MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON COMMERCE AND LABOR

Seventy-Fourth Session
March 9, 2007

The Committee on Commerce and Labor was called to order by Chair John Oceguera at 11:36 a.m., on Friday, March 9, 2007, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda (Exhibit A), the Attendance Roster (Exhibit B), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman John Oceguera, Chair
Assemblyman Marcus Conklin, Vice Chair
Assemblywoman Francis Allen
Assemblyman Bernie Anderson
Assemblyman Morse Arberry Jr.
Assemblywoman Barbara E. Buckley
Assemblyman Chad Christensen
Assemblywoman Heidi S. Gansert
Assemblyman William Horne
Assemblywoman Marilyn Kirkpatrick
Assemblyman Garn Mabey
Assemblyman Mark Manendo
Assemblyman David R. Parks
Assemblyman James Settelmeyer

GUEST LEGISLATORS PRESENT:

Assemblyman Joseph P. (Joe) Hardy, Assembly District No. 20
Assemblyman Peter (Pete) J. Goicoechea, Assembly District No. 35
Assemblyman John C. Carpenter, Assembly District No. 33

Assemblyman Tom Grady, Assembly District No. 38
Assemblyman Edwin (Ed) A. Goedhart, Assembly District No. 36

STAFF MEMBERS PRESENT:

Brenda Erdoes, Committee Counsel
Dave Ziegler, Committee Policy Analyst
Judith Coolbaugh, Committee Secretary
Gillis Colgan, Committee Assistant

OTHERS PRESENT:

Jason Geddes, Ph.D., Private Citizen, Reno, Nevada
Victor Buron, President, Solar Seeker
Judy Stokey, representing Nevada Power Company and Sierra Pacific Power Company
Rebecca D. Wagner, Commissioner, Public Utilities Commission of Nevada
Kyle Davis, Policy Director, Nevada Conservation League
Colleen Janes, Purchasing Officer, Purchasing Division, Division of Administration
Hatice Gecol, Ph.D., Director, Nevada State Office of Energy
Patrick Sanderson, representing Laborers Local 872
Sam Routson, representing U.S. Foods and Winnemucca Farms, Inc.
Joe Sicking, Private Citizen, Paradise Valley, Nevada
Doug Busselman, Executive Vice President, Nevada Farm Bureau Federation
Erik Taylor, Private Citizen, Battle Mountain, Nevada
Gene Etcheverry, Executive Director, Lander County, Nevada
C. Kirby Lampley, Director of Regulatory Operations, Public Utilities Commission of Nevada

Chair Oceguera:
[Roll called.] We are opening the hearing on Assembly Bill 184.

Assembly Bill 184: Makes various changes relating to renewable energy. (BDR 58-1065)

Assemblyman Joseph P. (Joe) Hardy, Assembly District No. 20:
This bill deals with electricity, net metering systems, the term of performance contracts, the use of ground source heat, and heat pump feasibility for State buildings. Jason Geddes will present a friendly amendment and discuss part of the bill. He will be answering all your tough questions. Net metering involves

the generation of electricity that can be sold back or used as a credit with another generating source. Three separate units are involved in the process—a generator, a net meter, and a user. The viability of net metering was proven in a simple demonstration that showed the longer the wire the less "juice" you get at the end; therefore, the farther a user is from the source, the less power would be available for use. If you have a net meter in the middle of the wire, the amount of power is increased; therefore, more power is delivered to the user. That is the simple description, but I brought all the necessary equipment with me to demonstrate the process.

Chair Oceguera:
Are there any questions for Dr. Hardy? [There were none.]

Jason Geddes, Ph.D., Private Citizen, Reno, Nevada:
I am here in support of A.B. 184. I would like to give an overview of the bill and answer any questions that may arise. We discussed a similar issue at a hearing on Monday for Assemblyman Bobzien's bill (Assembly Bill 178). We have been installing net metering for about ten years. Currently, there are 228 net metering systems installed in the State. That figure compares to 1.15 million total meters in the State. According to Sierra Pacific Power Company and Nevada Power, they are putting in 46,000 meters a year, or 126 a day. Every two days they are installing an amount equivalent to the total number of net metering systems in the State.

By raising the current cap, we can install more net metering systems. Sections 1-4 raise the caps. The net metering system for a customer generator would go from a capacity of 30 kilowatts (KW) to 250 KW. The 150 KW cap would go to 1,000 KW for a net metering system that uses renewable energy as its primary source to generate electricity. We are trying to get this system up so we can install larger systems. There are some larger systems in use ranging from 50-250 KW. We would like to install these systems in schools, but we are currently restricted from doing so because of the 30 KW cap.

The difference between the 30-150 KW range and the proposed 250-1,000 KW range is who bears the cost of the system. There are costs associated with the meters, including back-up supply from the utility and wear on the utility lines. Your Committee had this bill in the 73rd Session when we traded the 30 KW cap for 150 KW. We tried to address the issue at that time. Since then we have not been able to install a single system in the 30-150 KW range. We need to increase the number of net metering systems being installed in that generating range.

If the cap were raised, more people would be eligible to install a net metering system. There are additional reasons why there are only 228 net metering systems in the State. One of the problems is that net metering rules and regulations are limiting and structured. We hope to fix that today by passing this bill. Also, these systems are expensive. I put a solar system on my own house. When I installed it as a net metering system, I ended up with an 18.3 year payback period. I am making a financial commitment by putting in the net metering system. When someone makes a decision to go into net metering, he needs to consider the long-term costs. It can be quite an expensive undertaking.

Sections 5-7 of the bill address the cost of energy retrofits. In Chapters 332 and and 333A of *Nevada Revised Statutes* (NRS), we allow energy retrofits on public buildings if a third-party energy and water contractor is permitted to do a performance evaluation of the building. They determine what the annual costs are for the energy. They would use a capital investment source to upgrade the heating and air conditioning system and put in more water efficient facilities. They use the savings, which would normally go to the utility, to pay off the capital investment. In some of these systems the payback period can be longer—up to 18 years. When we bundle together energy retrofits on State buildings, we would also like to include some renewable energy systems. We need to extend the payback period from 15 to 20 years in order to accommodate the new installations. A list of performance-based retrofit projects (Exhibit C) has been submitted for the record.

The prison installed a wood-fired boiler. The installation would not have been possible without a secondary grant. The payback period was outside the current 15-year time frame. By extending the period from 15 to 20 years, we can combine some performance-based systems such as wind–generation systems and wood-fired boilers.

Section 8 addresses ground source heat pumps. Every new construction or major renovation at a State facility requires a life-cycle cost analysis of the annual cost of operating and maintaining the building. Current law only extends this cost analysis for a 10-year period. State buildings are around a lot longer than 10 years. They are generally used for 30-50 years. A University of Nevada, Reno, study showed 50 years as the average life span of a State building. Up-front costs need to be determined to ensure that the right decisions are made before we undertake new construction and major renovations. We need to know the long-term cost of operating and maintaining the structure. As an alternative, we need to cost-out how much it would be for an equivalent ground source heat pump installation on these facilities.

The list of performance-based retrofit projects shows that on every single project where they guaranteed a certain amount of savings to pay for the capital improvement cost, they exceeded it. The State was never required to make up the difference. The analysis showed we can finance a certain amount of capital improvements, and the payments would cover them. I have also submitted an article that discusses ground source heat pumps written by the Director of the National Geothermal Association (Exhibit D). It explains how they work. The system works by burying pipes in the ground and taking advantage of the constant heat of the earth to help heat, cool, and generate electricity for a building. This bill would not mandate that these systems be used in State buildings, but the bill would require a cost analysis. If it does make long-term sense to install one of the systems, it should be considered. If it does not, it should not be installed. We have a lot of great natural geothermal sources in this State, and we want to take advantage of them.

The other document I submitted (Exhibit E) is the Nevada Renewable Energy and Energy Conservation Task Force list of 16 recommendations. Approval of them would improve the current NRS code, and enhance the development of renewable energy and energy conservation. This bill covers numbers 5, 9, 11, and 15 of their recommendations. We suggest that Section 9 be deleted, so NRS 701.230 would remain in the statute. I would be happy to answer any questions.

Assemblywoman Kirkpatrick:
Why does your definition say only "occupied" buildings need to be energy efficient? Why did you use that definition? We are trying to make all public buildings energy efficient.

Jason Geddes:
This is the definition that has been used for a period of time. Originally, we stated the provision should cover all State buildings, but there were certain unoccupied buildings like the State Fisheries in Yerington and in Ruby Valley where there was no need to install all the energy efficiency equipment.

Assemblyman Horne:
You indicated Section 9 repealing NRS 701.230 should be deleted from this bill. Is that correct?

Jason Geddes:
Yes, that is correct. Section 9 will be deleted, and NRS 701.230 will remain in the statute.

Assemblyman Anderson:
I am confused by the number of handouts. I want to make sure that I am looking at the right materials. The amendment handout we have is not yours. Is that correct? Your amendment is not in writing.

Jason Geddes:
That is correct. That is a friendly amendment being offered by State Purchasing that Dr. Hardy has agreed to.

Assemblyman Anderson:
Is the performance-based retrofit projects one of your exhibits?

Jason Geddes:
Yes, that is correct.

Assemblyman Anderson:
Is that article "Do Geothermal Heat Pumps have Mainstream Potential" one of your handouts?

Jason Geddes:
Yes, that is correct.

Assemblyman Anderson:
Is the "Green Power" article also one of yours?

Jason Geddes:
No, it is not. The only other handout I submitted is the February 28 letter.

Assemblywoman Kirkpatrick:
I am looking at Section 8, subsection 2 (b) (1). If we go from 10 to 20 years, is the wait too long to get a return on investment? What is the incentive for people to be proactive in retrofitting State buildings?

Jason Geddes:
In Sections 5-7, the energy retrofit audit would extend the payback period to 20 years. We need this language in the bill to combine renewable energy systems as part of a total energy retrofit. We will get immediate savings from the energy conservation upgrades that are put in place. We will also get the long-term savings of having a renewable energy generating system on site. Those items are currently being excluded with the 15-year payback period.

Section 8 of the bill specifies a life-cycle cost analysis of a building. When that is completed, engineers can determine what the annual operating cost would be

for the building. Right now, they are required to do it for only a 10-year period. Extending the period to 20 years would make the term for energy savings longer. We would still realize the savings in the first year the building was occupied or renovated, but we would also know the long-term cost of operation. We do not want to end up with a heating and air conditioning system that is inefficient in 10 years' time. This allows us to install more structural features like higher grade insulation and thicker windows. These items will keep the operating costs down for a long period of time, not just for a year.

Assemblywoman Kirkpatrick:
As technology and building materials change, how would you be able to effectively install these items? How would these savings be realized if you are not planning for future changes?

Jason Geddes:
That is an excellent question. The life-cycle cost analysis is done at the initial construction or renovation phase, so the long-term cost of operating and maintaining these systems in the buildings can be calculated. This analysis gives a base for making the best decisions before the building is constructed or renovated. There is nothing that precludes you from upgrading those systems to take advantage of new technology. Those improvements can be made through the energy retrofit statutes that already exist. This bill just states when we evaluate a State building, we need to plan on the fact it will be occupied for at least 20 years. We need to make the best decisions now for construction and renovation. The system can be upgraded later as the need arises.

Assemblyman Mabey:
Out of curiosity, what is the cost of such a system?

Jason Geddes:
It depends on the system. Price quotes for residential wind systems were given during the hearing on Assemblyman Bobzien's bill. One was $11,000, the other was $15,000 installed. The solar system on my house cost under $14,000 to install. It generates about 40 percent of my house electrical load. I received a solar generation rebate in the first year. It brought down my initial payout to $8,000. I have since put more energy efficient systems in my house, and my payback period has been reduced to about 14.2 years.

Assemblyman Conklin:
How are the energy credits associated with these systems absorbed in other energy rates? If the State is paying to have something done that is energy efficient, that money can be recouped by the energy company; therefore, the

assumption could be made that the cost of equipment and installation would be absorbed by the average rate payer who is not installing those energy efficient systems. Can you give an estimate of the amount of savings that would be realized if this program were to be fully expanded and utilized?

Jason Geddes:
No, I cannot. Your point is something that is being constantly debated. It is based on the number of people who are in the system and how much metering is out there. The way it is currently structured, there are various options. If you go into solar generation you relinquish all credits to the utility in order to get the up-front rebate. The utility would get all the credits, in perpetuity, on my renewable energy system. I could have refused the rebate and sold my credits to the utility. Each person with a net metering system can go through the process to get a negotiated price. There are various scales used to determine the cost.

Assemblyman Conklin:
Is it fair to assume that if the kilowatt hour is increased and the systems are larger, then the return on the investment is greater? Is there a relative increase with the size of the system?

Jason Geddes:
I am not sure, but it would seem that you would get an economy of scale. There are a certain amount of fixed costs, like the cost of the meter installation, but they are reasonable and stable. The amount of electricity being generated by the system represents variable costs. I would assume the larger the system, the lower the cost.

Assemblyman Conklin:
Is the rebate for installation relative to size, or is it relative to the cost of the system?

Jason Geddes:
The solar generation program rebate is a per-watt-first-cost basis. If you put in a 100 watt system, you would receive $5. If you put in a 100 KWH system, you would receive a $5,000 rebate. These rates are for a public agency. If you are a private customer, the rebates are calculated on a sliding scale. The first year I received $5, and this year I expect $2.50. The cost is up-front.

Assemblywoman Gansert:
Saving or shifting the expenses is usually for marginal kilowatt users. You have to look at the whole picture. In the long-term, using alternative or renewable energy resources may prevent or eliminate the need to construct a new power

plant. You will save in the long run. That is another part of the equation that may not be in some of the documentation that we have.

Assemblyman Hardy:
That was part of the presentation at Monday's hearing. We decreased the need for generation when net metering is used. You are able to deliver more "juice" to the end. That is the concept. We would have a decrease in the infrastructure that has to be built and billed to rate payers.

Jason Geddes:
Although we are increasing the size of each individual system from 30-250 KW, and 150-1,000 KW, Section 2 of the bill says, "...the cumulative capacity of all such net metering systems cannot exceed 1 percent of the utility's peak capacity." Even if we raise the caps to these levels, or go to Assemblyman Bobzien's one in five megawatt level ratio, there is still a 1 percent cap. All these systems cannot exceed 1 percent of the total system load. When the costs of an overall system are being factored in, you would have about 1 percent of the total load available to factor in those costs.

Chair Oceguera:
Are there further questions? [There were none.]

Victor Buron, President, Solar Seeker:
Three bills have been introduced, and I am in total agreement with everything that has been done so far in the energy net metering area.

I have been in the energy field since the 1970s. That was before the development of solar panels. The first thing we developed was a hot water panel system. It is a system that is still being used today. It may not have been the most efficient, but it was the only system available at that time. We are still in our infancy in developing renewable energy systems, especially energy systems that can be utilized by the general population. In 1983, I was the sole developer of a 125 KW hydroelectric power plant for a ranch in Woodfords, California. Both the federal government and engineers considered the project controversial, but they admired the endeavor. We had gathering ponds, crossed rivers with pipes, and built sediment ponds. I have submitted a letter (Exhibit F) and an article called "Green Power" (Exhibit G). Items 1-6 in the Solar Seeker letter are ones I would like to submit for a proposed amendment.

There is a need to lift the cap on the installations of renewable energy systems that are allowed each year. That cap would be lifted with the passage of this bill, but the language should state there are no limits. In the second item, I

suggest additional language to allow a residence or business to place solar, wind, or hydro production of electricity within the limits of the net metering law. However, it can be done at a location that may be different from the resident or the business that is being metered as the user. Under the current law, we have the ability under net metering to work only within a single meter. In A.B. 184, this issue was referred to by the omission of line 8 on page 2. Net metering has not had large annual increase since its inception. Right now 80 percent of existing homes within the nation are not feasible locations for renewable energy sources.

The fourth item requests language that would allow the electric producer to install solar, wind, or hydro energy sources within a grid. It would allow the grid distributor to place meters in the name of a user within that distribution grid. That user would then be credited with the watts generated at the production site. Double metering is done.

One of the interesting points made in the article "Green Power" is in reference to the billing and the measuring of net metering. It says, "This is accomplished either by allowing a meter to turn backward or by using two meters (one to record generation and the other to record consumption) and manually subtracting the two readings." When the article was written in 1998, there were 22 states that had laws and regulations for net metering. Within those 22 states, there were 15 states that were proponents of the power company, paying the customer rebates for overproduction. There were only seven states—and Nevada was one of them—that allowed the power company the right to assume the overproduction as customer credits. The first four items in the Solar Seeker letter apply to this bill.

Chair Oceguera:
Mr. Buron, have you had the opportunity to discuss these amendments with the sponsor of this bill?

Victor Buron:
Yes, I have given Dr. Hardy the papers and discussed the issues with him. At that time, his bill was a bill draft request. Since that bill has come out, I feel compelled to testify. I have more articles I would like to present.

Chair Oceguera:
We will put all the information you have given us into the record. We will give you a few more minutes to testify.

Victor Buron:
If anyone wants information, I would be more than happy to provide it.

Chair Oceguera:
We appreciate the history you gave us and your knowledge on the subject.

Victor Buron:
The fifth item in the Solar Seeker letter is very important. The sixth item is also necessary since the introduction of penalties. Penalties were used by the federal government when alternative energy sources were originally being explored. The penalty system was not very successful. I am not in opposition to this bill.

I wish to read into the record the sixth item in the Solar Seeker letter into the record:

> ...the photovoltaic chip industry is still evolving and the mechanisms to direct the solar panels to the sun will also evolve. Provisions for companies within the State of Nevada and with a patented system should be allowed to construct prototype units...

I want to emphasize the section that says, "...patented system should be allowed to construct prototype units."

In addition, I wish to read the following statement:

> The nature of the new potential product shall be exempt from penalties and because of the newness and the security necessary in development, Labor Unions may not be able to provide labor that would be adequate during the prototype process.

May I consider my statements submitted for the record?

Chair Oceguera:
Yes, sir, you may. Are there others wishing to testify in favor of the bill?

Judy Stokey, representing Nevada Power Company and Sierra Pacific Power Company:
We are here in support of most sections in A.B. 184. There are some similar issues to those discussed in Monday's hearing on Assemblyman Bobzien's bill. We support renewable energy development and the net metering cap increases that have been requested. We have a friendly amendment (Exhibit H) that we have discussed with the sponsor of this bill. It discusses the removal of Section 1, subsection 3. We request that the section be left in the bill. We have detailed the rationale for this request on the amendment page.

The suggested language on page 2 of the amendment handout may not be as friendly as our first request. We are still in discussion with the sponsor of the

bill on this part. The net metering system was at 30 KW, and the recommended change is to raise it to 250 KW. We would like to keep it at 30 KW. Any unit over 30 KW is a commercial development. It would be something larger than a residential home. They should be paying for their own meter. Also, they should pay for additional customer and facility charges that the residential customer should not have to subsidize. Mr. Kern will answer any specific questions that you may have.

Chair Oceguera:
Any questions from the Committee?

Assemblyman Horne:
Are you close to some middle ground in resolving the conflict in the change from 30 KW to 250 KW? You are requesting it be kept at 30 KW.

Judy Stokey:
We need a little more time. It was something brought up this morning. The bill's sponsor and I have not had an opportunity to thoroughly discuss the change. Dr. Hardy knew we were going to present our request today, but I do not believe he is on board with it at this time.

Assemblyman Horne:
The bill from Nevada Power and Sierra Pacific's perspective is acceptable if it includes only residential properties, and nothing more than that. Is that correct?

Judy Stokey:
The 30 KW is acceptable. You will not have a residential customer over that amount.

Chair Oceguera:
Other comments or concerns? Are there others wishing to testify in favor of this bill?

Rebecca D. Wagner, Commissioner, Public Utilities Commission of Nevada:
The Public Utilities Commission (PUC) supports the expansion of net metering. We have had members of our regulatory operations staff participate in a working group. Their objective was to arrive at the optimal and best language for net metering. That language will be in a Senate bill that has yet to come out. I am here to mediate and find the common ground. I am happy to work with the sponsor of the bill to find language that we will be comfortable with.

Chair Oceguera:
Are there any questions?

Kyle Davis, Policy Director, Nevada Conservation League:
We are in favor of A.B. 184. I spoke to Assemblyman Bobzien on Monday. We support any legislation that will increase the use of renewable energy sources in Nevada. It is a step in the right direction.

Chair Oceguera:
Are there any questions for the Conservation League?

Colleen Janes, Purchasing Officer, Purchasing Division, Division of Administration:
I wish to introduce a friendly amendment (Exhibit I) to the part of the bill that concerns the third-party consultants. The departments do not have the necessary funds set aside to pay for the third-party consultant. We want the third-party consultants to be paid a fee from the time they start work in the development phase of the Request for Proposal (RFP). As the legislation stands now, they do not receive payment until the loan is issued at the end of the procurement process. When we have a large retrofit project, that process is long. It is not fair to the third-party consultant to wait for payment until the end.

This amendment will set up the authority for a "set aside" fund, so a third-party consultant can be paid a monthly fee for work accomplished throughout the RFP process. The third-party consultant's role is to protect the interests of the State.

As the legislation stands—in order to avoid a conflict of interest—the consultant would receive a prenegotiated fee if they advise the State not to award a contract. This fund would also be used to pay that fee. Without this amendment, we will continue to run into the problem of departments not having the funds available to move the project forward.

Assemblyman Anderson:
Would the repayment be based on that particular project? Or does the repayment come from a pool to pay for projects including those that may not be generating sufficient revenue for their third-party consultants' fees?

Colleen Janes:
The repayment would be project specific. Each of the projects must guarantee the savings, per statute. They save anywhere from 20 to 30 percent on utility bills. Those savings are used to pay back the loan.

Assemblyman Anderson:
Are the funds being utilized to guarantee projects other than their own? Is the management through the fund itself?

Colleen Janes:
Yes to both of your questions.

Assemblywoman Kirkpatrick:
Would we have to send this bill to the Assembly Ways and Means Committee because it contains a fund?

Brenda Erdoes, Committee Counsel:
No. Since this bill does not say it is concurrently referred, it will go back to the Floor. At that point, if the Chair of Ways and Means wishes to pull it into his Committee, he can do so.

Hatice Gecol, Ph.D., Director, State Office of Energy:
I am here to support the friendly amendment presented by Colleen Janes from the Purchasing Division. This amendment puts the responsibility in my office. The implementation of performance contracting is being hindered because of the lack of funding to pay third-party consultants for the services rendered in a timely manner. The State Office of Energy would be happy to administer the payment of the fees for the third-party consultant if the legislators create this fund.

Chair Oceguera:
Are there questions from the Committee? I would like to indicate for the record that Dr. Hardy has given me a nod in the affirmative that this is a friendly amendment. Others wishing to testify in support of the bill? Seeing none, is there anyone wishing to testify in opposition to the bill? [There was no one.] Anyone wishing to speak to a neutral position on the bill?

Patrick Sanderson, representing Laborers Local 872:
I have some questions about information I did not understand. Since they removed the projects from the jurisdiction of the Public Works statutes and moved them into Chapters 332 and 333 of NRS, do they still have competitive bidding on projects for public entities? Do contractors need a State of Nevada contractor's license in order to complete these jobs? I can see where a person needs the net metering on his home in order to make the renewable energy source workable; however, on large jobs, such as colleges or large public buildings, Nevada contractors should get a chance to bid on these projects. I would like to request a copy of whatever information you have.

Chair Oceguera:
We will make available any information that we have. It is all public record. Ms. Janes, would you like to answer some of Mr. Sanderson's concerns?

Colleen Janes:
All of the contracts are competitively bid. We ask the finance companies and the energy service company to competitively bid on the finance contracts. As far as subcontractors go, we put in the RFP that there would be a competitive process for that bid as well. We encourage the use of Nevada small businesses. We have set up a phone referral system for Nevada small businesses. They can call my office and we put them in touch with the energy service companies.

Chair Oceguera:
Mr. Sanderson's other question was about contractors' licenses. Can you respond to that?

Colleen Janes:
Could you please repeat the question?

Chair Oceguera
Would contractors be required to have a Nevada contractor's license?

Colleen Janes:
Yes, the energy service companies are qualified through the Public Works Department. A Nevada contractor's license is required.

Chair Oceguera:
Mr. Sanderson, does that answer your two main questions?

Patrick Sanderson:
Yes, I appreciate Ms. Jane's clarification. Thank you for the information.

Chair Oceguera:
We appreciate your concerns. If you want to stop by the Commerce and Labor Office, you can retrieve all the documents. Are there others wishing to testify on the bill?

Assemblyman Hardy:
I need to get into the record that Jay Johnson, Senior Account Executive with Noresco, has been delayed because his plane was late. He has requested that his testimony be made part of the record (Exhibit J). It includes a copy of his graphs on grants and rebates.

Chair Oceguera:
We are closing the hearing on A.B. 184. We are opening the hearing on Assembly Bill 144.

Assembly Bill 144: Establishes a formula for determining the maximum rate for interruptible service that a public utility may charge for electricity for irrigation pumps. (BDR 58-1017)

Assemblyman Peter (Pete) J. Goicoechea, Assembly District No. 35:
I would like to thank all the people in the audience who have traveled hundreds of miles to be here today in support of A.B. 144. I am submitting a copy of my testimony for the record (Exhibit K).

In 2005 when Sierra Pacific moved forward with a rate increase, we were told by their Consumer Affairs Department not to worry about it because it would be insignificant. You will hear testimony today from users of the Interrupted Service II (ISII) rate that shows the increase is actually about 150 percent. This bill will establish parity in the rates across the State. The ISII rate runs from March 1 to October 31, and is only for irrigation pumping.

The testimony will show that agricultural producers can incur a 4 cent increase by having a piece of land on both sides of a road. The power on one side of the road is provided by Harney Electric and Sierra Pacific on the other side. There is a 4 cent difference in their rates. Sierra Pacific's total load is 9,122,711.933 kilowatt hours (KWH) with an ISII load of 112,411,381 KWH which amounts to 1.23 percent of their total load.

The ISII rate is on the honor system. The power company will call and tell you your service is on the interrupted rate, and your pump must be shut off. With the ISII rate, Sierra Pacific has the ability to shed over 1 percent of their load with a phone call. We are all aware of rolling blackouts and brownouts that occur with peak loading or overloading of the grid. Sierra Pacific has the ability with the ISII rate to call a consumer and tell him to turn off his pump. They do this instead of going out on the spot market and buying the additional power. The ISII rate will raise power rates, but so does buying power on the spot market. The question is which method provides the most stability to the Sierra Pacific system. Having the ability to call the consumer to shut down power is better than going over the hill and trying to buy 20 cent power on the spot market.

The testimony from users will show that we cannot have it both ways. The agriculture sector cannot compete when they pay twice as much for their power from their utility than their neighbor using another service provider. These

agriculture users have to have some relief. Sierra Pacific calculations show that the average user would have to pay 14 cents more per month for a multi-family dwelling and 30 cents more per month for a single family dwelling to support this discount rate. Who in this room would not pay an additional $3 per year to insure the flexibility of Sierra Pacific, so they can keep the lights on and the air conditioner running?

When NRS 704.225 was first amended to put the ISII rate in, it was the lowest scheduled rate for Sierra Pacific. At the time, the rate was under 3 cents, and now it is 8.1 cents. The subsidy at that time on the ISII rate was over $14 million. The cost of supporting the ISII rate has gone down as rates have moved up. The program cost will still be lower than it has been in the past, and lowered by 50 percent of the original amount.

On the last page of my testimony, you will see that the rates were established by taking the lowest rate of all 17 utilities and averaging it. The result was an ISII rate of 6.1307 cents. In A.B. 144, we are asking that the maximum rate for interrupted power service cannot exceed the average of the lowest charge of all the 17 utilities in the State. It is fair and equitable. We are trying to bring parity to agriculture users during the interruptible service period from March 1 to October 31. This bill does not require any amendments. Are there any questions?

Assemblyman Horne:
From your testimony and from reading the bill, there is going to be a cost increase, but everyone will share in it. Is that correct?

Assemblyman Goicoechea:
That is correct. It is presently in place. There is a subsidy in place today. Sierra Pacific calls it a subsidy. I call it a discount rate because, in exchange for a lesser rate, the agricultural user is willing to have his power service interrupted. Sierra Pacific is already subsidizing the ISII and the Interrupted Service I (ISI) rates. We are trying to come up with a solution that makes more sense. Instead of charging the lowest rate Sierra Pacific has—which is now 2 cents higher than the State average—we are suggesting an average rate that will give parity throughout all the 17 utility companies in the State.

Assemblyman Horne:
Are you saying that everyone is sharing this increase except during the March 1 to October 31 period? You are requesting rates be lower during this period, but after that regular rates will apply.

Assemblyman Goicoechea:
Yes, that would be the case. If a farmer is planning on pumping before March 1 or after October 31, he would go back to a standard rate. I, personally, do not operate my pumps through Sierra Pacific. Other people in the room today can tell you what the rate would be if you are pumping outside the ISII rate period. It would be higher than the 8.1 cent rate. This time frame is only for irrigation pumps, and it is a lower rate during that period.

Assemblyman Horne:
This will affect more people than just the farmers.

Assemblyman Goicoechea:
This change in the law would impact the average residential consumer. It would be 14 cents more per month for a multi-family dwelling, and 30 cents more per month for a single family dwelling. It would cost $3 per year more per household to support this program. We are saying is it better to have this flexibility built into the system where service can be interrupted, rather than have the power companies buy more power on the spot market. Spot market power would be 20 cents during the peak load period. We are saying it is cheaper to interrupt the service and pay the subsidy at this point than it would be to buy power on the spot market.

Assemblyman Horne:
If this bill passes, are we going to hear people say that we voted for a bill that raises power rates?

Assemblyman Goicoechea:
Technically, this would raise consumer rates. Someone has to pay for this. Sierra Pacific is showing record profits. When they had some hard times, the agriculture industry supported them. A lot of the profit they made came "on the backs" of the ISII users. We are asking for parity of rates across the State.

Chair Oceguera:
Are there any further questions?

Assemblywoman Gansert:
The rates provided on the table in your testimony are all interruptible rates. Is that correct?

Assemblyman Goicoechea:
No. It is the lowest rate provided by the 17 utility companies in the State of Nevada.

Assemblywoman Gansert:
You mentioned that because agricultural user rates are interruptible you probably save money because the peak load is during the summer. Since the utility companies can interrupt agricultural users' power, they do not have to buy the additional power on the spot market. Is that correct?

Assemblyman Goicoechea:
That is correct. Farmers are already operating under interrupted power service. Sierra Pacific does interrupt their power during the peak load period. Farmers are paying 8.1 cents for that. It is not enough of a benefit. They could go to a cooperative power company and buy the power cheaper.

Assemblywoman Gansert:
When representatives of the power company testify, we can ask them what the rates are when they have to buy power on the spot market. Then we can determine the difference. That way we can see if there is a net benefit to everyone.

Assemblyman Goicoechea:
Yes, that is what we are banking on.

Assemblyman Anderson:
Are you saying that in some areas of central Nevada there are power companies besides Sierra Pacific Power? You could go to a cooperative power company. However, in Washoe County there are no other options. Our constituents would not have an opportunity to lower their rates, which they could do by going to a cooperative power company.

Assemblyman Goicoechea:
Trust me, if they had the option, they would go to a cooperative power company. They do not have that option because there are none available. Our farmers are in the same situation as yours in Washoe County.

Assemblyman Anderson:
I wanted to clarify that because I had the impression there was an opportunity to go to a cooperative power company. Apparently, this is the reason cooperative power companies exist in the rural areas. They can provide reasonable rates.

Assemblyman Goicoechea:
That is correct. There are probably a number of mines serviced by Sierra Pacific who are under an ISII rate and/or a negotiated rate. Those questions would be better answered by Sierra Pacific representatives.

Assemblyman Anderson:
The rural user will also pay for the additional power in their regular usage rate just as any of our constituents will pay for it.

Assemblyman Goicoechea:
That is correct. This discount rate or subsidy will apply to every user of Sierra Pacific Power whether in a rural or urban area.

Chair Oceguera:
Are there any other questions?

Assemblyman John C. Carpenter, Assembly District No. 33:
I am here to testify in favor of A.B. 144. I have prepared my testimony in writing, and I will read it into the record.

The question we must ask is why farmers or irrigators should be given a special rate on electricity they use for pumping water. Number one, they supply food for our tables and grow hay that ends up as milk we drink and meat we enjoy. They turn the desert into lush green fields that support the wildlife and birds we all want to preserve.

The tax base on rural counties depends heavily upon our farms and ranches. Let us discuss the interruptible service the irrigators have agreed to. With a simple phone call from the provider of electrical service the irrigators must shut off their pumps.

Electrical providers very often obtain a part of their electrical load from out of state which subjects their lines and other facilities to not only man-made hazards, but also the wrath of Mother Nature in the form of wildfire and floods.

With the irrigation load off line, the utility can use this electricity to supply the needs of other customers. The interruptible service has consequences for the irrigators. If the power is off for any length of time the crops will suffer—their yield will be down.

The pump and irrigating apparatus will have to be checked to make sure they are in proper condition to be started up again. With these reasons and others you will hear from the operators, I believe A.B. 144 is a good balance between the public, the irrigators and the utilities.

Chair Oceguera:
Are there any questions?

Assemblyman Tom Grady, Assembly District No. 38:
I want to tell you how we developed A.B. 144. On December 12, 2006 we had a meeting in Winnemucca. Farmers from Elko, Yerington, and other areas across central Nevada attended the meeting. Sierra Pacific Power company staff, the PUC, and the Consumer Advocate were also present. About 60 people were there, and we met for over 3 hours. All parties had their input. Shortly thereafter, Mr. Goicoechea and I had a meeting with executives from Sierra Pacific and Nevada Power. We shared the information we had gathered at that meeting with them. They were receptive to our ideas. We have received help from many people in the industry. We are going to have a limited number of people come forward to testify today, but I would like to ask that the Committee recognize all the people who are in attendance from across Nevada. Would they please stand up? As you can see, we are well represented. We do have another rural legislator, James Settelmeyer, serving on your Committee.

Assemblyman Horne:
Are the agricultural users in southern Nevada on this rate? Or is the rate different?

Assemblyman Goicoechea:
The graph in the back of my testimony shows that Nevada Power's lowest rate is 6 cents cheaper than the agricultural rate used for our irrigators. In other words, if the Interrupted Service (IS) rate was in Nevada Power's service territory, it would be a half cent less compared to northern Nevada rates.

Assemblyman Horne:
The rate on the graph is 7.6 cents and that does not include agricultural users in southern Nevada. Is this the rate they pay?

Assemblyman Goicoechea:
Under the existing law, the IS rate is the lowest rate. Nevada Power's lowest rate is 7.618 cents whereas Sierra Pacific's is 8.12. There is a half cent kilowatt hour difference between Nevada Power and Sierra Pacific for the ISII rate.

[Chairman Oceguera left and Vice Chair Conklin continued the hearing.]

Vice Chair Conklin:
Are there additional questions from the Committee?

Assemblyman Edwin (Ed) A. Goedhart, Assembly District No. 36:
Even though my district has no more votes than the other districts, it covers an area that is almost one-third of the State. As you drive through the counties

within my district, you will notice that much of rural Nevada has experienced an historic "boom and bust." The population increases in Tonopah if the Nevada Test Site is hiring. If precious metals are doing well, the mining industry is also thriving and population increases. Rural Nevada to a large degree is built upon the backs of farming, ranching, and mining. Historically, only farming and ranching are the stable and static parts of that life style.

Over the past several years, the farmers have been experiencing a severe squeeze economically. For example, the farmers who sell the milk to the pasteurization facilities are paid the same today as they were paid 25 years ago for every 100 pounds of milk. That would be the equivalent of going back to your household budget and financing it with what you made 25 years ago. Everything has gone up in price. That is what these farmers are faced with. The power for irrigation is the single largest portion of their farming expenses. It is not the fertilizer or what they take out for household expenses. It is the power. In terms of the power expense, we are talking about a "make it or break it" deal for the farmers in rural Nevada.

As the power rates have increased over the last few years, the farmers have been unable to pass the costs on to the marketplace. In rural Nevada, different power companies service different areas. In the areas serviced by Harney Electric or Mount Wheeler Power, farmers are doing well and putting in new pivots. If you go into an area serviced by Sierra Pacific, you will see farmers idling pivots. Why is that? This happens because farmers cannot afford the power in a more marginal production area.

This bill creates some equity between the different power rates that are being charged in different areas of Nevada. A farmer may have a valuable piece of property, but, with the price increases, there are no buyers for the property. It is too expensive to irrigate the crops. His farm has been made virtually worthless because he is paying more in power rates than his neighbors do in different cooperatives. I am firmly in support of A.B. 144. The State of Nevada needs a diversified economy. We need the urban areas, and we also need the rural areas. The farmers and ranchers have been long-term keepers of that culture and tradition that has been a part of Nevada for many years.

[Chairman Oceguera returned and presided over the rest of the hearing.]

Chair Oceguera:
Are there any questions?

Assemblyman Settelmeyer:
Mr. Carpenter explained the food aspect of the problem and the concerns for the environment and wildlife. Some legislators are wondering how they can go back and face their constituents and say, "Your power price may be increased."

There are two aspects of the problem you can use to explain the increase to your constituents. One of them is recharge. Primarily, agriculture uses flood water, not surface water, for irrigation. They switch to wells only when it gets too dry. Most of the time, in my farm operations, I am contributing to the ground water base, not taking away from it. I am adding to the State's water supply. Nevada has a law that states if you do not use your well water right in five years, it has to be relinquished.

If you go to southern Nevada and tell your constituents you passed on the opportunity to preserve water rights in their area in order to avoid an increase in utility rates, they may be concerned. The effect of that decision may cost Las Vegas the right to utilize that water at some future time. It is an overall savings potential for the rest of the State. In some other communities that have little agricultural area left, the land will be used in the future for roads and to get infrastructure to other areas. If you let the farm lands be destroyed, it will cost more for these projects in the future.

In Douglas County, for every agricultural dollar paid in taxes, farmers use about 27 cents of it for services. Correspondingly, in non-agricultural areas, for every dollar paid in taxes, $1.37 is taken for services. It makes sense to keep agriculture on a stable economic base for as long as possible. Otherwise, in converting that land to other uses, we as taxpayers will have to pay more.

Chair Oceguera:
I have learned that if you have to explain anything to your constituents, and it takes more than one sentence, you are in trouble.

Assemblyman Settelmeyer:
This will save them money in the long run.

Sam Routson, representing U.S. Foods and Winnemucca Farms, Inc.:
Winnemucca Farms is a major agricultural producer in Nevada. We also have interests in surrounding states. We are here in support of A.B. 144. Even though this bill deals with rates farmers are charged for pumping water, it also speaks to the future of agriculture in Nevada. Nevada agriculture has to compete in a global economy for agricultural commodity markets. We must remain competitive. Surrounding states have a competitive advantage through lower production costs. Energy is now a major cost of production. It far

surpasses other expenses. The Nevada agricultural community served by Sierra Pacific is at a serious competitive disadvantage because of the substantially higher rates charged for agricultural irrigation pumping.

Winnemucca Farms currently uses approximately 9 megawatts of electrical energy in its operations. We use approximately 7 megawatts for agricultural irrigation pumping at our farm site and approximately 2 megawatts for food production and processing at our processing plant. In Nevada, we are paying 8.2 cents per KW for irrigation pumping, and about 12 cents per KW for food processing. In Idaho, we pay about 3 cents per KW for irrigation pumping, and about 6 cents per KW for the processing facility. When you look at the number of kilowatt hours required to produce food in America today, the cost quickly adds up. It puts Nevada producers at a substantial disadvantage.

Even within Nevada, Sierra Pacific as a service provider puts farmers at a cost disadvantage when compared to other Nevada agricultural producers who are served by other utilities. For example, Mount Wheeler Power charges about 5.6 cents per KW. A substantial amount of their power is supplied by Utah coal-fired facilities. Some people think that one of the reasons Nevada power rates are higher compared to other states is that hydropower is used. Since Mount Wheeler Power rates are based on Utah coal-fired facilities, that point does not carry much weight.

Harney Electric Cooperative, which services the west side of Highway 95, charges 4.6 cents per KW. If you are served by Sierra Pacific on the east side of Highway 95, you pay 8.2 cents per KW. You are at a substantial competitive disadvantage. The Raft River Rural Electric Cooperative charges 4 cents per KW on their entire system plus they give a dividend. All of the service providers other than Sierra Pacific provide this lower cost service on a non-interruptible basis, and they provide for lower agricultural pumping rates in their rate structure. Agricultural producers who are serviced by Sierra Pacific cannot pass this increase on to our customers. They cannot pass these additional costs on with an energy surcharge as other Nevada businesses do. It has been said that the agricultural producers are being subsidized by other rate payers. I would say that is not so because an interruptible service is not a subsidized service.

Winnemucca Farms—which is a major grower of forage, alfalfa crops, small grains such as wheat, and potatoes—has had their service interrupted in the past for a 24-hour period in the middle of August. August is a critical period for crop production. This interruption is to benefit other Sierra Pacific rate payers. Sierra Pacific's higher rates reflect Sierra Pacific's management practices and an unrealistically high business overhead of over 100 percent. The agricultural

sector pays approximately the same energy rates as all classes, but we do not pay a general rate. Agriculture—a non-growing sector of the economy—has its infrastructure in place. Agriculture pays for its line extensions and other infrastructure requirements. We hope this Committee will support A.B. 144. The future of the agricultural sector in Nevada is in jeopardy. If Nevada is to maintain diversity in its economic structure, agriculture must remain viable and strong.

Assemblyman Horne:
Going back to the cooperatives, is there a prohibition that prevents you from forming one? Is it cost-prohibitive to do so? The cooperatives seem to have cheaper rates. Has that possibility been explored?

Sam Routson:
We have explored all possibilities in an effort to lower our energy costs. We have approached the cooperatives and we have agreements from a number of them to provide service to us. However, because we are in Sierra Pacific's service territory, they control that service territory and the customers that reside in it. It is a cumbersome and prohibitive process for us to exit that service territory and go to a cooperative. I do not wish to denigrate colleagues in Sierra Pacific, but they have indicated they do not want us to exit their system so we can go to a cooperative.

Chair Oceguera:
Are there any other questions?

Joe Sicking, Private Citizen, Paradise Valley, Nevada:
I live approximately 45 miles north of Winnemucca in Paradise Valley. I would like to tell you my side of the story. I am a small farmer. Five years ago, we were paying 4.451 cents for our power. The rate has now doubled. The price of our product, alfalfa hay, has probably gone up 10 percent in that time. There is also agriculture in Washoe County that uses irrigation pumps. Ten miles from my farm, the farmers pay half the cost because they have Harney Electric Cooperative power service. It is not an equal playing field. They are paying 4.6 cents per KW. We are paying 8.204 cents per KW through Sierra Pacific. Our service is also interruptible; their service is not.

Assemblyman Settelmeyer:
I wanted to point out that Joe Sicking and I both served on the Nevada State Conservation Commission, and this has been an issue for a couple of years. We are trying to find a solution to the problem. Also, the individual conservation districts throughout the State of Nevada have voiced their concerns over this issue.

Chair Oceguera:
Any others wishing to testify?

Doug Busselman, Executive Vice President, Nevada Farm Bureau Federation:
I am here to speak in support of A.B. 144. I have submitted a copy of my testimony (Exhibit L). Before I share my organization's specific comments, I would like to read into the record a letter (Exhibit M) from a Farm Bureau member, Clair Shaw, Jr., owner of Shaw's Land and Livestock Company.

> I am a farmer 50 miles south of Battle Mountain, Nevada; I have been here farming from 1991 to the present day. I am very worried about the rates for electricity in the State of Nevada. To understand my concerns I would like to say a few things about the past with the costs of electric power. As we all know the cost of all things have gone up, we all see that. The big problem is that Sierra Pacific Power has said that the power has only gone up 20 to 30 percent for farmers, but that is not what is going on. The irrigation on my two pivots as far as the amount of water needed has not changed and where the water is pumped from now or how far down in the ground the water is being pumped from has not changed since 1998 but the change in the rate we pay for electricity has gone up 600 percent. If you do not think this is true then why in 1999, 2000, and 2001 we were only paying around $950 to $1,250 per month per pump and now in 2006 we have had electric bills from Sierra Pacific Power Company in the $6,350 to $6,400 per month per pump so that is a cost of around $13,500 per month or a little more. In 2000 that bill per month was only around $2,500 per month for both pumps. So I do not know where I can charge 600 percent more for my hay. I have not paid for anything as far as costs to run my place that someone has put that big of an increase on anything, so I do think that they are overcharging all of the farmers in the State of Nevada.
> Thank you for your time.

The frustrations and concerns of Mr. Shaw are frequently expressed in the contacts we have with our farmer/rancher members who depend on interruptible service rates for crop irrigation. Because of our involvement in the past with the rate setting process as an intervener, we fully understand that the interruptible service rates for irrigation pumping are the result of a formula used to calculate that rate.

The Farm Bureau has been involved in working with the Nevada Legislature to establish this rate-setting process for irrigation. In the past, this rate system

has served Nevada agricultural producers with an affordable rate. It has also provided a workable situation for the power utilities to establish flexibility in reducing power loads because of the interruptible nature of the irrigation rate.

As things have changed, the current formula is not yielding a rate that provides agricultural producers with an affordable rate. That is the purpose of this bill. This bill would change the system for determining the rates for interruptible irrigation service and bring about a more uniform rate across the State for agricultural irrigators. Short of this solution, it seems that the options available to agricultural irrigators are very limited.

Later in the session, we look forward to coming before you to discuss proposals that might allow customers to transfer to more affordable service providers. We hope this Committee will recognize the challenges being faced by agricultural producers like Mr. Shaw and address this problem with passage of A.B. 144. I would be happy to answer any questions.

Chair Oceguera:
Are there any questions? [There were none.]

Erik Taylor, Private Citizen, Battle Mountain, Nevada:
I operate a farm near Battle Mountain, and I am in support of A.B. 144. In the early 1980s when the ISII rate was first established, it helped the farmers and ranchers who were pump irrigating. At that time, power rates were getting so high it was impossible to make an operation profitable. The legislation to establish the ISII rate saved us at that time. Now, we have surpassed that level in our power rate expense. The original ISII rate was a workable rate, and the trade-off for the farmer was having interrupted service. It was a service to the power company and the community. If the system was low on power, we would give up our option to water our crops for a short period of time in order to provide power for everyone else.

I have yet to find an irrigation rate higher than the interruptible rate offered by Sierra Pacific. The rates I pay have increased 125 to 130 percent from 2000 to 2006. Farming and ranching is a stable economy in this State. Gaming and mining, especially mining, have boom and busts cycles. What is left in the small communities is farming and ranching. We contribute to our communities especially in the northern half of the State. With the record profits that Sierra Pacific shows, the small subsidy they grant farmers and ranchers should not be passed on to the consumer. Sierra Pacific could pull the shortfall out of their profits. There seems to be many concerns about wasted resources and inefficiencies in the Sierra Pacific management structure.

In my particular operation, I maintain five or six ranch houses. I would gladly pay 15 to 30 cents more a month for house power in exchange for a better irrigation rate. If you have any questions, I would be happy to answer them.

Chair Oceguera:
We appreciate your coming all the way here to testify. Are there any questions?

Gene Etcheverry, Executive Director, Lander County, Nevada:
Lander County has about 5,800 residents. Of that number,1,250 residents derive their income and livelihood from the agricultural industry. Lander County has a major industry rooted in agriculture. Right now, the mining industry is our key industry, but it is subject to boom and bust fluctuations. Economic diversification is tough. We are pursuing it in Lander County, but when one of our major industries is threatened, we need to support it and recognize the contribution that industry makes to our county and neighboring counties. We would appreciate the Committee's support of A.B. 144. I would be happy to answer any questions.

Chair Oceguera:
Are there any questions? Others wishing to testify in favor? I would like to thank all of you for coming today. I know a lot of you traveled from great distances and we appreciate the public support and comments. We hear you loud and clear. Anyone in opposition to A.B. 144? Anyone wishing to testify to a neutral position on the bill?

Judy Stokey, representing Nevada Power Company and Sierra Pacific Power Company:
Sierra Pacific Power and Nevada Power are neutral on this bill. With me today is Laura Walsh, Manager of Regulatory Pricing and Economic Analysis for both companies. She will answer any specific questions about the rates. I do want to state that power rates should not be set through the legislative process. We believe it is a function of the PUC, but we understand the concerns of our irrigation customers and the challenges they are facing with the increase in power costs. It is also a concern of ours. We are constantly adjusting our plans to address that issue so we can provide reliable service at a reasonable cost. We do this for all our customers, not just the irrigation customers. There is an administrative issue in regards to the PUC determining what that rate would be and when it would be done. The rates are adjusted in all the cooperatives and utilities at various times. The cooperatives are not under the jurisdiction of the PUC, so we would need to provide an administrative solution to incorporate their rates in the structure. We would be happy to answer any questions.

Chair Oceguera:
Are there any questions?

C. Kirby Lampley, Director of Regulatory Operations, Public Utilities Commission of Nevada:
Although the PUC is neutral on this bill, we certainly understand the plight of the agricultural producers in our State. The PUC has been trying for some time to stabilize rates. Unfortunately, we still have some of the highest power rates in the West. Recently, the PUC has taken steps to alleviate that problem. We approved the application to build the Ely Energy Center, which will help the State align all rates in the long run. In the short run, we are still at the mercy of very high and fluctuating natural gas prices. With regard to A.B. 144, I want to clarify that the proposed rate applies only to Sierra Pacific Power. Currently, there are no agricultural customers in the service territory of Nevada Power. Also to verify what Mr. Goicoechea was saying, we generally agree with the numbers that he presented. We estimate that the additional amount the average residential rate payer would have to pay per month would be about 80 cents. I will answer any questions.

Chair Oceguera:
Are there any questions? Others wishing to testify? Does the Committee have any more comments or concerns? A letter in support for A.B. 144 (Exhibit N) has been submitted for the record from Tammy Parker. Ms. Parker did not choose to testify. I am closing the hearing on A.B. 144. Are there any other items to come before the Committee today?

[The meeting was adjourned at 1:21 pm.]

RESPECTFULLY SUBMITTED:

Judith Coolbaugh
Committee Secretary

APPROVED BY:

Assemblyman John Oceguera, Chair

DATE:

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: March 9, 2007 **Time of Meeting: 11:36 a.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Rosters
AB 184	C	Jason Geddes, Private Citizen	Performance-Based Retrofit Projects
AB 184	D	Jason Geddes, Private Citizen	Article
AB 184	E	Jason Geddes, Private Citizen	Testimony
AB 184	F	Victor Buron, Private Citizen	Testimony
AB 184	G	Victor Buron, Private Citizen	Article
AB 184	H	Judy Stokey, Nevada Power and Sierra Pacific Power	Proposed Amendment
AB 184	I	Colleen Janes, Purchasing Officer, State of Nevada, Department of Administration, Division of Purchasing	Proposed Amendment
AB 184	J	Assemblyman Hardy, Assembly District No. 20	Testimony of Jay Johnson
AB 144	K	Assemblyman Goicoechea, Assembly District No.35	Testimony
AB 144	L	Doug Busselman, Nevada Farm Bureau Federation	Testimony
AB 144	M	Doug Busselman, Nevada Farm Bureau Federation	Letter of Support
AB 144	N	Tammy Parker, Private Citizen	Letter of Support