,000 or a city whose population is less than 60,000:

(1) The business will make a capital investment in the county of at least \$5,000,000 if the business is an industrial or manufacturing business or at least \$500,000 if the business is not an industrial or manufacturing business; and

(2) The average hourly wage that will be paid by the new business to its employees in this State is at least 100 percent of the average statewide hourly wage *or the average countywide hourly wage, whichever is less*, as established by the Employment Security Division of the Department of Employment, Training and Rehabilitation on July 1 of each fiscal year.

3. Except as otherwise provided in NRS 361.0685, if a partial abatement from the taxes imposed by this chapter is approved by the Commission on Economic Development pursuant to NRS 360.750:

(a) The partial abatement must:

(1) Be for a duration of at least 1 year but not more than 10 years;

(2) Not exceed 50 percent of the taxes on personal property payable by a business each year pursuant to this chapter; and

(3) Be administered and carried out in the manner set forth in NRS 360.750.

(b) The Executive Director of the Commission on Economic Development shall notify the county assessor of the county in which the business is located of the approval of the partial abatement, including, without limitation, the duration and percentage of the partial abatement that the Commission granted. The Executive Director shall, on or before April 15 of each year, advise the county assessor of each county in which a business qualifies for a partial abatement during the current fiscal year as to whether the business is still eligible for the partial abatement in the next succeeding fiscal year.

