

**MINUTES OF THE
SENATE COMMITTEE ON ENERGY, INFRASTRUCTURE AND
TRANSPORTATION**

**Seventy-fifth Session
May 11, 2009**

The Senate Committee on Energy, Infrastructure and Transportation was called to order by Chair Michael A. Schneider at 9:42 a.m. on Monday, May 11, 2009, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, 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 Michael A. Schneider, Chair
Senator Maggie Carlton, Vice Chair
Senator John J. Lee
Senator Shirley A. Breeden
Senator Randolph Townsend
Senator Barbara K. Cegavske
Senator Dennis Nolan

GUEST LEGISLATORS PRESENT:

Assemblywoman Ellen B. Spiegel, Assembly District No. 21

STAFF MEMBERS PRESENT:

Matt Nichols, Committee Counsel
Scott Young, Committee Policy Analyst
Lynn Hendricks, Committee Secretary

OTHERS PRESENT:

Judy Stokey, NV Energy

CHAIR SCHNEIDER:

We will open the work session on Assembly Bill (A.B.) 291.

ASSEMBLY BILL 291: Revises provisions relating to motor vehicle registration.
(BDR 43-919)

CHAIR SCHNEIDER:

We have a work session document prepared by our staff that includes two proposed amendments to this bill: one from Assemblywoman Spiegel, and one from Senator Townsend ([Exhibit C](#)).

SENATOR TOWNSEND:

The purpose of proposed amendment 4760, which starts on page 3 of [Exhibit C](#), was to tie registration of vehicles to school enrollment. When someone moves into the State and registers children in a public school, this would trigger a clock, and they would then have ten days to register their vehicles. The amendment also includes the peace officer issue. I was hoping to be a little more specific about the registration of children in school, but there has been some push-back from school officials, who say they do not want to be tax collectors for the Department of Motor Vehicles (DMV). I am willing to go further, but I offer this in good faith.

SENATOR LEE:

On the first look, this seems like a good idea. However, it seems onerous to make a family register their vehicles on top of everything else that happens when you move. I see a lot of construction people who come in and never put their children in school, and they would not be caught by this. How do you answer a situation like that?

SENATOR TOWNSEND:

It is less onerous than it was. My first suggestion was that they not be allowed to enroll children in school until they prove they have registered their cars. All this says is that once you put them in school, you have ten days to get the car registered. Once you have put a child into school here, you are using our resources, just as your car is using our resources.

SENATOR CEGAVSKE:

What are the consequences for not enrolling your child in school? Even home-schooled children need to be registered as attending home school. The amendment is not an issue for me, but I do have issues with A.B. 291 as a whole. I am still trying to find out what happened that we need constables to do this job.

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CHAIR SCHNEIDER:

Mr. Nichols, please review Assemblywoman Spiegel's proposed amendment, which is on page 2 of [Exhibit C](#).

MATT NICHOLS (Committee Counsel):

Thank you, Mr. Chairman. I spoke with Assemblywoman Spiegel after Friday's hearing. My understanding—I don't really want to speak for her, but my understanding of what she was proposing was to somehow address the notion that a fine or a citation issued by a constable would result in an additional \$100 fee that the person cited would have to pay to the constable, and so that a fine paid to a constable would result in a higher cost to the person than a fine issued by another peace officer. So her idea was to include language that would give the judge or the court discretion to say that the total cost of fines and fees associated with the violation would not exceed \$1,000. And for the second part of her conceptual amendment, she proposed to amend the bill to say that a person becomes a Nevada resident when they enroll their children in school here. And I think that that is at least in part addressed by that portion of Senator Townsend's amendment that requires the registration of the vehicle within ten days after a person registers their child in school here.

SENATOR CEGAVSKE:

Is there a representative from one of the school districts here today? I am curious as to how they would address this issue.

SENATOR TOWNSEND:

The school district does not have any responsibilities in this. The responsibility is on the parent or guardian who registers a child to attend public school. Once they have done that, they have a responsibility to register their car within ten days. If the DMV wants to find out if a car owner has violated the law, they would ask the parent where the child goes to school, then call the school and find out when the child was registered.

SENATOR CEGAVSKE:

How would the parent be notified of this requirement?

CHAIR SCHNEIDER:

A lot of people who move to Nevada do not have children. We have a lot of people who move here when they retire because of our favorable tax structure, but since our car registration fees are fairly high, they keep their cars registered in other states. Senator Lee brought up the fact that a lot of people own cabins in Utah, so they register their cars there and live here.

SENATOR CARLTON:

The fact is that it costs so much to register a car in Nevada, it is cheaper to pay the fine. We already have people who can enforce the law. Maybe we ought instead to make the fine so high that it is cheaper to register your car than to pay the fine. If the ticket is more expensive than registration, people are going to make the effort to get the car registered. Once we have their information in the system, we have them for as long as they are in the State. Right now, if it costs \$500 to register the car and the ticket is only \$250, people will take a chance and not bother to register. Rather than going through all this gyrations, I would see the logical way to fix this is to allow police officers to write a heavier ticket.

SENATOR LEE:

With regard to Senator Townsend's amendment, it refers to public schools. I understand that charter schools are included in this, but parochial schools would not be covered. Is that correct?

CHAIR SCHNEIDER:

Yes, that is correct.

SENATOR LEE:

If we were going to adopt this amendment, we will probably want to put that in there.

CHAIR SCHNEIDER:

Okay. There are no school police in parochial schools.

SENATOR LEE:

Exactly. Our constituents want something done about this. There is merit to this bill, and I am glad we are working on it.

CHAIR SCHNEIDER:

We could say that if you get a ticket, when you register your car the fine could be reduced to \$200 by the judge.

SENATOR CARLTON:

My suggestion would be if there is a statutory cap on the existing fine, it should be raised. But if we do this, will peace officers write the tickets? This is already against the law, and they are not writing tickets for it now. We can raise the rates as much as we like, but if we cannot get it enforced, what is our next step?

SENATOR NOLAN:

Two sessions ago, we put a bill in place requiring the DMV to provide the Department of Public Safety with a list of those who applied for a driver's license and demonstrated residency but did not register a vehicle. Not everyone who applies for a driver's license owns a vehicle, but the assumption was that most of them did. The DMV is supposed to provide that information to the Las Vegas Metropolitan Police Department (Metro), but I am told they have not been receiving it until recently. I would like to know what Metro plans to do with that information. I do not mind if we put a higher fee on individuals who are not registering as long as there is some kind of notification that the fees are about to go up.

ASSEMBLYWOMAN ELLEN B. SPIEGEL (Assembly District No. 21):

There are a couple of things I would like to add to the dialogue. I submitted a proposed amendment on Friday, one part of which would have had judges reduce fines by a specific amount. I have since been informed that this probably is not constitutional, so I need to withdraw that amendment. I have also done some further research into the school question and discovered that in order to enroll a child in school in Nevada, a parent must provide written proof of residency, such as a recent utility bill, a rent receipt or a residence sales contract. So a parent must establish residency before enrolling a child in school, and that starts the 30-day clock ticking.

SENATOR NOLAN:

The information being sent from the DMV to law enforcement is much more universal than just those people who are registering children in school. Of the six out-of-state cars on my street, three of them belong to people who do not have children. This is a loss to the State of \$15 million a year for every year we

do not enforce this law. This is real money that the municipalities need, and it goes to education. If we bump up the fine, law enforcement can use whatever database they want to determine whether people have residency. As long as they are getting that information from the DMV, I do not think we need the school component in the bill. My proposal would be to keep the increase in the fine and not include the component with the schools.

ASSEMBLYWOMAN SPIEGEL:

I like the idea of increasing the fine. It needs to be progressive to catch people who are thumbing their noses at the law year after year. The cost may be more than the \$15 million you mentioned. My calculations suggest it is between \$20 million and \$22 million annually, and that is under current conditions.

SENATOR CARLTON:

Senate Bill (S.B.) 218 is quite similar to A.B. 291. Do we know where it is in the process?

[SENATE BILL 218 \(1st Reprint\)](#): Revises provisions governing certain fees charged by and certain duties performed by constables. (BDR 20-846)

ASSEMBLYWOMAN SPIEGEL:

I believe it will come before the Assembly Committee on Transportation tomorrow. I sat down with Senator Parks, the sponsor of the bill, and the Legal Division to discuss the two bills, and they informed us they do not need to be combined. While A.B. 291 includes a section giving constables the ability to enforce, the big change is in the fine for people who do not register their cars. Senate Bill 218 gives constables the ability to enforce, but it also includes the mechanisms for them to receive fees, which A.B. 291 does not cover.

CHAIR SCHNEIDER:

The part of A.B. 291 that lets the judge reduce the fine from \$1,000 to \$200 seems to be an incentive to let people skate along as long as they can.

SENATOR TOWNSEND:

We ought to make the fine double the cost of registration.

SENATOR NOLAN:

That might be reasonable, given that the cost of the fine would vary with the price of the car. Someone who could only afford to buy a small car would pay a much smaller fine than someone who was buying a Ferrari.

SENATOR CARLTON:

I would like to hold off on A.B. 291 until we see what happens with S.B. 218 on Tuesday.

SENATOR LEE:

Are we still considering Senator Townsend's amendment?

CHAIR SCHNEIDER:

Yes.

SENATOR LEE:

In that case, I would like to add in the parochial schools rather than just public schools.

CHAIR SCHNEIDER:

I will close the work session on A.B. 291, and we will revisit the bill on Wednesday. I will open the work session on S.B. 358.

[SENATE BILL 358 \(1st Reprint\)](#): Revises provisions related to energy. (BDR 58-1146)

CHAIR SCHNEIDER:

We have proposed amendment 4821 ([Exhibit D](#), original is on file in the Research Library). We also have a short document from the Research Division explaining the amendment ([Exhibit E](#)).

SENATOR TOWNSEND:

I have two questions that are fundamental to the debate; they are not technical in nature. With regard to the new Renewable Energy and Energy Efficiency Authority and the Nevada Energy Commissioner proposed by [Exhibit D](#), if either an incumbent utility or a new provider of electric service makes a proposal, do they have to go through both the Authority and the Public Utilities Commission of Nevada (PUCN)? If they get approval from one of those bodies, does that allow them to bypass the other? That is not addressed in the amendment, and

I do not think its goal was to double up on the regulatory process. They have two distinct responsibilities.

MR. NICHOLS:

The Renewable Energy and Energy Efficiency Authority does not supplant the PUCN in the regulatory process in any way. There's no portion of the bill—or, I'm sorry, the proposed amendment, as I understand it, that would alter the relationship between the incumbent utility or a new provider and the PUCN, as far as establishing rates or any sort of—well, the new Authority is not going to be involved in the regulatory process, let's put it that way.

SENATOR TOWNSEND:

It is important that we get that on the record. Based on my reading of the amendment, I do not think we need to write anything else, but it is important that everyone understand. If they are not independent, there may be some question.

My second question is a fiscal issue. My reading of [Exhibit D](#) is that the commissioner will have some flexibility in dealing with payroll, in much the same way that the State Gaming Control Board has. They take their money from fees from licensees, and they can hire and move money around relative to payroll based on needs. Some people are going to get paid more than others. Does the amendment give the commissioner the kind of flexibility they need to do this?

SENATOR CARLTON:

Do you want them to be in unclassified service?

SENATOR TOWNSEND:

Not necessarily. The amendment is quite clear that certain members are unclassified and certain members are classified. But within the unclassified service, you need some flexibility with the highly specialized individuals. I want to make sure we have not precluded the commissioner from having the authority to establish a structure such as the Gaming Control Board has relative to the unclassified individuals who are likely to be in those specialty categories.

MR. NICHOLS:

There's no detail in the proposed amendment beyond the designation of the commissioner as an unclassified employee and authority for the commissioner to hire people in the unclassified service. If you want additional clarification on that point, we could address it here.

SENATOR TOWNSEND:

I do not know if we need to write anything additional. I would just like to know from the Fiscal Analysis Division how they have dealt with the Gaming Control Board in the past, and is this language adequate to allow that flexibility.

MR. NICHOLS:

"I will have to talk to Fiscal, and I'll get back to you on that."

SENATOR CARLTON:

I have two concerns after reading [Exhibit D](#). I see partnerships being developed with the university system, but we have some wonderful apprenticeship programs out there that are not referred to. It seems to me we would want everyone to have these opportunities, not just those at the university level.

MR. NICHOLS:

"Are you talking about in section 19.7?"

SENATOR CARLTON:

Yes. There is nothing in there about apprenticeship programs.

MR. NICHOLS:

No, I—That's a correct reading. These provisions address the Board of Regents of the Nevada System of Higher Education [NSHE] and what they should be doing internally. It's—if you want to add an additional requirement here that they work with outside entities, we could add that to the bill. In Senator Horsford's Green Jobs Initiative—that's S.B. 152—the outside apprenticeship programs are specifically included in the nonprofit collaboratives that will be doing the job training for residential weatherization, public building retrofits for renewable energy and related industries, including the construction of renewable-energy equipment. So they are addressed with regards to the Green Jobs Initiative.

[SENATE BILL 152 \(1st Reprint\)](#): Enacts the Green Jobs Initiative. (BDR 58-172)

SENATOR CARLTON:

There is some concern that S.B. 152 is not clear on that point. If it is not stated, it can be argued it was never meant to be included. Since those programs are out there and running, should they not be included in S.B. 358 in some way?

MR. NICHOLS:

"Well, I'll agree that your interpretation of this bill [S.B. 358] is correct, that there is no specific mention of job training organizations that are outside of NSHE. I don't know that I would agree with that interpretation of S.B. 152."

SENATOR CARLTON:

There are concerns about it. The more places you state something, the more certain you are that everyone gets the message on what we intended and that we did not want anyone excluded. The last thing I want to do is exclude the hundreds of people involved in apprenticeship programs.

CHAIR SCHNEIDER:

I believe S.B. 152 deals with getting people trained to do the jobs. Senate Bill 358 deals with the universities, and that was the intent. There is a lot of technological development that has to happen at the university level before the ground-level jobs will be created. You cannot train for the jobs of the future until the technology is developed at the university level.

SENATOR TOWNSEND:

I think your analysis is accurate. In addition, S.B. 152 came about as a direct result of the American Recovery and Reinvestment Act of 2009 (ARRA) and is focused entirely on jobs. This effort, S.B. 358, has been focused on driving policy. Its major purpose is making intellectual capacity available to technology companies and drawing new venture capital into Nevada, which will drive the broader policy from which jobs can be created. We probably should have passed S.B. 358 before S.B. 152. I do not think we are excluding anybody, but I do not have a problem if you want to clarify it.

SENATOR CARLTON:

My problem is with section 19.7, subsection 2 of [Exhibit D](#), which states:

To the extent money is available, the Board of Regents shall establish and maintain job training programs at the community colleges within the System which are designed to provide students with the technical skills necessary to build and operate renewable energy plants, including, without limitation, installing energy efficiency and distributed generation equipment.

By not mentioning the other programs, it seems we are excluding them. If the university system is going to get into the field of job training, we need to make sure we do not miss a step.

SENATOR CEGAVSKE:

Are the apprenticeship programs aligned with higher education so they have to work with them to get the credits?

SENATOR CARLTON:

No, I do not think so. In an apprenticeship program, you work under a journeyman and are working at the same time. You do go to school, but it does not transfer over into college credit. Portions of it may, depending on what higher education will recognize.

SENATOR CEGAVSKE:

I do not disagree with you. I would just like to have the language in there to make it clear.

SENATOR TOWNSEND:

Maybe to accommodate Senator Carlton's concern, we should look at the language we put into S.B. 152 with an eye to using it in S.B. 358.

SCOTT YOUNG (Committee Policy Analyst):

The portion of S.B. 152 you are referring to is section 9. The distinction between the two bills is that S.B. 152 is directed at programs that will largely be funded through ARRA funds, though there may be ongoing components, and S.B. 358 looks at ongoing educational programs at the university and community-college level. The two bills are not necessarily mutually exclusive, and you could certainly put a component into S.B. 358 that mirrors the type of

job-training programs and skills in S.B. 152. However, if you do that, you will have to look at the funding source for those programs under S.B. 358.

CHAIR SCHNEIDER:

When you get to the university level, you are creating science and architects and engineers are being trained. I do not want to confuse a university education with a jobs-training program. Maybe we should adjust section 19.7, subsection 2 of the proposed amendment to S.B. 358 or even take it out entirely.

SENATOR TOWNSEND:

I think you have identified the problem. We are at cross-purposes with the two bills. One option is to remove section 19.7, subsection 2 of the proposed amendment to S.B. 358 and make no reference to training in the bill. We have already dealt with that issue in S.B. 152. The goal of S.B. 358 is to develop technology, and the jobs will follow that technology.

SENATOR CARLTON:

My second question has to do with section 11.3 of the proposed amendment to S.B. 358, which deals with the decoupling issue. That is a significant issue as far as a public-policy statement. I was under the impression we were talking about a study, but section 11.3, subsection 1 of [Exhibit D](#) now reads, "The Commission shall adopt regulations" I do not believe this is something the Committee has really delved into and asked public-policy questions on. Were we going to do that today?

I have a list of questions on decoupling and what we are trying to accomplish for the Consumer's Advocate, Bureau of Consumer Protection, Office of the Attorney General. Has it been done in other states? What was the impact on the rates? What information can our Consumer's Advocate share with us about decoupling? Are we already doing it in Nevada with the gas company? Is that what their test year was all about? If the PUCN does this, how long will the regulations take, and when will this actually be put into effect? Those are basic policy questions. Then we have the technical questions, such as how are we going to find a base year or baseline? In the newspaper this morning, there was an article about houses that are standing dormant. How are we going to distinguish between conservation and the foreclosure crisis? Beyond the public policy of allowing the utility to recoup profit on energy that was not sold, we get into the question of how we are going to figure out what multiplier they are

going to get. How are we going to quantify the number? On my street alone, there are six empty houses. If we are incentivizing them for conservation, how do we figure out the real numbers? How are they going to pick the base-load year? If they use numbers from the beginning of 2008, the numbers will be very different from the end of 2008.

SENATOR TOWNSEND:

The point is an excellent one, but it can be broken out. The cost to the customer right now includes everything. Depending on whether a home is vacant or occupied, the infrastructure has to be provided. This financing mechanism is much like that in place for natural gas. Once you build the infrastructure, no matter how much commodity you use, that infrastructure still costs the same. That was the original goal. The second goal is to say to the consumer, "You can help control your own destiny." If you know the price of electricity will go down the less you use, it is an incentive to conserve. With regard to unoccupied homes, the PUCN and the utility can identify whether a home is occupied or not, based on usage. As long as it is hooked up to the grid, there will be a minimum amount of usage because there are things that go on that feed the house at a minimal level.

I do not have an answer for how the base year will be figured. The important thing is to get the timing right. You do not want to use a point in the middle of the summer, for example. If they are going to draft a regulation, they will probably want it to go into effect when it starts to cool off in the fall. That is when the public will have the least amount of difficulty adjusting their usage. If they start it in July, it will be much harder for people in Las Vegas to cut usage than if they wait for the cooler weather.

CHAIR SCHNEIDER:

We will have the Consumer's Advocate and a representative from the PUCN here for our next meeting on S.B. 358 to answer these questions.

SENATOR CARLTON:

Thank you. We need time to discuss the public-policy part of this so that we can explain to our constituents exactly what this all about. With everything being delineated on the bills, I am sure it is going to be a line item on the bill, we need to be prepared. We need to have some idea of how much profit the utility is going to make on energy they do not sell.

SENATOR TOWNSEND:

We have to remember that we are about to put \$40 million into energy conservation in Nevada in a single 12-month period. We are hoping it is the most effective use of those dollars possible and that usage will drop dramatically. The problem is the providers have substantial embedded costs. The basic question, then, is how do we transition?

SENATOR CEGAVSKE:

I have a number of questions. My first question is the same question I asked the first time we discussed S.B. 358: How much will each of the bills on renewable energy that we have processed cost consumers? I will sit here until I get an answer from the utilities on this.

JUDY STOKEY (NV Energy):

We are still calculating some of the numbers, but I can give you some of the numbers from S.B. 358. The distributed generation piece is \$1.44 per month per average residential customer for the first year only. We would rather look at the 4-year average of 68 cents because the cost will be drastically reduced after the first year. That is the maximum amount if we were to use the entire cap.

When it comes to increasing the Renewable Energy Portfolio Standard from 20 percent to 25 percent, the cost depends on what happens with carbon legislation at the federal level. If things were to stay the way they are right now, which I do not believe they will, the cost could be between \$13 million and \$40 million annually. This would not impact customers until the increase goes into effect in 2021 and would mean an average monthly increase for residential customers between 43 cents and \$1.30.

The 5-percent to 6-percent solar set-aside will not happen until 2016. The cost of that will be between \$6.6 million and \$9.9 million.

If the utility were able to get the same abatements as some of the other renewable developers, that will be a savings to customers of \$11 million to \$12 million annually.

That is all there is in S.B. 358. We have some rough estimates for the other bills that have passed, but I do not have them with me. I will get them to you today.

SENATOR CEGAVSKE:

I appreciate getting the information. That has been the heart of what I need to make a decision on this and similar bills.

CHAIR SCHNEIDER:

The power companies should supply you with the assumptions they used to create those numbers. Their numbers will probably be different from those created by the Consumer's Advocate, the PUCN and the solar industry.

SENATOR CARLTON:

You will also want to remember that in a previous presentation, we heard about money already being spent on renewables. That money will continue, so the two sets of figures need to be meshed. Decoupling will also have an effect on rates.

SENATOR CEGAVSKE:

I am also still trying to get an answer to why we need a Nevada Energy Commissioner when we already have a director of the Office of Energy. Why can the director not undertake the duties being assigned to the commissioner? Why do we need to create a new position? I also want to know which position has authority. If the commissioner does something the director does not like, who is in charge? We need to have that defined. I am still trying to justify why we are creating a new job. Do we know the salary and benefits? Do they get staff? Section 1.23, subsection 6 of [Exhibit D](#) says the commissioner may employ or retain legal counsel. Are we able to use the Office of the Attorney General (AG) for this? What will the cost be?

MR. NICHOLS:

The concern with using the attorney general's office as legal staff for the Nevada Energy Commissioner is the interplay between the Consumer's Advocate, the Office of Energy and the Nevada Energy Commissioner, and having to wall off people within the attorney general's office from each other so that there's no conflict of interest between the attorneys in the AG's office. Because those are, I guess broadly speaking, all one client, in that they're all entities of the State, but they may be at cross-purposes in certain proceedings. And so the idea was to have independent counsel for the Nevada Energy Commissioner.

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SENATOR CEGAVSKE:

Does the director not already have that?

MR. NICHOLS:

"The director, if I understand correctly, is represented by the Attorney General—and Nick is shaking his head 'yes.'"

SENATOR CEGAVSKE:

Are we now giving the commissioner their own legal counsel?

MR. NICHOLS:

"That's correct."

SENATOR CEGAVSKE:

We are making them a separate entity.

MR. NICHOLS:

"That's also correct."

SENATOR CEGAVSKE:

It seems that the commissioner, the PUCN and the director are three separate entities here. How does that play out? Where is the money coming from to employ or retain legal counsel?

MR. NICHOLS:

As I understand it, the three separate entities you've identified—the Office of Energy, the Nevada Energy Commissioner and the Authority, and then the Public Utilities Commission—have three separate roles. And the Office of Energy will be primarily for the collection and analysis of data concerning energy consumption in the State. The director will also serve as the federal point of contact for the State with regard to energy issues. The Public Utilities Commission is the regulatory body. They deal with the public utilities and their rates. And then the Nevada Energy Commissioner would fall somewhere in between, dealing primarily with renewables and energy conservation. But there—there's no overlap between the role of the PUCN and the role of the new Nevada Energy Commissioner or the Authority. In fact, there are specific provisions in this amendment that require those

three entities to work cooperatively in those areas where there is any sort of overlap of interest or duties.

And as for the funding for the legal counsel and for all the other staff of the Nevada Energy Commissioner, that's going to be funded through a portion of the mill tax. And that is in—I think you identified it earlier—sections 11.7 and 11.9. I believe it's anticipated that in the first year, beginning—well, beginning July 1 of this year—that initially the Authority would be funded by stimulus money. There's a set-aside within the energy portion of the stimulus money for administrative expenses. And it's anticipated that both Dr. Gecol's office and the Nevada Energy Commissioner would be funded through that mechanism for the first year. After year one, the Nevada Energy Commissioner and the Authority would be funded through a portion of the mill tax; and in two years, the Energy Office would also be funded through a portion of the mill tax.

SENATOR CEGAVSKE:

All of that is paid for by the ratepayers. I have a concern about that.

SENATOR CARLTON:

When we speak about legal counsel, are we talking about full-time in-house counsel, or are we talking about contracted counsel who will come in on an intermittent basis?

MR. NICHOLS:

"The authority is to—to either retain permanent counsel or to do that on a contract basis. The commissioner has authority to do one or the other."

SENATOR CEGAVSKE:

In section 1.25 of [Exhibit D](#), we are creating a local governmental panel. Are they paid a per diem allowance? There is also an industry task force, and I would like to make sure it is on the record that they are not supposed to be paid. But are they receiving a per diem allowance?

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MR. NICHOLS:

"Well, it's not specifically mentioned in the bill. If you want to include a provision that they're to be paid the per diem while they carry out their duties—"

SENATOR CEGAVSKE:

No, I do not want them to be paid.

MR. NICHOLS:

"There is no authority to pay them in the bill, so if you want—"

SENATOR CEGAVSKE:

Who is staffing these groups?

MR. NICHOLS:

"The Authority is going to staff those committees—well, the task force and the panel."

SENATOR CEGAVSKE:

Will that be paid by the mill tax?

MR. NICHOLS:

"Yes."

SENATOR CEGAVSKE:

I would like to know how many jobs we are creating. Also, section 1.59 of [Exhibit D](#) requires the Nevada Energy Commission to adopt regulations for the conservation of energy in buildings. When I read what they want us to do, the first thing that came to mind was how can we require somebody to do something when we do not have something set up for recycling? That has to be addressed before we can mandate anything along those lines.

In section 3 of [Exhibit D](#), NV Energy answered the cost part. In subsection 7 of section 3, we need a report from them that includes who all the suppliers are, where they are located and what kind of money they are making.

Senator Carlton raised the point about decoupling. I am looking not only at the consumer, but at the shareholders. They are the ones who are at risk here.

SENATOR TOWNSEND:

Decoupling does two things. First, it allows shareholder confidence with regard to predictability. They know the investments being made by the utility in transmission and distribution, as well as generation, are going to be recovered, including the cost of trucks, equipment and people. It becomes now an issue with commodity. It allows the company that made this investment based on a current rate schedule to say that the rate schedule will change because we are going to conserve more to recover our fixed costs. That gives the shareholder a certain amount of stability and predictability. What it does for the consumer is the consumer, based on the ability to pay only for the hard costs and not the commodity cost, to control their own destiny by paying more attention to when they use electricity because the less commodity they use the less they pay. So those are the trade-offs for the two. It is not as easy as it sounds in the beginning because customers have a hard time changing their behavior. But over time, you are self-taught and it gets easier. So there is a balance between those two.

SENATOR CEGAVSKE:

Section 18.1 of S.B. 358 was originally just about the City of Henderson, but it now includes everyone, which is good. However, [Exhibit E](#) states: "This proposal is based on the 'Berkeley Model.'" Why do we want to follow California? Not everything they do has turned out great.

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CHAIR SCHNEIDER:

We will continue to work on S.B. 358 and this amendment tomorrow.

Is there any further business to come before the Committee? Hearing none,
I will adjourn the meeting at 11:03 a.m.

RESPECTFULLY SUBMITTED:

Lynn Hendricks,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE: _____