

SENATE BILL NO. 437—COMMITTEE ON COMMERCE AND LABOR

MARCH 22, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions concerning economic and energy development. (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 economic and energy development; enacting the Solar Energy Systems Incentive Program, the Renewable Energy School Pilot Program and the Wind and Waterpower Energy Systems Demonstration Program Acts; establishing a new program for evaluating the energy consumption of residential property; revising legislative findings concerning energy conservation and energy requirements; revising provisions governing the universal energy charge and the Fund for Energy Assistance and Conservation; 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; revising various provisions governing utility resource planning and the portfolio standard for providers of electric service; requiring certain residential properties for sale to be evaluated based on energy consumption and requiring that certain evaluations be provided to purchasers of those properties; revising various provisions governing partial abatements of certain taxes by the Commission on Economic Development; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Assembly Bill No. 7 of this session superseded by statute the holding of the
- 2 Nevada Supreme Court in *Nevada Power Company v. Public Utilities Commission*



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of Nevada, 122 Nev. Adv. Op. 72 (2006), and established as the public policy of this State that in proceedings involving deferred energy accounting by a public utility, there is no presumption that the public utility's practices and transactions were reasonable or prudent and the public utility has the burden of proving reasonableness and prudence in such proceedings. (Chapter 163, Statutes of Nevada 2007) **Section 1** of this bill provides that in amending NRS 704.110 and 704.187 to allow for quarterly rate adjustments and annual deferred energy accounting adjustment applications by certain electric utilities, this bill is not intended to repeal the provisions of Assembly Bill No. 7 either expressly or by implication.

Under the Solar Energy Systems Demonstration Program Act, certain entities, such as schools and public agencies, which install solar energy systems are entitled to participate in a demonstration program and receive incentives for such participation. (Chapter 331, Statutes of Nevada 2003, p. 1868) The Solar Energy Systems Demonstration Program Act expires by limitation on June 30, 2010. (Chapter 2, Statutes of Nevada 2005, 22nd Special Session, p. 90)

Sections 1.5-29, 108 and 112 of this bill replace the Solar Energy Systems Demonstration Program Act with a new chapter of NRS which provides for the Solar Energy Systems Incentive Program. The Solar Energy Systems Incentive Program provides incentives to certain participants and utilities for energy created from various solar energy systems.

Section 30 of this bill provides for the Renewable Energy School Pilot Program. The goal of the Program is to encourage the development of and determine the feasibility for renewable energy systems on public school properties.

Sections 62-86 of this bill enact the Wind Energy Systems Demonstration Program Act. The Wind Energy Systems Demonstration Program Act provides incentives to certain participants and utilities for energy created from various wind energy systems. Under this bill, the Wind Energy Systems Demonstration Program Act expires by limitation on June 30, 2011.

Sections 87-106 of this bill enact the Waterpower Energy Systems Demonstration Program Act. The Waterpower Energy Systems Demonstration Program Act provides incentives to certain participants and utilities for energy created from various waterpower energy systems. Under this bill, the Waterpower Energy Systems Demonstration Program Act expires by limitation on June 30, 2011.

Existing law provides various requirements relating to the sale of residential property. (NRS 113.100-113.150, 645.230-645.321) **Sections 31 and 50** of this bill: (1) establish a new program for evaluating the energy consumption of residential property; and (2) require certain residential properties for sale to be evaluated based on energy consumption and require that such evaluations and ratings be provided to purchasers of those properties.

Existing law contains legislative findings concerning energy conservation and energy requirements. (NRS 701.010) **Sections 32 and 38** 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.

Under existing law, certain utilities collect and remit a universal energy charge that is deposited into the Fund for Energy Assistance and Conservation to support programs of energy assistance, energy conservation, weatherization and energy efficiency for eligible households. (Chapter 702 of NRS) **Sections 32.3, 32.5 and 32.7** of this bill reallocate a portion of any unspent and unencumbered money in the Fund for a program of improving energy conservation and energy efficiency in certain residential property.

Existing law allows for quarterly rate adjustments for a public utility which purchases natural gas for resale. (NRS 704.110) **Sections 36, 37, 39-43 and 51** of



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this bill require certain electric utilities to make quarterly rate adjustments and to file annual deferred energy accounting adjustment applications.

Existing law requires certain electric utilities to develop long-term resource plans. (NRS 704.741-704.751) **Section 43.5** of this bill requires such utilities to include in their long-term resource plans an energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel.

Existing law creates a portfolio standard that requires certain providers of electric service to generate, acquire or save various amounts of electricity through renewable energy systems or efficiency measures. (NRS 704.7801-704.7828) **Section 47** of this bill changes the definition of "energy efficiency measure" for the purposes of the portfolio standard.

Existing law authorizes the Commission on Economic Development to approve partial abatements of certain taxes imposed on new or expanded businesses, including businesses that use renewable energy or recycled material to generate electricity. (NRS 360.750, 361.0685, 361.0687, 374.357) **Sections 51.3, 51.7 and 112.5** of this bill require a business that receives such a partial abatement to: (1) allow the Department of Taxation to conduct audits of the business to determine whether it is in compliance with the requirements for the partial abatement; and (2) consent to the disclosure of the audit reports to the Commission on Economic Development and to the public with certain limited exceptions.

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

Section 1. The Legislature hereby finds and declares that:

1. Assembly Bill No. 7 of this session was enacted into law as chapter 163, Statutes of Nevada 2007, and became effective upon passage and approval on May 29, 2007.

2. Assembly Bill No. 7 established as the public policy of this State that in proceedings involving deferred energy accounting where a public utility seeks to recover from its ratepayers costs recorded in its deferred accounts pursuant to NRS 704.185 or 704.187, it is just and reasonable to require a public utility to prove that the costs recorded in its deferred accounts were incurred prudently. Therefore, to ensure that ratepayers do not pay for costs incurred as a result of any practices or transactions that were undertaken, managed or performed imprudently, the public utility should have the burden of proving that its practices and transactions were reasonable and prudent.

3. In *Nevada Power Company v. Public Utilities Commission of Nevada*, 122 Nev. Adv. Op. 72 (2006), the Nevada Supreme Court held that, in the absence of a statute to the contrary, the controlling procedure in proceedings involving deferred energy accounting is the rebuttable presumption of prudence adopted by the Public Utilities Commission of Nevada in the 1986 rate case of *Re Nevada Power Company*, 74 Pub. Util. Rep. 4th 703 (Nev. Pub. Serv. Comm'n May 30, 1986).



1 4. Assembly Bill No. 7 was enacted to supersede the holding of
2 the Nevada Supreme Court in *Nevada Power Company v. Public*
3 *Utilities Commission of Nevada*, 122 Nev. Adv. Op. 72 (2006), to
4 the extent that the Court determined that the rebuttable presumption
5 of prudence is the controlling procedure in proceedings involving
6 deferred energy accounting.

7 5. With regard to electric utilities that engage in deferred
8 energy accounting, the provisions of this act amend NRS 704.110
9 and 704.187 to provide for quarterly rate adjustments and annual
10 deferred energy accounting adjustment applications by such electric
11 utilities. In amending NRS 704.110 and 704.187, the Legislature
12 does not intend to repeal either expressly or by implication the
13 provisions of Assembly Bill No. 7 which supersede the holding of
14 the Nevada Supreme Court in *Nevada Power Company v. Public*
15 *Utilities Commission of Nevada*, 122 Nev. Adv. Op. 72 (2006).
16 Therefore, to effectuate the public policy of this State as enacted by
17 Assembly Bill No. 7:

18 (a) For proceedings involving annual deferred energy
19 accounting adjustment applications, the provisions of this act
20 expressly provide that there is no presumption of reasonableness or
21 prudence for any quarterly rate adjustment or for any transactions or
22 recorded costs of purchased fuel and purchased power included in
23 any quarterly rate adjustment or the annual deferred energy
24 accounting adjustment application, and the electric utility has the
25 burden of proving reasonableness and prudence in such proceedings.

26 (b) For all other proceedings involving deferred energy
27 accounting, the provisions of this act do not repeal the provisions of
28 Assembly Bill No. 7 either expressly or by implication and those
29 proceedings remain subject to the provisions of Assembly Bill No.
30 7, notwithstanding the provisions of this act amending NRS 704.110
31 and 704.187.

32 **Sec. 1.5.** Title 58 of NRS is hereby amended by adding thereto
33 a new chapter to consist of the provisions set forth as sections 2 to
34 30, inclusive, of this act.

35 **Sec. 2.** *The provisions of sections 2 to 29, inclusive, of this*
36 *act apply to the Solar Energy Systems Incentive Program.*

37 **Sec. 3.** *As used in sections 2 to 29, inclusive, of this act,*
38 *unless the context otherwise requires, the words and terms defined*
39 *in sections 4 to 19, inclusive, of this act have the meanings*
40 *ascribed to them in those sections.*

41 **Sec. 4.** *“Applicant” means a person who is applying to*
42 *participate in the Solar Program.*

43 **Sec. 5.** *“Category” means one of the categories of*
44 *participation in the Solar Program as set forth in section 23 of this*
45 *act.*



1 **Sec. 6.** *“Commission” means the Public Utilities*
2 *Commission of Nevada.*

3 **Sec. 7.** *“Institution of higher education” means:*

4 1. *A university, college or community college which is*
5 *privately owned or which is part of the Nevada System of Higher*
6 *Education; or*

7 2. *A postsecondary educational institution, as defined in NRS*
8 *394.099, or any other institution of higher education.*

9 **Sec. 8.** *“Owned, leased or occupied” includes, without*
10 *limitation, any real property, building or facilities which are*
11 *owned, leased or occupied under a deed, lease, contract, license,*
12 *permit, grant, patent or any other type of legal authorization.*

13 **Sec. 9.** *“Participant” means a person who has been selected*
14 *by the Task Force to participate in the Solar Program.*

15 **Sec. 10.** *“Person” includes, without limitation, a public*
16 *entity.*

17 **Sec. 11.** *“Program year” means the period of July 1 to*
18 *June 30 of the following year.*

19 **Sec. 12.** 1. *“Public and other property” means any real*
20 *property, building or facilities which are owned, leased or*
21 *occupied by:*

22 (a) *A public entity;*

23 (b) *A nonprofit organization that is recognized as exempt from*
24 *taxation pursuant to section 501(c)(3) of the Internal Revenue*
25 *Code, 26 U.S.C. § 501(c)(3), as amended; or*

26 (c) *A corporation for public benefit as defined in NRS 82.021.*

27 2. *The term includes, without limitation, any real property,*
28 *building or facilities which are owned, leased or occupied by:*

29 (a) *A church; or*

30 (b) *A benevolent, fraternal or charitable lodge, society or*
31 *association.*

32 3. *The term does not include school property.*

33 **Sec. 13.** *“Public entity” means a department, agency or*
34 *instrumentality of the State or any of its political subdivisions.*

35 **Sec. 14.** *“School property” means any real property, building*
36 *or facilities which are owned, leased or occupied by:*

37 1. *A public school as defined in NRS 385.007;*

38 2. *A private school as defined in NRS 394.103; or*

39 3. *An institution of higher education.*

40 **Sec. 15.** *“Small business” means a business conducted for*
41 *profit which employs 500 or fewer full-time or part-time*
42 *employees.*

43 **Sec. 16.** *“Solar energy system” means a facility or energy*
44 *system that uses photovoltaic cells and solar energy to generate*
45 *electricity.*



1 **Sec. 17.** *“Solar Program” means the Solar Energy Systems*
2 *Incentive Program created by section 23 of this act.*

3 **Sec. 18.** *“Task Force” means the Task Force for Renewable*
4 *Energy and Energy Conservation created by NRS 701.350.*

5 **Sec. 19.** *“Utility” means a public utility that supplies*
6 *electricity in this State.*

7 **Sec. 20.** *The Commission shall adopt regulations necessary*
8 *to carry out the provisions of sections 2 to 29, inclusive, of this act,*
9 *including, without limitation, regulations that establish:*

10 1. *The type of incentives available to participants in the Solar*
11 *Program and the level or amount of those incentives;*

12 2. *The requirements for a utility’s annual plan for carrying*
13 *out and administering the Solar Program. A utility’s annual plan*
14 *must include, without limitation:*

15 (a) *A detailed plan for advertising the Solar Program;*

16 (b) *A detailed budget and schedule for carrying out and*
17 *administering the Solar Program;*

18 (c) *A detailed account of administrative processes and forms*
19 *that will be used to carry out and administer the Solar Program,*
20 *including, without limitation, a description of the application*
21 *process and copies of all applications and any other forms that are*
22 *necessary to apply for and participate in the Solar Program;*

23 (d) *A detailed account of the procedures that will be used for*
24 *inspection and verification of a participant’s solar energy system*
25 *and compliance with the Solar Program;*

26 (e) *A detailed account of training and educational activities*
27 *that will be used to carry out and administer the Solar Program;*
28 *and*

29 (f) *Any other information required by the Commission.*

30 **Sec. 21.** *The Commission shall adopt regulations that*
31 *establish:*

32 1. *The qualifications and requirements an applicant must*
33 *meet to be eligible to participate in each applicable category of:*

34 (a) *School property;*

35 (b) *Public and other property; and*

36 (c) *Private residential property and small business property;*
37 *and*

38 2. *The form and content of the master application which a*
39 *utility must submit to the Task Force pursuant to section 24 of this*
40 *act.*

41 **Sec. 22.** 1. *Each year on or before the date established by*
42 *the Commission, a utility shall file with the Commission its annual*
43 *plan for carrying out and administering the Solar Program within*
44 *its service area for a program year.*

45 2. *The Commission shall:*



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1 (a) Review each annual plan filed by a utility for compliance
2 with the requirements established by regulation of the
3 Commission; and

4 (b) Approve each annual plan with such modifications and
5 upon such terms and conditions as the Commission finds
6 necessary or appropriate to facilitate the Solar Program.

7 3. A utility shall carry out and administer the Solar Program
8 within its service area in accordance with the utility's annual plan
9 as approved by the Commission.

10 4. A utility may recover its reasonable and prudent costs,
11 including, without limitation, customer incentives, that are
12 associated with carrying out and administering the Solar Program
13 within its service area by seeking recovery of those costs in an
14 appropriate proceeding before the Commission pursuant to
15 NRS 704.110.

16 **Sec. 23.** 1. The Solar Energy Systems Incentive Program is
17 hereby created.

18 2. The Solar Program must have three categories as follows:

19 (a) School property;

20 (b) Public and other property; and

21 (c) Private residential property and small business property.

22 3. To be eligible to participate in the Solar Program, a person
23 must:

24 (a) Meet the qualifications established by the Commission
25 pursuant to section 21 of this act;

26 (b) Submit an application to a utility and be selected by the
27 Task Force for inclusion in the Solar Program pursuant to
28 sections 24 and 25 of this act;

29 (c) When installing the solar energy system, use an installer
30 who has been issued a classification C-2 license with the
31 appropriate subclassification by the State Contractors' Board
32 pursuant to the regulations adopted by the Board; and

33 (d) If the person will be participating in the Solar Program in
34 the category of school property or public and other property,
35 provide for the public display of the solar energy system,
36 including, without limitation, providing for public demonstrations
37 of the solar energy system and for hands-on experience of the
38 solar energy system by the public.

39 **Sec. 24.** 1. If an applicant desires to participate in the Solar
40 Program for a program year, the applicant must submit an
41 application to a utility. If an applicant desires to participate in the
42 category of school property or public and other property, the
43 applicant may submit an application for multiple program years,
44 not to exceed 5 years.



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2. Each year on or before the date established by the Commission, a utility shall review each application submitted pursuant to subsection 1 to ensure that the applicant meets the qualifications and requirements to be eligible to participate in the Solar Program and submit to the Task Force:

(a) The utility's recommendations as to which applications should be approved for participation in the Solar Program; and

(b) A master application containing all the applications recommended by the utility.

3. At any time after submitting an application to a utility, an applicant may install or energize his solar energy system if the solar energy system meets all applicable building codes and all applicable requirements of the utility as approved by the Commission. An applicant who installs or energizes his solar energy system under such circumstances remains eligible to participate in the Solar Program, and the installation or energizing of the solar energy system does not alter the applicant's status on the list of participants or the prioritized waiting list pursuant to section 25 of this act.

Sec. 25. 1. Except as otherwise provided in this section, the Commission may approve, for a program year, solar energy systems:

(a) Totaling 2,000 kilowatts of capacity for school property;

(b) Totaling 760 kilowatts of capacity for public and other property; and

(c) Totaling 1,000 kilowatts of capacity for private residential property and small business property.

2. If the capacity allocated to any category for a program year is not fully subscribed by participants in that category, the Commission may, in any combination it deems appropriate:

(a) Allow a utility to submit additional applications to the Task Force from applicants who want to participate in that category; or

(b) Reallocate any of the unused capacity in that category to any of the other categories,

but in no case may the sum of the allocated total capacities of all the categories be greater than 3,760 kilowatts, which is the sum of the approvable total capacities of all the categories as described in subsection 1.

3. To promote the installation of solar energy systems on as many school properties as possible, the Commission may not approve for use in the Solar Program a solar energy system having a generating capacity of more than 50 kilowatts if the solar energy system is or will be installed on school property on or after July 1, 2007, unless the Commission determines that approval of a



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1 *solar energy system with a greater generating capacity is more*
2 *practicable for a particular school property.*

3 4. *After reviewing the master application submitted by a*
4 *utility pursuant to section 24 of this act and ensuring that each*
5 *applicant meets the qualifications and requirements to be eligible*
6 *to participate in the Solar Program, the Task Force shall:*

7 (a) *Within the limits of the capacity allocated to each category,*
8 *select applicants to be participants in the Solar Program and place*
9 *those applicants on a list of participants; and*

10 (b) *Select applicants to be placed on a prioritized waiting list to*
11 *become participants in the Solar Program if any capacity within a*
12 *category becomes available.*

13 5. *Not later than 30 days after the date on which the Task*
14 *Force selects an applicant to be on the list of participants or the*
15 *prioritized waiting list, the utility which submitted the application*
16 *to the Task Force on behalf of the applicant shall provide written*
17 *notice of the selection to the applicant.*

18 6. *After the Task Force selects an applicant to be on the list*
19 *of participants, the utility which submitted the application to the*
20 *Task Force on behalf of the applicant may approve the solar*
21 *energy system proposed by the applicant. Except as otherwise*
22 *provided in subsection 3 of section 24 of this act, immediately*
23 *upon the utility's approval of the solar energy system, the*
24 *applicant may install and energize the solar energy system.*

25 **Sec. 26.** 1. *Except as otherwise provided in this section, if*
26 *the Commission determines that a participant has not complied*
27 *with the requirements for participation in the Solar Program, the*
28 *Commission shall, after notice and an opportunity for a hearing,*
29 *withdraw the participant from the Solar Program.*

30 2. *The Commission may, without notice or an opportunity for*
31 *a hearing, withdraw from the Solar Program:*

32 (a) *A participant in the category of private residential property*
33 *and small business property, if the participant does not complete*
34 *the installation of a solar energy system within 12 months after the*
35 *date the participant receives written notice of his selection to*
36 *participate in the Solar Program.*

37 (b) *A participant in the category of school property or public*
38 *and other property, if the participant does not complete the*
39 *installation of a solar energy system within 30 months after the*
40 *date the participant receives written notice of his selection to*
41 *participate in the Solar Program.*

42 3. *A participant who is withdrawn from the Solar Program*
43 *pursuant to subsection 2 forfeits any incentives.*



1 **Sec. 27.** *In adopting regulations for the Solar Program, the*
2 *Commission shall adopt regulations establishing an incentive for*
3 *participation in the Solar Program.*

4 **Sec. 28.** *If a solar energy system used by a participant in the*
5 *Solar Program meets the requirements of NRS 704.766 to 704.775,*
6 *inclusive, the participant is entitled to participate in net metering*
7 *pursuant to the provisions of NRS 704.766 to 704.775, inclusive.*

8 **Sec. 29.** 1. *After a participant installs a solar energy system*
9 *included in the Solar Program, the Commission shall issue*
10 *portfolio energy credits for use within the system of portfolio*
11 *energy credits adopted by the Commission pursuant to*
12 *NRS 704.7821.*

13 2. *The Commission shall designate the portfolio energy*
14 *credits issued pursuant to this section as portfolio energy credits*
15 *generated, acquired or saved from solar renewable energy systems*
16 *for the purposes of the portfolio standard.*

17 3. *All portfolio energy credits issued for a solar energy system*
18 *installed pursuant to the Solar Program must be assigned to and*
19 *become the property of the utility administering the Program.*

20 **Sec. 30.** 1. *The Renewable Energy School Pilot Program is*
21 *hereby created. The goal of the Program is to encourage the*
22 *development of and determine the feasibility for the integration of*
23 *renewable energy systems on school properties.*

24 2. *The Commission shall adopt regulations for the Program.*
25 *Such regulations shall include, but not be limited to:*

26 (a) *A time frame for implementation of the Program;*

27 (b) *The allowed renewable energy systems and combinations*
28 *of such renewable energy systems on school property;*

29 (c) *The amount of capacity that may be installed at each*
30 *school property that participates in the Program;*

31 (d) *A process by which a school district may apply for*
32 *participation in the Program;*

33 (e) *Requirements for participation by a school district;*

34 (f) *The type of transactions allowed between a renewable*
35 *energy system generator, a school district and a utility;*

36 (g) *Incentives which may be provided to a school district or*
37 *school property to encourage participation; and*

38 (h) *Such other parameters as determined by the Commission*
39 *and are consistent with the development of renewable energy*
40 *systems at school properties.*

41 3. *The Program shall be limited to 10 school properties. Not*
42 *more than 6 school properties from any one school district may*
43 *participate in the Program.*

44 4. *The Commission shall adopt the regulations necessary to*
45 *implement the Program not later than March 1, 2008.*



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1 5. *The Commission shall prepare a report detailing the*
2 *results of the Program and shall submit the report to the*
3 *Legislature by December 1, 2008.*

4 6. *As used in this section:*

5 (a) *“Commission” means the Public Utilities Commission of*
6 *Nevada.*

7 (b) *“Owned, leased or occupied” includes, without limitation,*
8 *any real property, building or facilities which are owned, leased or*
9 *occupied under a deed, lease, contract, license, permit, grant,*
10 *patent or any other type of legal authorization.*

11 (c) *“Renewable energy system” has the meaning ascribed to it*
12 *in NRS 704.7815.*

13 (d) *“School district” has the meaning ascribed to it in*
14 *NRS 395.0075.*

15 (e) *“School property” means any real property, building or*
16 *facilities which are owned, leased or occupied by a public school*
17 *as defined in NRS 385.007.*

18 (f) *“Utility” has the meaning ascribed to it in section 19 of this*
19 *act.*

20 **Sec. 31.** Chapter 701 of NRS is hereby amended by adding
21 thereto a new section to read as follows:

22 1. *The Director shall adopt regulations establishing a*
23 *program for evaluating the energy consumption of residential*
24 *property in this State.*

25 2. *The regulations must include, without limitation:*

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

28 (b) *Provisions prescribing a form to be used pursuant to*
29 *section 50 of this act, including, without limitation, provisions that*
30 *require a portion of the form to provide information on programs*
31 *created pursuant to section 32.3 of this act and other programs of*
32 *improving energy conservation and energy efficiency in*
33 *residential property.*

34 3. *As used in this section:*

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

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

43 **Sec. 32.** NRS 701.010 is hereby amended to read as follows:

44 701.010 1. The Legislature finds that:



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(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.

~~(e)~~ (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. 32.3. 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, 30 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



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1 6 percent of the money distributed pursuant to this section for its
2 administrative expenses.

3 2. Except as otherwise provided in NRS 702.150, after
4 deduction for its administrative expenses, the Housing Division
5 may use the money distributed pursuant to this section only to
6 provide a qualified purchaser of residential property which has
7 received a deficient evaluation on the energy consumption of the
8 residential property pursuant to the program established in section
9 31 of this act with a grant to pay for improvements designed to
10 increase the energy conservation and energy efficiency of the
11 residential property or to assist an eligible household in acquiring
12 such improvements.

13 3. To be eligible to receive assistance from the Housing
14 Division pursuant to this section:

15 (a) The purchaser of the residential property must have a
16 household income that is not more than 80 percent of the median
17 gross family income for the county in which the property is
18 located, based upon the estimates of the United States Department
19 of Housing and Urban Development of the most current median
20 gross family income for that county; and

21 (b) The residential property must not meet the standards for
22 energy consumption established pursuant to section 31 of this act.

23 4. The Housing Division shall adopt regulations to carry out
24 and enforce the provisions of this section.

25 5. In carrying out the provisions of this section, the Housing
26 Division shall:

27 (a) Solicit advice from the Division of Welfare and Supportive
28 Services and from other knowledgeable persons;

29 (b) Identify and implement appropriate delivery systems to
30 distribute money from the Fund and to provide other assistance
31 pursuant to this section;

32 (c) Coordinate with other federal, state and local agencies that
33 provide energy assistance or conservation services to low-income
34 persons and, to the extent allowed by federal law and to the extent
35 practicable, use the same simplified application forms as those
36 other agencies;

37 (d) Encourage other persons to provide resources and services,
38 including, to the extent practicable, schools and programs that
39 provide training in the building trades and apprenticeship
40 programs;

41 (e) Establish a process for evaluating the program conducted
42 pursuant to this section;

43 (f) Develop a process for making changes to the program; and



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

4 **Sec. 32.5.** NRS 702.250 is hereby amended to read as follows:

5 702.250 1. There is hereby created as a special revenue fund
6 in the State Treasury the Fund for Energy Assistance and
7 Conservation. The Division of Welfare and Supportive Services
8 shall administer the Fund.

9 2. In addition to the money that must be credited to the Fund
10 from the universal energy charge, all money received from private
11 or public sources to carry out the purposes of this chapter must be
12 deposited in the State Treasury for credit to the Fund.

13 3. The Division shall, to the extent practicable, ensure that the
14 money in the Fund is administered in a manner which is coordinated
15 with all other sources of money that are available for energy
16 assistance and conservation, including, without limitation, money
17 contributed from private sources, money obtained from the Federal
18 Government and money obtained from any agency or
19 instrumentality of this State or political subdivision of this State.

20 4. The interest and income earned on the money in the Fund,
21 after deducting any applicable charges, must be credited to the
22 Fund. All claims against the Fund must be paid as other claims
23 against the State are paid.

24 5. After deduction of any refunds paid from the Fund pursuant
25 to NRS 702.160, the money in the Fund must be distributed
26 pursuant to NRS 702.260 and 702.270 **and section 32.3 of this**
27 **act.**

28 **Sec. 32.7.** NRS 702.280 is hereby amended to read as follows:

29 702.280 1. The Division of Welfare and Supportive Services
30 and the Housing Division jointly shall establish an annual plan to
31 coordinate their activities and programs pursuant to this chapter. In
32 preparing the annual plan, the Divisions shall solicit advice from
33 knowledgeable persons. The annual plan must include, without
34 limitation, a description of:

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

38 (b) The efforts that will be undertaken to improve administrative
39 efficiency;

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

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



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

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

(a) Conduct an annual evaluation of the programs that each Division carries out pursuant to NRS 702.260 and 702.270 ~~and~~ *and section 32.3 of this act;*

(b) Solicit advice from the Commission as part of the annual 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. 33. (Deleted by amendment.)

Sec. 34. (Deleted by amendment.)

Sec. 35. (Deleted by amendment.)

Sec. 36. 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.



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(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. 37. 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. 38. 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 relating to increasing energy efficiency or energy conservation; and

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

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

Sec. 39. NRS 704.062 is hereby amended to read as follows:

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

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

Sec. 40. NRS 704.069 is hereby amended to read as follows:

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

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

(b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the



1 applicant, in an amount that will exceed \$50,000 or 10 percent of
2 the applicant's annual gross operating revenue, whichever is less.

3 2. In addition to the case-specific consumer sessions required
4 by subsection 1, the Commission shall, during each calendar year,
5 conduct at least one general consumer session in the county with the
6 largest population in this State and at least one general consumer
7 session in the county with the second largest population in this
8 State. At each general consumer session, the Commission shall
9 solicit comments from the public on issues concerning public
10 utilities. Not later than 60 days after each general consumer session,
11 the Commission shall submit the record from the general consumer
12 session to the Legislative Commission.

13 **Sec. 41.** NRS 704.100 is hereby amended to read as follows:

14 704.100 **1.** Except as otherwise provided in NRS 704.075
15 and 704.68904 to 704.68984, inclusive, or as may otherwise be
16 provided by the Commission pursuant to NRS 704.095 or 704.097
17 or pursuant to the regulations adopted by the Commission in
18 accordance with subsection 4 of NRS 704.040:

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

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

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

27 **(b)** A public utility shall adjust its rates on a quarterly basis
28 between annual rate adjustment applications pursuant to subsection
29 8 of NRS 704.110 based on changes in the public utility's recorded
30 costs of natural gas purchased for resale.

31 ~~[(3)]~~ **(c)** *An electric utility shall, between annual deferred*
32 *energy accounting adjustment applications filed pursuant to NRS*
33 *704.187, adjust its rates on a quarterly basis pursuant to*
34 *subsection 9 of NRS 704.110.*

35 **(d)** A public utility shall post copies of all proposed schedules
36 and all new or amended schedules in the same offices and in
37 substantially the same form, manner and places as required by NRS
38 704.070 for the posting of copies of schedules that are currently in
39 force.

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



1 application to justify a reversal of the prior decision of the
2 Commission.

3 ~~[5-]~~ (f) Except as otherwise provided in ~~[subsection—6,]~~
4 *paragraph (g)*, if the proposed change in any schedule does not
5 change any rate or will result in an increase in annual gross
6 operating revenue, as certified by the public utility, in an amount
7 that does not exceed \$2,500:

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

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

13 ~~[6-]~~ (g) If the applicant is a public utility furnishing telephone
14 service and the proposed change in any schedule will result in an
15 increase in annual gross operating revenue, as certified by the
16 applicant, in an amount that does not exceed \$50,000 or 10 percent
17 of the applicant's annual gross operating revenue, whichever is less,
18 the Commission shall determine whether it should dispense with a
19 hearing regarding the proposed change.

20 ~~[7-]~~ (h) In making the determination pursuant to ~~[subsection 5~~
21 ~~or 6,]~~ *paragraph (f) or (g)*, the Commission shall first consider all
22 timely written protests, any presentation that the Regulatory
23 Operations Staff of the Commission may desire to present, the
24 application of the public utility and any other matters deemed
25 relevant by the Commission.

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

28 **Sec. 42.** NRS 704.110 is hereby amended to read as follows:

29 704.110 Except as otherwise provided in NRS 704.075 and
30 704.68904 to 704.68984, inclusive, or as may otherwise be provided
31 by the Commission pursuant to NRS 704.095 or 704.097 or
32 pursuant to the regulations adopted by the Commission in
33 accordance with subsection 4 of NRS 704.040:

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

44 2. Except as otherwise provided in subsections 3 and ~~[(3,)]~~ *12*,
45 if a public utility files with the Commission an application to make



1 changes in any schedule, the Commission shall issue a written order
2 approving or disapproving, in whole or in part, the proposed
3 changes:

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

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

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

40 (a) An electric utility that primarily serves less densely
41 populated counties shall file a general rate application on or before
42 October 3, 2005, and at least once every 24 months thereafter.

43 (b) An electric utility that primarily serves densely populated
44 counties shall file a general rate application on or before
45 November 15, 2006, and at least once every 24 months thereafter.



4. In addition to submitting the statement required pursuant to subsection 3, a public utility which purchases natural gas for resale may submit with its general rate application a statement showing the effects, on an annualized basis, of all expected changes in circumstances. If such a statement is filed, it must include all increases and decreases in revenue and expenses which may occur within 210 days after the date on which its general rate application is filed with the Commission if such expected changes in circumstances are reasonably known and are measurable with reasonable accuracy. If a public utility submits such a statement, the public utility has the burden of proving that the expected changes in circumstances set forth in the statement are reasonably known and are measurable with reasonable accuracy. If the Commission determines that the public utility has met its burden of proof:

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

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

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

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



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

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

(b) A public utility which purchases natural gas for resale and which adjusts its rates on a quarterly basis between annual rate 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



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1 pursuant to NRS 703.320 and the requirements for a consumer
2 session pursuant to subsection 1 of NRS 704.069.

3 (d) The proceeding regarding the annual rate adjustment
4 application must include a review of each quarterly rate adjustment
5 and a review of the transactions and recorded costs of natural gas
6 included in each quarterly rate adjustment and the annual rate
7 adjustment application. There is no presumption of reasonableness
8 or prudence for any quarterly rate adjustment or for any transactions
9 or recorded costs of natural gas included in any quarterly rate
10 adjustment or the annual rate adjustment application, and the public
11 utility has the burden of proving reasonableness and prudence in the
12 proceeding.

13 (e) The Commission shall not allow the public utility to recover
14 any recorded costs of natural gas which were the result of any
15 practice or transaction that was unreasonable or was undertaken,
16 managed or performed imprudently by the public utility, and the
17 Commission shall order the public utility to adjust its rates if the
18 Commission determines that any recorded costs of natural gas
19 included in any quarterly rate adjustment or the annual rate
20 adjustment application were not reasonable or prudent.

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

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

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

36 ~~10. Before allowing an electric utility to clear its deferred~~
37 ~~accounts pursuant to subsection 9, the Commission shall determine~~
38 ~~whether the costs for purchased fuel and purchased power that the~~
39 ~~electric utility recorded in its deferred accounts are recoverable and~~
40 ~~whether the revenues that the electric utility collected from~~
41 ~~customers in this State for purchased fuel and purchased power are~~
42 ~~properly recorded and credited in its deferred accounts. The~~
43 ~~Commission shall not allow the electric utility to recover any costs~~
44 ~~for purchased fuel and purchased power that were the result of any~~
45 ~~practice or transaction that was undertaken, managed or performed~~



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~~imprudently by the electric utility. There is no presumption that any practice or transaction was undertaken, managed or performed prudently by an electric utility applying to the Commission to clear its deferred accounts or to recover costs for purchased fuel and purchased power, and the electric utility has the burden of proving that the practices and transactions of the electric utility were reasonable and prudent.~~

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

(a) An electric utility shall file written notice with the Commission on or before August 15, 2007, and every quarter thereafter of the quarterly rate adjustment to be made by the electric utility for the following quarter. The first quarterly rate adjustment by the electric utility will take effect on October 1, 2007, and each subsequent quarterly rate adjustment will take effect every quarter thereafter. 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) Each electric 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 electric utility shall begin providing such written notice to its customers not later than 30 days after the date on which the electric utility files a 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 electric 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) An electric utility shall file an annual deferred energy accounting adjustment application pursuant to NRS 704.187 with the Commission. The annual deferred energy accounting adjustment application is subject to the requirements for notice



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1 *and a hearing pursuant to NRS 703.320 and the requirements for*
2 *a consumer session pursuant to subsection 1 of NRS 704.069.*

3 *(d) The proceeding regarding the annual deferred energy*
4 *accounting adjustment application must include a review of each*
5 *quarterly rate adjustment and a review of the transactions and*
6 *recorded costs of purchased fuel and purchased power included in*
7 *each quarterly rate adjustment and the annual deferred energy*
8 *accounting adjustment application. There is no presumption of*
9 *reasonableness or prudence for any quarterly rate adjustment or*
10 *for any transactions or recorded costs of purchased fuel and*
11 *purchased power included in any quarterly rate adjustment or the*
12 *annual deferred energy accounting adjustment application, and*
13 *the electric utility has the burden of proving reasonableness and*
14 *prudence in the proceeding.*

15 *(e) The Commission shall not allow the electric utility to*
16 *recover any recorded costs of purchased fuel and purchased power*
17 *which were the result of any practice or transaction that was*
18 *unreasonable or was undertaken, managed or performed*
19 *imprudently by the electric utility, and the Commission shall order*
20 *the electric utility to adjust its rates if the Commission determines*
21 *that any recorded costs of purchased fuel and purchased power*
22 *included in any quarterly rate adjustment or the annual deferred*
23 *energy accounting adjustment application were not reasonable or*
24 *prudent.*

25 *10. If an electric utility files an annual deferred energy*
26 *accounting adjustment application ~~to clear its deferred accounts~~*
27 *pursuant to subsection 9 and NRS 704.187 while a general rate*
28 *application is pending, the electric utility shall:*

29 *(a) Submit with its annual deferred energy accounting*
30 *adjustment application ~~to clear its deferred accounts~~ information*
31 *relating to the cost of service and rate design; and*

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

35 ~~{12.}~~ **11.** A utility facility identified in a 3-year plan submitted
36 pursuant to NRS 704.741 and accepted by the Commission for
37 acquisition or construction pursuant to NRS 704.751 and the
38 regulations adopted pursuant thereto shall be deemed to be a prudent
39 investment. The utility may recover all just and reasonable costs of
40 planning and constructing such a facility.

41 ~~{13.}~~ **12.** A PAR carrier may, in accordance with this section
42 and NRS 704.100, file with the Commission a request to approve or
43 change any schedule to provide volume or duration discounts to
44 rates for telecommunication service for an offering made to all or
45 any class of business customers. The Commission may conduct a



1 hearing relating to the request, which must occur within 45 days
2 after the date the request is filed with the Commission. The request
3 and schedule shall be deemed approved if the request and schedule
4 are not disapproved by the Commission within 60 days after the date
5 the Commission receives the request.

6 ~~[14.]~~ 13. As used in this section:

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

9 (b) "Electric utility that primarily serves densely populated
10 counties" ~~[has the meaning ascribed to it in NRS 704.187.]~~ means
11 *an electric utility that, with regard to the provision of electric*
12 *service, derives more of its annual gross operating revenue in this*
13 *State from customers located in counties whose population is*
14 *400,000 or more than it does from customers located in counties*
15 *whose population is less than 400,000.*

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

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

25 **Sec. 43.** NRS 704.187 is hereby amended to read as follows:

26 704.187 1. ~~[Except as otherwise provided in section 36 of~~
27 ~~chapter 16, Statutes of Nevada 2001, beginning on March 1, 2001,~~
28 ~~an]~~ An electric utility that purchases fuel or power shall use deferred
29 accounting by recording upon its books and records in deferred
30 accounts all increases and decreases in costs for purchased fuel and
31 purchased power that are prudently incurred by the electric utility.

32 2. An electric utility using deferred accounting shall include in
33 its annual report to the Commission a statement showing, for the
34 period of recovery, the allocated rate of return for each of its
35 operating departments in this State using deferred accounting. If,
36 during the period of recovery, the rate of return for any operating
37 department using deferred accounting is greater than the rate of
38 return authorized by the Commission in the most recently completed
39 rate proceeding for the electric utility, the Commission shall order
40 the electric utility that recovered costs for purchased fuel or
41 purchased power through its rates during the reported period to
42 transfer to the next energy adjustment period that portion of the
43 amount recovered by the electric utility that exceeds the authorized
44 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 or before March 1, 2008, and on or before 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. 43.5. NRS 704.741 is hereby amended to read as follows:

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

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

(a) Forecast the future demands; and

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

3. The Commission shall require the utility to include in its plan an energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel. The energy efficiency program must include, without limitation, the use of new solar thermal energy sources.

Sec. 44. (Deleted by amendment.)

Sec. 45. (Deleted by amendment.)

Sec. 46. (Deleted by amendment.)

Sec. 47. NRS 704.7802 is hereby amended to read as follows:

704.7802 1. "Energy efficiency measure" means any measure designed, intended or used to improve energy efficiency if:

(a) The measure is installed on or after January 1, 2005, at the service location of a retail customer of a provider of electric service in this State;

(b) The measure reduces the consumption of energy by the retail customer; and

(c) The costs of the acquisition or installation of the measure are directly reimbursed, in whole or in part, by the provider of electric service.

2. The term does not include ~~the~~



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1 ~~—(a) Any]~~ **any** demand response measure or load limiting
2 measure that shifts the consumption of energy by a retail customer
3 from one period to another period.

4 ~~[(b) Any solar energy system which qualifies as a renewable~~
5 ~~energy system and which reduces the consumption of electricity or~~
6 ~~any fossil fuel.]~~

7 **Sec. 48.** (Deleted by amendment.)

8 **Sec. 49.** (Deleted by amendment.)

9 **Sec. 50.** Chapter 113 of NRS is hereby amended by adding
10 thereto a new section to read as follows:

11 *1. Except as otherwise provided in subsection 3, the seller*
12 *shall have the energy consumption of the residential property*
13 *evaluated pursuant to the program established in section 31 of this*
14 *act.*

15 *2. Except as otherwise provided in subsection 4, before*
16 *closing a transaction for the conveyance of residential property,*
17 *the seller shall serve the purchaser with the completed evaluation*
18 *required pursuant to subsection 1, if any, on a form to be provided*
19 *by the Director of the Office of Energy, as prescribed in*
20 *regulations adopted pursuant to section 31 of this act.*

21 *3. Subsection 1 does not apply to a sale or intended sale of*
22 *residential property:*

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

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

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

30 *(d) If the seller and purchaser agree to waive the requirements*
31 *of subsection 1.*

32 *4. If an evaluation of a residential property was completed*
33 *not more than 5 years before the seller and purchaser entered into*
34 *the agreement to purchase the residential property, the seller may*
35 *serve the purchaser with that evaluation.*

36 **Sec. 51.** NRS 228.360 is hereby amended to read as follows:

37 228.360 The Consumer's Advocate:

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

39 (a) All proceedings conducted pursuant to NRS 704.7561 to
40 704.7595, inclusive; and

41 (b) All proceedings conducted pursuant to NRS 704.061 to
42 704.110, inclusive, in which an electric utility has filed a general
43 rate application or an **annual deferred energy accounting**
44 **adjustment** application . ~~[to clear its deferred accounts.]~~



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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. 51.3. Chapter 360 of NRS is hereby amended by adding thereto a new section to read as follows:

1. If the Commission on Economic Development approves an application by a business for a partial abatement pursuant to NRS 360.750, the agreement with the Commission must provide that the business:

(a) Agrees to allow the Department to conduct audits of the business to determine whether the business is in compliance with the requirements for the partial abatement; and

(b) Consents to the disclosure of the audit reports in the manner set forth in this section.

2. If the Department conducts an audit of the business to determine whether the business is in compliance with the requirements for the partial abatement, the Department shall, upon request, provide the audit report to the Commission on Economic Development.

3. Until the business has exhausted all appeals to the Department and the Nevada Tax Commission relating to the audit, the information contained in the audit report provided to the Commission on Economic Development:



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- 1 (a) *Is confidential proprietary information of the business;*
- 2 (b) *Is not a public record; and*
- 3 (c) *Must not be disclosed to any person who is not an officer or*
- 4 *employee of the Commission on Economic Development unless*
- 5 *the business consents to the disclosure.*

6 4. *After the business has exhausted all appeals to the*
7 *Department and the Nevada Tax Commission relating to the*
8 *audit:*

9 (a) *The audit report provided to the Commission on Economic*
10 *Development is a public record; and*

11 (b) *Upon request by any person, the Executive Director of the*
12 *Commission on Economic Development shall disclose the audit*
13 *report to the person who made the request, except for any*
14 *information in the audit report that is protected from disclosure*
15 *pursuant to subsection 5.*

16 5. *Before the Executive Director of the Commission on*
17 *Economic Development discloses the audit report to the public, the*
18 *business may submit a request to the Executive Director to protect*
19 *from disclosure any information in the audit report which, under*
20 *generally accepted business practices, would be considered a trade*
21 *secret or other confidential proprietary information of the*
22 *business. After consulting with the business, the Executive*
23 *Director shall determine whether to protect the information from*
24 *disclosure. The decision of the Executive Director is final and is*
25 *not subject to judicial review. If the Executive Director determines*
26 *to protect the information from disclosure, the protected*
27 *information:*

- 28 (a) *Is confidential proprietary information of the business;*
- 29 (b) *Is not a public record;*
- 30 (c) *Must be redacted by the Executive Director from any audit*
- 31 *report that is disclosed to the public; and*
- 32 (d) *Must not be disclosed to any person who is not an officer*
- 33 *or employee of the Commission on Economic Development unless*
- 34 *the business consents to the disclosure.*

35 **Sec. 51.7.** NRS 360.750 is hereby amended to read as follows:

36 360.750 1. A person who intends to locate or expand a
37 business in this State may apply to the Commission on Economic
38 Development for a partial abatement of one or more of the taxes
39 imposed on the new or expanded business pursuant to chapter 361,
40 363B or 374 of NRS.

41 2. The Commission on Economic Development shall approve
42 an application for a partial abatement if the Commission makes the
43 following determinations:

- 44 (a) The business is consistent with:



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(1) The State Plan for Industrial Development and Diversification that is developed by the Commission pursuant to NRS 231.067; and

(2) Any guidelines adopted pursuant to the State Plan.

(b) The applicant has executed an agreement with the Commission which ~~[states]~~ **must:**

(1) Comply with the requirements of section 51.3 of this act;

(2) State that the business will, after the date on which a certificate of eligibility for the abatement is issued pursuant to subsection 5, continue in operation in this State for a period specified by the Commission, which must be at least 5 years, and will continue to meet the eligibility requirements set forth in this subsection ~~[The agreement must bind]~~ ; **and**

(3) Bind the successors in interest of the business for the specified period.

(c) The business is registered pursuant to the laws of this State or the applicant commits to obtain a valid business license and all other permits required by the county, city or town in which the business operates.

(d) Except as otherwise provided in NRS 361.0687, 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, the business meets at least two of the following requirements:

(1) The business will have 75 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.

(2) Establishing the business will require the business to make a capital investment of at least \$1,000,000 in this State.

(3) 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 and:

(I) The business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost to the business for the benefits the business provides to its employees in this State will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection 9.

(e) Except as otherwise provided in NRS 361.0687, 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, the business meets at least two of the following requirements:



(1) The business will have 15 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.

(2) Establishing the business will require the business to make a capital investment of at least \$250,000 in this State.

(3) 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 and:

(I) The business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost to the business for the benefits the business provides to its employees in this State will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection 9.

(f) If the business is an existing business, the business meets at least two of the following requirements:

(1) The business will increase the number of employees on its payroll by 10 percent more than it employed in the immediately preceding fiscal year or by six employees, whichever is greater.

(2) The business will expand by making a capital investment in this State in an amount equal to at least 20 percent of the value of the tangible property possessed by the business in the immediately preceding fiscal year. The determination of the value of the tangible property possessed by the business in the immediately preceding fiscal year must be made by the:

(I) County assessor of the county in which the business will expand, if the business is locally assessed; or

(II) Department, if the business is centrally assessed.

(3) The average hourly wage that will be paid by the existing business to its new employees in this State is at least the amount of the average hourly wage required to be paid by businesses pursuant to subparagraph (2) of either paragraph (a) or (b) of subsection 2 of NRS 361.0687, whichever is applicable, and:

(I) The business will provide a health insurance plan for all new employees that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost to the business for the benefits the business provides to its new employees in this State will meet the minimum requirements for benefits established by the Commission by regulation pursuant to subsection 9.



(g) In lieu of meeting the requirements of paragraph (d), (e) or (f), if the business furthers the development and refinement of intellectual property, a patent or a copyright into a commercial product, the business meets at least two of the following requirements:

(1) The business will have 10 or more full-time employees on the payroll of the business by the fourth quarter that it is in operation.

(2) Establishing the business will require the business to make a capital investment of at least \$500,000 in this State.

(3) The average hourly wage that will be paid by the new business to its employees in this State is at least the amount of the average hourly wage required to be paid by businesses pursuant to subparagraph (2) of either paragraph (a) or (b) of subsection 2 of NRS 361.0687, whichever is applicable, and:

(I) The business will provide a health insurance plan for all employees that includes an option for health insurance coverage for dependents of the employees; and

(II) The cost to the business for the benefits the business provides to its employees in this State will meet with minimum requirements established by the Commission by regulation pursuant to subsection 9.

3. Notwithstanding the provisions of subsection 2, the Commission on Economic Development:

(a) Shall not consider an application for a partial abatement unless the Commission has requested a letter of acknowledgment of the request for the abatement from any affected county, school district, city or town.

(b) May, if the Commission determines that such action is necessary:

(1) Approve an application for a partial abatement by a business that does not meet the requirements set forth in paragraph (d), (e), (f) or (g) of subsection 2;

(2) Make the requirements set forth in paragraph (d), (e), (f) or (g) of subsection 2 more stringent; or

(3) Add additional requirements that a business must meet to qualify for a partial abatement.

4. If a person submits an application to the Commission on Economic Development pursuant to subsection 1, the Commission shall provide notice to the governing body of the county, the board of trustees of the school district and the governing body of the city or town, if any, in which the person intends to locate or expand a business. The notice required pursuant to this subsection must set forth the date, time and location of the hearing at which the Commission will consider the application.



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1 5. If the Commission on Economic Development approves an
2 application for a partial abatement, the Commission shall
3 immediately forward a certificate of eligibility for the abatement to:

4 (a) The Department;

5 (b) The Nevada Tax Commission; and

6 (c) If the partial abatement is from the property tax imposed
7 pursuant to chapter 361 of NRS, the county treasurer.

8 6. An applicant for a partial abatement pursuant to this section
9 or an existing business whose partial abatement is in effect shall,
10 upon the request of the Executive Director of the Commission on
11 Economic Development, furnish the Executive Director with copies
12 of all records necessary to verify that the applicant meets the
13 requirements of subsection 2.

14 7. If a business whose partial abatement has been approved
15 pursuant to this section and is in effect ceases:

16 (a) To meet the requirements set forth in subsection 2; or

17 (b) Operation before the time specified in the agreement
18 described in paragraph (b) of subsection 2,

19 ➤ the business shall repay to the Department or, if the partial
20 abatement was from the property tax imposed pursuant to chapter
21 361 of NRS, to the county treasurer, the amount of the exemption
22 that was allowed pursuant to this section before the failure of the
23 business to comply unless the Nevada Tax Commission determines
24 that the business has substantially complied with the requirements of
25 this section. Except as otherwise provided in NRS 360.232 and
26 360.320, the business shall, in addition to the amount of the
27 exemption required to be paid pursuant to this subsection, pay
28 interest on the amount due at the rate most recently established
29 pursuant to NRS 99.040 for each month, or portion thereof, from the
30 last day of the month following the period for which the payment
31 would have been made had the partial abatement not been approved
32 until the date of payment of the tax.

33 8. A county treasurer:

34 (a) Shall deposit any money that he receives pursuant to
35 subsection 7 in one or more of the funds established by a local
36 government of the county pursuant to NRS 354.6113 or 354.6115;
37 and

38 (b) May use the money deposited pursuant to paragraph (a) only
39 for the purposes authorized by NRS 354.6113 and 354.6115.

40 9. The Commission on Economic Development:

41 (a) Shall adopt regulations relating to:

42 (1) The minimum level of benefits that a business must
43 provide to its employees if the business is going to use benefits paid
44 to employees as a basis to qualify for a partial abatement; and



(2) The notice that must be provided pursuant to subsection 4.

(b) May adopt such other regulations as the Commission on Economic Development determines to be necessary to carry out the provisions of this section ~~§~~ *and section 51.3 of this act.*

10. The Nevada Tax Commission:

(a) Shall adopt regulations regarding:

(1) The capital investment that a new business must make to meet the requirement set forth in paragraph (d), (e) or (g) of subsection 2; and

(2) Any security that a business is required to post to qualify for a partial abatement pursuant to this section.

(b) May adopt such other regulations as the Nevada Tax Commission determines to be necessary to carry out the provisions of this section ~~§~~ *and section 51.3 of this act.*

11. An applicant for an abatement who is aggrieved by a final decision of the Commission on Economic Development may petition for judicial review in the manner provided in chapter 233B of NRS.

Sec. 52. (Deleted by amendment.)

Sec. 53. (Deleted by amendment.)

Sec. 54. (Deleted by amendment.)

Sec. 55. (Deleted by amendment.)

Sec. 56. (Deleted by amendment.)

Sec. 57. (Deleted by amendment.)

Sec. 58. (Deleted by amendment.)

Sec. 59. (Deleted by amendment.)

Sec. 60. (Deleted by amendment.)

Sec. 61. (Deleted by amendment.)

Sec. 62. Sections 62 to 86, inclusive, of this act may be cited as the Wind Energy Systems Demonstration Program Act.

Sec. 63. As used in sections 62 to 86, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 64 to 78, inclusive, of this act have the meaning ascribed to them in those sections.

Sec. 64. "Agricultural property" means any real property employed for an agricultural use as defined in NRS 361A.030.

Sec. 65. "Applicant" means a person who is applying to participate in the Wind Demonstration Program.

Sec. 66. "Category" means one of the categories of participation in the Wind Demonstration Program as set forth in section 79 of this act.

Sec. 67. "Commission" means the Public Utilities Commission of Nevada.

Sec. 68. (Deleted by amendment.)



Sec. 69. "Institution of higher education" means:

1. A university, college or community college which is privately owned or which is part of the Nevada System of Higher Education; or

2. A postsecondary educational institution, as defined in NRS 394.099, or any other institution of higher education.

Sec. 70. "Participant" means a person who has been selected by the Task Force pursuant to section 83 of this act to participate in the Wind Demonstration Program.

Sec. 71. "Person" includes, without limitation, a governmental entity.

Sec. 72. "Program year" means the period of July 1 to June 30 of the following year.

Sec. 73. "Public property" means any real property, building or facilities owned, leased or occupied by:

1. A department, agency or instrumentality of the State or any of its political subdivisions which is used for the transaction of public or quasi-public business; or

2. A nonprofit organization that is recognized as exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3), as amended, or a corporation for public benefit as defined in NRS 82.021.

Sec. 74. "School property" means any real property, building or facilities owned, leased or occupied by:

1. A public school as defined in NRS 385.007;

2. A private school as defined in NRS 394.103; or

3. An institution of higher education.

Sec. 75. "Small business" means a business conducted for profit which employs 500 or fewer full-time or part-time employees.

Sec. 75.5. "Task Force" means the Task Force for Renewable Energy and Energy Conservation created by NRS 701.350.

Sec. 76. "Utility" means a public utility that supplies electricity in this State.

Sec. 77. "Wind Demonstration Program" or "Program" means the Wind Energy Systems Demonstration Program created by section 79 of this act.

Sec. 78. "Wind energy system" means a facility or energy system for the generation of electricity that uses wind energy to generate electricity.

Sec. 79. 1. The Wind Energy Systems Demonstration Program is hereby created.

2. The Program must have four categories as follows:

(a) School property;

(b) Other public property;

(c) Private residential property and small business property; and



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(d) Agricultural property.

3. To be eligible to participate in the Program, a person must:

(a) Meet the qualifications established by the Commission pursuant to section 80 of this act;

(b) Submit an application to a utility and be selected by the Task Force for inclusion in the Program pursuant to sections 82 and 83 of this act;

(c) When installing the wind energy system, use an installer who has been issued a classification C-2 license with the appropriate subclassification by the State Contractors' Board pursuant to the regulations adopted by the Board; and

(d) If the person will be participating in the Program in the category of school property or other public property, provide for the public display of the wind energy system, including, without limitation, providing for public demonstrations of the wind energy system and for hands-on experience of the wind energy system by the public.

Sec. 80. The Commission shall adopt regulations necessary to carry out the provisions of the Wind Energy Systems Demonstration Program Act, including, without limitation, regulations that establish:

1. The qualifications and requirements an applicant must meet to be eligible to participate in the Program in each particular category of:

(a) School property;

(b) Other public property;

(c) Private residential property and small business property; and

(d) Agricultural property.

2. The type of incentives available to participants in the Program and the level or amount of those incentives.

3. The requirements for a utility's annual plan for carrying out and administering the Program. A utility's annual plan must include, without limitation:

(a) A detailed plan for advertising the Program;

(b) A detailed budget and schedule for carrying out and administering the Program;

(c) A detailed account of administrative processes and forms that will be used to carry out and administer the Program, including, without limitation, a description of the application process and copies of all applications and any other forms that are necessary to apply for and participate in the Program;

(d) A detailed account of the procedures that will be used for inspection and verification of a participant's wind energy system and compliance with the Program;



(e) A detailed account of training and educational activities that will be used to carry out and administer the Program; and

(f) Any other information required by the Commission.

Sec. 81. 1. Each utility shall carry out and administer the Wind Demonstration Program within its service area in accordance with its annual plan as approved by the Commission pursuant to section 82 of this act.

2. A utility may recover its reasonable and prudent costs, including, without limitation, customer incentives, that are associated with carrying out and administering the Program within its service area by seeking recovery of those costs in an appropriate proceeding before the Commission pursuant to NRS 704.110.

Sec. 82. 1. On or before February 1, 2008, and on or before February 1 of each year thereafter, each utility shall file with the Commission its annual plan for carrying out and administering the Wind Demonstration Program within its service area for the following program year.

2. On or before July 1, 2008, and on or before July 1 of each year thereafter, the Commission shall:

(a) Review the annual plan filed by each utility for compliance with the requirements established by regulation; and

(b) Approve the annual plan with such modifications and upon such terms and conditions as the Commission finds necessary or appropriate to facilitate the Program.

3. On or before November 1, 2008, and on or before November 1 of each year thereafter, each utility shall submit to the Task Force the utility's recommendations as to which applications received by the utility should be approved for participation in the Program. The Task Force shall review the applications to ensure that each applicant meets the qualifications and requirements to be eligible to participate in the Program.

4. Except as otherwise provided in section 83 of this act, the Task Force may approve, from among the applications recommended by each utility, wind energy systems totaling:

(a) For the program year beginning July 1, 2008:

(1) 500 kilowatts of capacity for school property;

(2) 500 kilowatts of capacity for other public property;

(3) 700 kilowatts of capacity for private residential property and small business property; and

(4) 700 kilowatts of capacity for agricultural property.

(b) For the program year beginning July 1, 2009:

(1) An additional 250 kilowatts of capacity for school property;

(2) An additional 250 kilowatts of capacity for other public property;



(3) An additional 350 kilowatts of capacity for private residential property and small business property; and

(4) An additional 350 kilowatts of capacity for agricultural property.

(c) For the program year beginning July 1, 2010:

(1) An additional 250 kilowatts of capacity for school property;

(2) An additional 250 kilowatts of capacity for other public property;

(3) An additional 350 kilowatts of capacity for private residential property and small business property; and

(4) An additional 350 kilowatts of capacity for agricultural property.

Sec. 83. 1. Based on the applications submitted by each utility for a program year, the Task Force shall:

(a) Within the limits of the capacity allocated to each category, select applicants to be participants in the Wind Demonstration Program and place those applicants on a list of participants; and

(b) Select applicants to be placed on a prioritized waiting list to become participants in the Program if any capacity within a category becomes available.

2. Not later than 30 days after the date on which the Task Force selects an applicant to be on the list of participants or the prioritized waiting list, the utility which submitted the application to the Task Force on behalf of the applicant shall provide written notice of the selection to the applicant.

3. If the capacity allocated to any category for a program year is not fully subscribed by participants in that category, the Task Force may, in any combination it deems appropriate:

(a) Allow a utility to submit additional applications from applicants who want to participate in that category; or

(b) Reallocate any of the unused capacity in that category to any of the other categories.

4. At any time after submitting an application to participate in the Program to a utility, an applicant may energize his wind energy system if the wind energy system meets all applicable building codes and all applicable requirements of the utility as approved by the Commission. An applicant who energizes his wind energy system under such circumstances remains eligible to participate in the Program, and the energizing of the wind energy system does not alter the applicant's status on the list of participants or the prioritized waiting list.

Sec. 84. 1. Except as otherwise provided in this section, if the Task Force determines that a participant has not complied with the requirements for participation in the Wind Demonstration



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1 Program, the Task Force shall, after notice and an opportunity for a
2 hearing, withdraw the participant from the Program.

3 2. The Task Force may, without notice or an opportunity for a
4 hearing, withdraw from the Program:

5 (a) A participant in the category of private residential property
6 and small business property or a participant in the category of
7 agricultural property if the participant does not complete the
8 installation of a wind energy system within 12 months after the date
9 the participant receives written notice of his selection to participate
10 in the Program.

11 (b) A participant in the category of school property or a
12 participant in the category of other public property if the participant
13 does not complete the installation of a wind energy system within 30
14 months after the date the participant receives written notice of his
15 selection to participate in the Program.

16 3. A participant who is withdrawn from the Program pursuant
17 to subsection 2 forfeits any incentives.

18 **Sec. 85.** 1. After a participant installs a wind energy system
19 included in the Wind Demonstration Program, the Commission shall
20 issue portfolio energy credits for use within the system of portfolio
21 energy credits adopted by the Commission pursuant to NRS
22 704.7821 equal to the actual or estimated kilowatt-hour production
23 of the wind energy system.

24 2. All portfolio energy credits issued for a wind energy system
25 installed pursuant to the Wind Demonstration Program must be
26 assigned to and become the property of the utility administering the
27 Program.

28 **Sec. 86.** If a wind energy system used by a participant in the
29 Wind Demonstration Program meets the requirements of NRS
30 704.766 to 704.775, inclusive, the participant is entitled to
31 participate in net metering pursuant to the provisions of NRS
32 704.766 to 704.775, inclusive.

33 **Sec. 87.** Sections 87 to 106, inclusive, of this act may be cited
34 as the Waterpower Energy Systems Demonstration Program Act.

35 **Sec. 88.** As used in sections 87 to 106, inclusive, of this act,
36 unless the context otherwise requires, the words and terms defined
37 in sections 89 to 98, inclusive, of this act have the meanings
38 ascribed to them in those sections.

39 **Sec. 89.** "Applicant" means a person who is applying to
40 participate in the Waterpower Demonstration Program.

41 **Sec. 90.** "Commission" means the Public Utilities
42 Commission of Nevada.

43 **Sec. 91.** (Deleted by amendment.)



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1 **Sec. 92.** "Participant" means a person who has been selected
2 by the Commission to participate in the Waterpower Demonstration
3 Program.

4 **Sec. 93.** "Person" includes, without limitation, a public entity.

5 **Sec. 94.** "Program year" means the period of July 1 to June 30
6 of the following year.

7 **Sec. 94.5.** "Task Force" means the Task Force for Renewable
8 Energy and Energy Conservation created by NRS 701.350.

9 **Sec. 95.** "Utility" means a public utility that supplies
10 electricity in this State.

11 **Sec. 96.** "Waterpower" has the meaning ascribed to it in
12 subsection 3 of NRS 704.7811.

13 **Sec. 97.** "Waterpower energy system" means a facility or
14 energy system for the generation of electricity that uses waterpower
15 to generate electricity.

16 **Sec. 98.** "Waterpower Demonstration Program" or "Program"
17 means the Waterpower Energy Systems Demonstration Program
18 created by section 99 of this act.

19 **Sec. 99.** 1. The Waterpower Energy Systems Demonstration
20 Program is hereby created.

21 2. The Waterpower Demonstration Program is created for
22 agricultural uses.

23 3. To be eligible to participate in the Waterpower
24 Demonstration Program, a person must meet the qualifications
25 established pursuant to subsection 4 and apply to and be selected by
26 the Task Force for inclusion in the Waterpower Demonstration
27 Program.

28 4. The Commission shall adopt regulations providing for the
29 qualifications an applicant must meet to qualify to participate in the
30 Waterpower Demonstration Program.

31 **Sec. 100.** The Task Force is responsible for the administration
32 and delivery of the Waterpower Demonstration Program as
33 approved by the Commission.

34 **Sec. 101.** The Commission shall adopt regulations that
35 establish:

36 1. The level, amount and type of incentives available for
37 participants in the Waterpower Demonstration Program.

38 2. The requirements for an annual plan for the administration
39 and delivery of the Waterpower Demonstration Program. The
40 requirements for an annual plan must include, without limitation:

41 (a) An advertising plan;

42 (b) A detailed budget;

43 (c) A schedule;

44 (d) Administrative processes, including, without limitation, a
45 copy of the application and process for accepting applications;



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- (e) An inspection and verification process;
- (f) Proposed training and educational activities; and
- (g) Any other information required by the Commission.

Sec. 102. 1. On or before February 21, 2008, and on or before February 1 of each subsequent year, each utility shall file with the Commission for approval an annual plan for the administration and delivery of the Waterpower Demonstration Program for the program year beginning July 1, 2008, and each subsequent year thereafter.

2. On or before July 1, 2008, and on or before each July 1 of each subsequent year, the Commission shall review the annual plan for compliance with the requirements set forth by regulation of the Commission.

3. On or before November 1, 2008, and on or before November 1 of each subsequent year, each utility shall submit to the Task Force a recommendation of which applications received should be accepted into the program. The Task Force shall review the applications to ensure that the applicant meets the requirements adopted pursuant to subsection 4 of section 99 of this act.

4. The Task Force may approve, from among the applications recommended by each utility, waterpower energy systems totaling:

(a) For the program year beginning July 1, 2008, 200 kilowatts of capacity;

(b) For the program year beginning July 1, 2009, an additional 100 kilowatts of capacity; and

(c) For the program year beginning July 1, 2010, an additional 100 kilowatts of capacity.

Sec. 103. Each utility may recover its reasonable and prudent costs, including, without limitation, customer incentives, that are associated with carrying out and administering the Waterpower Demonstration Program within its service area by seeking recovery of those costs in an appropriate proceeding before the Commission pursuant to NRS 704.110.

Sec. 104. 1. After a participant installs a waterpower energy system included in the Waterpower Demonstration Program, the Commission shall issue portfolio energy credits for use within the system of portfolio energy credits adopted by the Commission pursuant to NRS 704.7821 equal to the actual or estimated kilowatt-hour production of the waterpower energy system of the participant.

2. All portfolio energy credits issued for a waterpower energy system installed pursuant to the Waterpower Demonstration Program are assigned to and become the property of the utility administering the Program.

Sec. 105. If the waterpower energy system used by a participant in the Waterpower Demonstration Program meets the



requirements of NRS 704.766 to 704.775, inclusive, the participant is entitled to participate in net metering pursuant to the provisions of NRS 704.766 to 704.775, inclusive.

Sec. 106. If the Commission determines that a participant did not comply with the requirements for participation in the Waterpower Demonstration Program, the Commission shall, after notice and an opportunity for a hearing, withdraw the participant from the Waterpower Demonstration Program. Notice or a hearing is not required for dropping an applicant from the Program who fails to meet any completion time frames specified for the Program.

Sec. 107. (Deleted by amendment.)

Sec. 108. Section 24 of the Solar Energy Systems Demonstration Program Act, being chapter 331, Statutes of Nevada 2003, as amended by chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 90, is hereby amended to read as follows:

Sec. 24. The provisions of sections 4 to 21, inclusive, of this act expire by limitation on June 30, ~~2010.~~ 2007.

Sec. 109. (Deleted by amendment.)

Sec. 110. (Deleted by amendment.)

Sec. 111. (Deleted by amendment.)

Sec. 112. With regard to solar energy systems, it is the intent of the Legislature to substitute the provisions of this section, sections 1 to 29, inclusive, 44 to 49, inclusive, and 108 of this act in a continuing way for the provisions of the Solar Energy Systems Demonstration Program Act, being chapter 331, Statutes of Nevada 2003, as last amended by chapter 2, Statutes of Nevada 2005, 22nd Special Session, except that if there is a conflict between the provisions of this section, sections 1 to 29, inclusive, 44 to 49, inclusive, and 108 of this act, and the provisions of the Solar Energy Systems Demonstration Program Act, the provisions of this section, sections 1 to 29, inclusive, 44 to 49, inclusive, and 108 of this act control.

Sec. 112.5. The provisions of sections 51.3 and 51.7 of this act do not apply to any abatement for which an agreement was executed before July 1, 2007, between the Commission on Economic Development and the business to which the abatement was granted.

Sec. 113. 1. This act becomes effective:

(a) Upon passage and approval for the purposes of adopting regulations and taking such other actions as are necessary to carry out the provisions of this act; and

(b) For all other purposes besides those described in paragraph (a):

(1) For this section and sections 1, 30, 32, 36 to 46, inclusive, 49, 51 to 61, inclusive, 107, 109, 110 and 111 of this act, upon passage and approval.



- 1 (2) For sections 1.5 to 29, inclusive, 43.5, 47, 51.3, 51.7,
2 108, 112 and 112.5 of this act, on July 1, 2007.
3 (3) For sections 62 to 106, inclusive, of this act, on
4 October 1, 2007.
5 (4) For sections 31, 32.3, 32.5, 32.7, 33, 34 and 35 of this
6 act, on January 1, 2009.
7 (5) For section 48 of this act, on January 1, 2010.
8 (6) For section 50 of this act, on January 1, 2011.
9 2. Sections 62 to 106, inclusive, of this act expire by limitation
10 on June 30, 2011.

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