

ASSEMBLY BILL NO. 199—COMMITTEE
ON COMMERCE AND LABOR

(ON BEHALF OF THE LEGISLATIVE COMMITTEE
ON PUBLIC LANDS)

MARCH 4, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the sale of electricity and provision of transmission service and distribution service by the Colorado River Commission of Nevada. (BDR 58-206)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to energy; authorizing the Colorado River Commission of Nevada to sell electricity and provide transmission service and distribution service to certain new customers; requiring such a customer to purchase any balance of its capacity and electric transmission and distribution services from an electric utility that primarily serves densely populated counties; requiring certain new customers of the Commission to pay certain charges, fees and tariffs; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 In 1922, seven states, including Nevada, entered into the Colorado River
2 Compact to allocate among the joining states the water rights to the Colorado River
3 and its tributaries in the Colorado River Basin. The United States Congress passed
4 the Boulder Canyon Project Act in 1928 (43 U.S.C. §§ 617 et seq.) to provide for
5 the construction of works along the Colorado River, including the Hoover Dam,
6 and to approve the Colorado River Compact. In 1935, the Nevada Legislature
7 created the Colorado River Commission of Nevada and charged the Commission
8 with securing and protecting Nevada's rights and interests in the waters of the
9 Colorado River and in hydroelectric power generated on the Colorado River. (NRS
10 538.041-538.251) Various federal laws have modified the allocation of
11 hydroelectric power delivered from the Hoover Dam since its construction. Most



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recently, the United States Congress passed the Hoover Power Allocation Act of 2011 (43 U.S.C. §§ 619 et seq.), which creates a resource pool of capacity and associated firm energy for new customers in certain geographical areas of Nevada, California and Arizona that do not currently receive power from the Hoover Dam. The Act directs the Commission to allocate a certain amount of capacity and associated firm energy from the resource pool to new customers in Nevada under contracts that will become effective on October 1, 2017.

Existing Nevada law authorizes the Commission to sell electricity without being subject to the jurisdiction of the Public Utilities Commission of Nevada only to meet the existing and future electricity requirements of certain existing customers in this State. (NRS 704.787) This bill authorizes the Commission to contract with certain new eligible customers to allocate the 5 percent of capacity and associated firm energy which is available to the Commission as a resource pool for new customers pursuant to the Hoover Power Allocation Act of 2011 without subjecting the Commission to the jurisdiction of the Public Utilities Commission of Nevada. This bill prohibits the Commission from meeting the demand for electricity of any new customer that is located within the service area of an electric utility that primarily serves densely populated counties in excess of the allocation made to the customer from the resource pool of capacity and associated firm energy created pursuant to the Hoover Power Allocation Act of 2011 and requires such a new customer to purchase any balance of its capacity and electric transmission and distribution services from the electric utility. This bill further requires certain new customers to pay certain charges and fees and to account for the customer's load-share portion of any unrecovered balance in the deferred accounts of the electric utility. This bill also requires the Public Utilities Commission of Nevada to establish a just and reasonable tariff, payable to the electric utility, for the provision by the electric utility of electricity and electric distribution service to new customers of the Colorado River Commission of Nevada.

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

Section 1. NRS 704.787 is hereby amended to read as follows:

704.787 1. The Colorado River Commission of Nevada may, *without being subject to the jurisdiction of the Public Utilities Commission of Nevada*, sell electricity and provide transmission service or distribution service, or both, only to meet the existing and future requirements of:

(a) Any customer that the Colorado River Commission of Nevada on July 16, 1997, was serving or had a contract to serve. ~~† and†~~

(b) The Southern Nevada Water Authority and its member agencies for their water and wastewater operations. ~~†~~

~~† without being subject to the jurisdiction of the Public Utilities Commission of Nevada.†~~

(c) Except as otherwise provided in this paragraph and subsection 2, any customer that receives an allocation of capacity and associated firm energy from the Western Area Power Administration of the United States Department of Energy, and



1 any customer that has had an annual peak load of at least 1
2 megawatt and receives an allocation of capacity and associated
3 firm energy of at least 1 megawatt from the Colorado River
4 Commission of Nevada, on or after October 1, 2017, from the
5 resource pool of capacity and associated firm energy created
6 pursuant to the Hoover Power Allocation Act of 2011, 43 U.S.C.
7 §§ 619 et seq. The Colorado River Commission of Nevada shall
8 not, by the sale of electricity or by the provision of any
9 transmission service or distribution service pursuant to this
10 paragraph, meet the demand for electricity of any customer that is
11 located within the service area of an electric utility that primarily
12 serves densely populated counties in excess of the allocation made
13 to the customer from the resource pool of capacity and associated
14 firm energy created pursuant to the Hoover Power Allocation Act
15 of 2011, 43 U.S.C. §§ 619 et seq.

16 2. A customer that receives an allocation of capacity and firm
17 energy as described in paragraph (c) of subsection 1 shall, if the
18 customer is located within the service area of an electric utility
19 that primarily serves densely populated counties, purchase from
20 the electric utility any necessary transmission and distribution
21 services and any balance of capacity and energy which is not
22 purchased pursuant to paragraph (c) of subsection 1 or generated
23 by the customer.

24 3. Except as otherwise provided in this subsection, a customer
25 shall, for the capacity and firm energy received as described in
26 paragraph (c) of subsection 1:

27 (a) Pay the universal energy charge imposed pursuant to NRS
28 702.160, unless the customer is the State, a political subdivision of
29 the State or any other governmental entity or customer that is not
30 required to pay the universal service charge pursuant to
31 NRS 702.160.

32 (b) Pay any mandatory fees imposed by the Public Utilities
33 Commission of Nevada pursuant to chapter 701B, 702 or 704 of
34 NRS which are assessed against customers in the same rate class.

35 (c) If the customer is located within the service area of an
36 electric utility that primarily serves densely populated counties,
37 pay to the electric utility a fee or receive a credit from the electric
38 utility which is approved by the Public Utilities Commission of
39 Nevada pursuant to paragraph (b) of subsection 7 of NRS
40 704B.310 for the purpose of offsetting the customer's load-share
41 portion of any unrecovered balance in the deferred accounts of the
42 electric utility for the costs for purchased fuel and purchased
43 power and for which the electric utility seeks a rate adjustment
44 pursuant to subsections 10 and 11 of NRS 704.110.



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1 ↪ *The provisions of this subsection do not apply to a customer*
2 *who receives an allocation described in paragraph (c) of*
3 *subsection 1 in accordance with the State Plan for Economic*
4 *Development developed pursuant to NRS 231.053.*

5 4. The Public Utilities Commission of Nevada shall establish a
6 just and reasonable tariff for ~~such~~ :

7 (a) *The electric distribution service authorized by paragraphs*
8 *(a) and (b) of subsection 1 to be provided by an electric utility that*
9 *primarily serves densely populated counties to the Colorado River*
10 *Commission of Nevada for its sale of electricity or electric*
11 *distribution services, or both, to ~~any~~ a customer ~~that~~ of the*
12 *Colorado River Commission of Nevada ~~on July 16, 1997, was~~*
13 *~~serving or had a contract to serve, and to the Southern Nevada~~*
14 *~~Water Authority and its member agencies to meet the existing and~~*
15 *~~future requirements for their water and wastewater operations.]~~*
16 *pursuant to paragraph (a) or (b) of subsection 1.*

17 (b) *The electricity and electric distribution service authorized*
18 *by paragraph (c) of subsection 1 and subsection 2 to be provided*
19 *by an electric utility that primarily serves densely populated*
20 *counties to the Colorado River Commission of Nevada for its sale*
21 *of electricity or electric distribution services, or both, to a customer*
22 *of the Colorado River Commission of Nevada pursuant to*
23 *paragraph (c) of subsection 1.*

24 ~~3.]~~ 5. An electric utility that primarily serves densely
25 populated counties shall provide electric distribution service
26 pursuant to the tariff required by subsection ~~2.]~~ 4.

27 ~~4.]~~ 6. The Colorado River Commission of Nevada ~~shall:~~
28 ~~—(a) Review and analyze available information, studies and~~
29 ~~reports to assess the feasibility of constructing a hydrokinetic~~
30 ~~generation project below Hoover Dam to assist in meeting any~~
31 ~~existing or future requirements described in subsection 1; and~~
32 ~~—(b) If the analysis indicates that construction of such a~~
33 ~~hydrokinetic generation project is feasible, present that analysis to~~
34 ~~appropriate agencies of the Federal Government and request that~~
35 ~~those agencies determine whether to construct a hydrokinetic~~
36 ~~generation project below Hoover Dam.]~~ *may adopt regulations to*
37 *carry out the provisions of this section.*

38 ~~5.]~~ 7. As used in this section:

39 (a) *“Costs for purchased fuel and purchased power” has the*
40 *meaning ascribed to it in paragraph (b) of subsection 5 of*
41 *NRS 704.187.*

42 (b) *“Electric utility that primarily serves densely populated*
43 *counties” means an electric utility that, with regard to the provision*
44 *of electric service, derives more of its annual gross operating*
45 *revenue in this State from customers located in counties whose*



1 population is 700,000 or more than it does from customers located
2 in counties whose population is less than 700,000.

3 ~~{(b) “Hydrokinetic generation project” means a project that~~
4 ~~generates electricity from waves or directly from the flow of water~~
5 ~~in rivers, streams, channels and other inland waterways.}~~

6 (c) “Southern Nevada Water Authority” has the meaning
7 ascribed to it in NRS 538.041.

8 **Sec. 2.** This act becomes effective:

9 1. Upon passage and approval for the purpose of adopting
10 regulations and performing any other preparatory administrative
11 tasks that are necessary to carry out the provisions of this act; and

12 2. On October 1, 2013, for all other purposes.

