

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-fourth Session
June 2, 2007**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 6:36 p.m. on Saturday, June 2, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Michael A. Schneider
Senator Maggie Carlton

COMMITTEE MEMBERS ABSENT:

Senator Joseph J. Heck (Excused)

GUEST LEGISLATORS PRESENT:

Senator Mike McGinness, Central Nevada Senatorial District
Assemblyman John C. Carpenter, Assembly District No. 33
Assemblyman Marcus Conklin, Assembly District No. 37
Assemblyman Pete Goicoechea, Assembly District No. 35

STAFF MEMBERS PRESENT:

Kelly S. Gregory, Committee Policy Analyst
Lori Johnson, Committee Secretary
Wil Keane, Committee Counsel
Scott Young, Committee Policy Analyst
Gloria Gaillard-Powell, Committee Secretary

OTHERS PRESENT:

Doug Busselman, Nevada Farm Bureau
Judy Stokey, Nevada Power Company; Sierra Pacific Power Company

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James Wadhams, Nevada Rural Electric Association-Wells

CHAIR TOWNSEND:

I will open the hearing on Assembly Bill (A.B.) 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 JOHN C. CARPENTER (Assembly District No. 33):

I am here today to testify in favor of A.B. 144. Assembly Bill 144 makes changes to the rate schedule for irrigators who agreed to give the utility the right to interrupt service to the customers' irrigation pumps.

Under the present law, an irrigator under an interruptible rate is charged the lowest rate a kilowatt the utility offers to any customer. This bill would amend the present structure to provide for the average of the lowest rates of all utilities across the State.

Electrical rates to the irrigators have risen to the point where it is extremely difficult for irrigators to pay the charges. This bill would lower the irrigators' rate to approximately 6.13 cents a kilowatt compared to the 8.12 cents a kilowatt they are now paying.

There has been concern expressed as to what the lowering of the irrigators' rate might mean to the rates of other customers, especially the residential customers. The information we have been able to gather shows it would be very miniscule at about 20-cents-a-month increase.

There are other factors to consider, such as depreciation and maintenance of facilities, and the cost to provide power to irrigators. These could work to an irrigator's favor to prevent any increased cost to other users. Nevada Power Company does not offer an interruptible rate, so A.B. 144 would not affect them. This will all be sorted out in the Sierra Pacific Power Company rate case scheduled for this fall.

I would like to leave you with a few thoughts about our irrigator friends. Agriculture is for most part not a lucrative business. The love of the soil and land is the incentive to keep our farmers tilling the soil. Our food supply is

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dependent upon our farmers and irrigators. The irrigators turn the desert into lush green fields that support wildlife that we all want to enjoy and preserve. The tax base of rural counties depends heavily upon our farmers and ranchers.

SENATOR CARLTON:

Is the rate you currently have the lowest that is offered?

ASSEMBLYMAN CARPENTER:

Yes, that is correct.

SENATOR CARLTON:

Are we talking about averaging out all the other utilities including gas and sewer? What do you mean by other utilities? Are you talking about electricity only?

ASSEMBLYMAN CARPENTER:

Yes. That is correct, just the electrical rates. The lowest electrical rates that all the other utilities throughout the State have.

SENATOR CARLTON:

We have Sierra Pacific, Nevada Power and a couple of co-ops. We would look at those and average the cost and come up with their lowest rate. What confuses me about this is when you are serving a concentrated urban area there is a difference in providing the electricity. You would be getting the benefits of the economics of serving electricity to an urban area when you are in a rural area.

ASSEMBLYMAN CARPENTER:

Actually, the utilities that have the lowest rate are the cooperatives throughout Nevada.

SENATOR MIKE MCGINNESS (Central Nevada Senatorial District):

Nevada's agriculture community faces many challenges trying to grow crops in the driest state in the nation. Nevada farmers produce some of the highest quality alfalfa, grains and cantaloupes. Assembly Bill 144 will assist the farmers in their quest to continue in this challenging lifestyle.

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CHAIR TOWNSEND:

Assemblyman Carpenter, did you say this is entirely inside of Sierra Pacific's certificate of authority and not Nevada Power's?

ASSEMBLYMAN CARPENTER:

Yes, that is correct. Nevada Power does not offer an interruptible rate. It is confined to Sierra Pacific Power.

CHAIR TOWNSEND:

Sierra Pacific Resources is the holding company and the two operating companies are independent of one another. Nevada Power is independent from Sierra Pacific. The service territories do not overlap.

ASSEMBLYMAN PETE GOICOECHEA (Assembly District No. 35):

There are 17 utilities that provide power in Nevada. There is a wide range of rates starting at 3.52 cents at Mount Wheeler Power and the highest is Caliente at 9.5. The problem our irrigators are running into across the State is that you might be serviced by a co-op in Harney Electric or Valley Electric Association with a rate of 4.6 and across the road you would be in Sierra Pacific's service territory with a rate of 8.12 cents. It makes it difficult for the customers depending on what side of the service territory you are in. We tried to go through and take the average lowest rate of the 17 utilities. It allows the Public Utilities Commission of Nevada (PUCN) to set the rate as the highest for interruptible service. We need to be clear this rate is only available from March 1 through October 31. We think the benefit to the utility is they have the ability to interrupt on peak loads. They can call an irrigator and tell them to shut off the pumps. There are very few people in the State that would not be willing to pay \$2.50 or \$3 a year to ensure they would not have a brownout or peak load. The peak load does drive up the cost of the utility. This bill would not go into effect until next March which would allow Sierra Pacific the ability through the rate case this fall to make sure they can offset the rate increases and it would not be an impact or loss to the stockholders. We met last fall with the PUCN, the consumer advocate, Sierra Pacific Power Company and a number of growers across Nevada to bring this bill forward.

CHAIR TOWNSEND:

During your discussion with the consumer's advocate, can they tell what the potential effect would be if you dropped the rate? The power company is not

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going to pick up the way we do our rates. The shareholders will not pick up this, but a ratepayer will.

ASSEMBLYMAN GOICOECHEA:

We anticipate 20 cents a month. We used Sierra Pacific's numbers, and they are more qualified to comment than I am. A multifamily dwelling would be 14 cents a month and 30 cents a month for a single-family dwelling to support this each month.

It would be 1.23 percent of the load, making it an annual load.

CHAIR TOWNSEND:

I am not sure if it is the load during that time or the total load.

It is difficult for those of us from an urban center to understand you can have a co-op on one side of the road and a large publicly traded utility on the other. Have you ever thought about putting all of those people together with the publicly traded companies concentrating on the urban and the co-op taking care of the rural fronts?

ASSEMBLYMAN GOICOECHEA:

I will defer to my colleague.

ASSEMBLYMAN CARPENTER:

We have discussed that and from my point of view it is a worthwhile process to discuss. The utilities are very jealous of their territories, and it does not get anywhere.

CHAIR TOWNSEND:

That is a long way to serve people.

ASSEMBLYMAN CARPENTER:

I think they do not want to give up their territories in case there is a large mine that comes in that would really benefit them.

DOUG BUSSELMAN (Nevada Farm Bureau):

We want to go on record in support of this bill.

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JUDY STOKEY (Nevada Power Company; Sierra Pacific Power Company):

I want to go on record to say we have spoken to the sponsor and the rural caucus on this bill. We are neutral on the bill. This is a rate-design policy decision. I did want to state the numbers that Assemblyman Goicoechea mentioned did come from us and they are accurate. We would treat this like any other subsidy from another program and paid for by the other customers.

CHAIR TOWNSEND:

Was it approximately 3 cents a year?

Ms. STOKEY:

It was approximately 14 cents additional to the subsidy they already receive for multifamily and then another 30 cents a month for the other homes.

JAMES WADHAMS (Nevada Rural Electric Association-Wells):

This bill does require the cooperative associations to supply information, and it is a concern to us that this does not drag us under a tent. We are directly controlled by our owner/customers, and I do not think the PUCN has any interest in regulating us, but we would hate to see that implication be in the bill. If your legal counsel is comfortable with that interpretation, we just wanted to make sure that is clear on the record.

CHAIR TOWNSEND:

Mr. Keane, would it be possible to have a statement that we could put in the record on the Senate Floor regarding the intent of the bill would not give any additional jurisdictional powers to the PUCN over rural co-ops or associations?

WIL KEANE (Committee Counsel):

Absolutely, other than as required in the bill.

CHAIR TOWNSEND:

I would like to submit for the record ([Exhibit C](#)) testimony from Assemblyman Grady, Assembly District No. 38 who has a statement which reflects a number of items outlined by our previous Assemblymen and our colleague in the Senate.

SENATOR HARDY MOVED TO DO PASS A.B. 144.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HECK WAS ABSENT FOR THE VOTE.)

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CHAIR TOWNSEND:

We will now open the hearing on A.B. 186.

ASSEMBLY BILL 186 (3rd Reprint): Revises various provisions relating to economic and energy development. (BDR 32-784)

CHAIR TOWNSEND:

There are two portions of the bill: accountability on abatements approved by the Commission on Economic Development and to increase the Solar Energy Systems Demonstration Program Act for purposes of schools and their capacity would go from 570 kilowatts to 2 megawatts.

SENATOR CARLTON MOVED TO DO PASS A.B. 186.

SENATOR SCHNEIDER SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HECK WAS ABSENT FOR THE VOTE.)

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CHAIR TOWNSEND:

We will now review A.B. 88.

ASSEMBLY BILL 88 (2nd Reprint): Revises provisions governing the collection of debts by collection agencies. (BDR 54-630)

ASSEMBLYMAN MARCUS CONKLIN (Assembly District No. 37):

I would be more than happy if we did not concur. After thinking about the bill a second time, if you want to go to conference, we are more than happy and concur with your amendment. We also could put it in another bill.

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SENATOR HARDY MOVED TO NOT RECEDE FROM AMENDMENT
NO. 678 TO A.B. 88.

SENATOR CARLTON SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HECK WAS ABSENT FOR THE
VOTE.)

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CHAIR TOWNSEND:

The meeting of the Senate Committee on Commerce and Labor is officially
adjourned at 6:58 p.m.

RESPECTFULLY SUBMITTED:

Gloria Gaillard-Powell,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____