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

Seventy-Seventh Session
May 27, 2013

The Committee on Commerce and Labor was called to order by Chairman David P. Bobzien at 1:57 p.m. on Monday, May 27, 2013, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 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 nelis.leg.state.nv.us/77th2013. 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 David P. Bobzien, Chairman
Assemblywoman Marilyn K. Kirkpatrick, Vice Chairwoman
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblyman Skip Daly
Assemblywoman Olivia Diaz
Assemblyman John Ellison
Assemblyman Jason Frierson
Assemblyman Tom Grady
Assemblyman Ira Hansen
Assemblyman Cresent Hardy
Assemblyman James W. Healey
Assemblyman William C. Horne
Assemblyman Pete Livermore
Assemblyman James Ohrenschall

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Kelvin Atkinson, Clark County Senatorial District No. 4

STAFF MEMBERS PRESENT:

Kelly Richard, Committee Policy Analyst
Matt Mundy, Committee Counsel
Leslie Danihel, Committee Manager
Julie Kellen, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Shawn Elicegui, Associate General Counsel, Legal, NV Energy
Tom Clark, representing Sempra U.S. Gas and Power
Lisa Briggs, Regional Director, External Affairs, Sempra U.S. Gas and Power
Ernie Adler, representing International Brotherhood of Electrical Workers Local 1245
Gail Tuzzolo, representing Nevada AFL-CIO
Randy Soltero, representing International Alliance of Theatrical Stage Employees Local 720; Teamsters Local 631
Jack Mallory, representing Southern Nevada Building and Construction Trades Council
Daniel Menahem, Manager, Development, Emerging Renewables, Renewable Energy Systems Americas Inc.
Terry Page, Director, Business Development, Enel Green Power North America, Inc.
Kyle Davis, Political Director, Nevada Conservation League and Education Fund
Joshua J. Hicks, representing First Solar
Joe Johnson, representing Toiyabe Chapter, Sierra Club
Rose McKinney-James, representing Bombard Electric; Energy Works, LLC
Patrick Sanderson, representing Nevada Alliance for Retired Americans
Audra Hartmann, Director, Government and Regulatory Affairs, NextEra Energy Resources
Alisa Nave-Worth, representing Station Casinos
Josh Griffin, representing MGM Resorts International
Richard Perkins, representing Wynn Las Vegas
Paul Moradkhan, Director, Government Affairs, Las Vegas Metro Chamber of Commerce

Stacey Crowley, Director, State Office of Energy, Office of the Governor
Fred Schmidt, representing Southwest Energy Efficiency Project
Robert G. Johnston, representing Western Resource Advocates
C. Joseph Guild III, representing Southwest Generation
John Scire, Private Citizen, Sparks, Nevada
Marlene Lockard, representing Nevada Consumer Protection Alliance
Robert Kahn, representing Independent Power Producers Coalition-West
Joe Greco, Senior Vice President, Terra-Gen Power
Geoffrey Lawrence, Deputy Policy Director, Nevada Policy Research Institute
Cynthia Mitchell, Principal, Energy Economics, Inc., Reno, Nevada
Ray Bacon, representing Nevada Manufacturers Association
Warren B. Hardy II, representing Hamilton Solar
Donald Lomoljo, Utilities Hearings Officer, Public Utilities Commission
Anne-Marie Cuneo, Director of Regulator Operations, Public Utilities Commission
Daniel Jacobsen, Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General
Terry Graves, representing Nevada Cogeneration Association 1 and 2

Chairman Bobzien:
[Roll was called.] Before we start with our business today, let us open our work session on Senate Bill 498 (1st Reprint).

Senate Bill 498 (1st Reprint): Revises provisions relating to telecommunications. (BDR 58-1097)

Kelly Richard, Committee Policy Analyst:
Before you today is Senate Bill 498 (1st Reprint). It was heard in Committee on May 22, 2013, and sponsored by the Senate Committee on Commerce, Labor, and Energy. The bill authorizes certain telecommunication providers to access the databases created and maintained by the Department of Health and Human Services for the exclusive purpose of determining or verifying customers who are eligible for Lifeline service. [Read from work session document (Exhibit C).]

Chairman Bobzien:
What is the pleasure of the Committee?

> ASSEMBLYMAN HARDY MOVED TO DO PASS SENATE BILL 498 (1ST REPRINT).
>
> ASSEMBLYMAN FRIERSON SECONDED THE MOTION.
>
> THE MOTION PASSED UNANIMOUSLY.

That concludes our work session. We are now going to open up the hearing on Senate Bill 123 (2nd Reprint). We welcome Senator Atkinson, the Chairman of the Senate Committee on Commerce, Labor, and Energy.

Senate Bill 123 (2nd Reprint): Revises provisions relating to energy. (BDR 58-106)

Senator Kelvin Atkinson, Clark County Senatorial District No. 4:
I am here to open the dialogue on Senate Bill 123 (2nd Reprint). I have a few things I would like to cover, and then I would like to pass it over to NV Energy.

This bill requires certain electrical utilities to file with the Public Utilities Commission of Nevada (PUC) a comprehensive plan for emissions reduction from coal-fired electrical plants and for the replacement of such plants with increased capacity for renewable energy facilities and other electrical generating plants. The measure prescribes the minimum requirements of such plants, including the retirement or elimination of not less than 800 megawatts of coal-fired electrical generating capacity on or before December 31, 2019. [Continued to read from the bill digest.] The bill prescribes the powers and duties of the PUC and the Division of Environmental Protection of the State Department of Conservation and Natural Resources with respect to such plan.

Sections 1 through 6 define "coal-fired electric generating plant," "electric utility," "emissions reduction and capacity replacement plan," and "renewable energy facility." The bill's definition of "demand response program" is deleted, by amendment, in section 3.

Section 7 requires utilities to submit the emissions reduction and capacity replacement plan to the PUC. While the plan provides for retirement of 800 megawatts of coal-fired capacity by December 31, 2019, the utility is required to construct, acquire, or contract for 350 megawatts of renewable energy. The plan calls for initiating construction or acquisition of new

renewable energy facilities with a generating capacity of 50 megawatts to be owned and operated by the utility on or before December 31, 2017. The utility is required to construct or acquire 550 megawatts of electrical generating capacity from other electric generating plants. The utility must also include plans for strategic purchase of fixed-price natural gas and the decommissioning of coal-fired generation. The main plan may include other facilities, including pipelines, transportation, and transmission.

In section 8, all elements of the plan are deemed prudent, and the utility is allowed to recover all costs, including those related to the early decommissioning of coal-fired plants. Section 8 is deleted by amendment.

In section 9, the utility shall, upon the completion of construction or acquisition of any electric generating plant, begin recording in a regulatory asset, with carrying charges, an amount that reflects a return on the utility's investment, depreciation, and the cost of operating and maintaining the facility.

Sections 10, 18, 19, and 20 deal with the Division of Environmental Protection (NDEP) being given the authority to regulate plant decommissioning, and NDEP has exclusive authority to regulate emissions from an electric generating plant constructed on a site previously used by a coal-fired electric generating plant.

Section 11 requires a utility to request a recovery of any amount related to the plan's implementation for rate increases of more than 5 percent. The PUC may accept or reject such a request. If the mitigation is approved by the PUC, the utility must record any deferred revenue in a regulatory asset account and may calculate carrying charges on the unamortized balance of the regulatory asset.

Section 12 establishes provisions concerning the filing of amendments to a utility plan to increase its supply of electricity or decrease demands made on its system. Section 12.5 states that if the PUC deems inadequate any portion of the utility plan or amendments of the plan, the PUC may recommend a modification to the plan or amendment, and the utility may accept the modification or withdraw the plan or amendment.

Section 13 requires the PUC to adopt regulations necessary to carry out the provisions of the bill. Section 15 allows the utility to recover all reasonable costs of retiring or eliminating a facility identified in the plan and accepted by the PUC for retirement or elimination.

Section 16 requires the PUC to review and accept or modify an emissions reduction and capacity replacement plan after a hearing. The Commission, in reviewing such plan, must consider (1) the cost to the customers

to implement the plan, (2) whether the plan provides the greatest economic benefit to the state, (3) whether the plan provides the greatest opportunity for the creation of new jobs, and (4) whether the plan represents the best value to the customers of the utility.

Section 17 revises the time a utility may file an amendment to its plan, and requires that any order issued by the PUC accepting an element of the plan must authorize the utility to construct or acquire and own electric generating plants necessary to implement the plan.

Section 21 was deleted by amendment. Section 21.5 requires that a utility must request, or the PUC may authorize, the issuance by the utility of requests for proposals for renewable energy facilities under certain circumstances.

I know the utility will cover the bill as well. I would like to talk a little bit about how we got here, and why S.B. 123 (R2) is in the form it is. I heard some grumblings that people may feel they did not get their say. I disagree with that. This bill has been out there for well over two and a half months. We had two hearings in the Senate on this before we had a work session. People were able to be heard loud and clear. At some point, I perceive our legislative process to be a negotiating process. If you have dealt with negotiations, you know at some point you have to stop negotiating, and you have to stop inviting people to the table because the conversation has to continue. The more you bring people in, it hurts negotiations amongst the people you are trying to deal with.

We gathered a lot of information from those first two hearings and decided who we needed to meet with, what groups needed to participate, and where we needed to go. I believe, not sounding biased, that the committee did a good job. We did a very good job with the information we had before us. I think we have a far better bill than we had on day one. I have been asked if the utility shot high in the beginning to get to some compromise. I will not deny that was probably the case. I believe we did a good job compromising and getting the committee to a comfortable point where we could vote on something I believe is good for the state and good for our rate-paying customers.

People will tell you that it will cost. I do not think anybody denies that on our side. If we are going to invest in infrastructure in our state with regard to renewable energy and closing coal-fired plants, that is going to cost. We are not trying to dupe the ratepayers. We need to be doing this at a reasonable level, and I think this bill does that. Without this bill, if the federal government comes to us at some point and mandates we close these coal plants, and we do not have anything in place, the utility and other people will be able to do what

they want to do. At least this regulates this process. This puts it in a process that I believe is not going to be so onerous on our ratepayers. If you look at anything the utility has handed out to you, it is a little bit above 3 percent over the next 20 years to the ratepayers.

If we do not have this, we have a major unknown going forward. When they do come to us later and say, "This is the deal, and these coal plants need to be closed," but we have nothing that is regulating the utility, we are going to be in far worse shape. I think we did yeoman's work in trying to get to a place where we could get something that people were comfortable with. The Governor got on board with us along with U.S. Senator Harry Reid. We had bipartisan support on the Senate side, and we managed to get it out with all senators, Republican and Democrat, voting for it.

That is how we got here. I am sure there are others who want this Committee to consider a carve-out for their client or someone else. I would be cautious with that. I think the utility and I have a response to everything you are going to hear.

Chairman Bobzien:
Knowing we are going to dive deeper into the bill and the policy and mechanisms for accomplishing the goals, do the Committee members have any questions for Senator Atkinson? [There were none.]

Shawn Elicegui, Associate General Counsel, Legal, NV Energy:
My presentation has four parts. First, I am going to explain how the company arrived in this situation and provide some background information regarding the company's decision that is embodied in this legislation. Second, I am going to provide a brief summary of the legislation. Third, I will address regulatory oversight issues. Fourth, I will address rate impact issues.

Turning first to the company's decision that is embodied in this legislation, the company has an obligation to provide reliable electric service to its customers at reasonable rates. The company has done a good job of doing that. Today, rates in southern Nevada are as low as they were five years ago, and rates in northern Nevada are as low as they were ten years ago. The company's reliability record marks it as an industry leader. In recognition of that obligation, the company systematically and periodically evaluates risk associated with its operations and the risk imposed on its customers. In those evaluations, one issue has come to the forefront. It is the risk associated with operating and owning aging coal-fired generating facilities, and specifically the financial risk that it places on the company's customers.

Looking at that risk, it is driven primarily by three issues: federal regulatory oversight, the age of many of the company's coal-fired facilities, and the expectation that natural gas prices will remain relatively low for a long period of time.

Turning first to federal regulatory oversight, there are more than a half-dozen Clean Air Act programs that can be used to regulate and control emissions from coal-fired generating facilities. The Congressional Research Service published a report in February 2013 on the prospects for coal and electric power in industry. They noted that the cost of installing the most stringent available controls could range, for the entire industry, into the tens of billions of dollars. Several of the company's coal-fired generating units require upgrades to meet environmental regulations; specifically, Reid Gardner near Moapa requires an upgrade of up to $40 million. The company's ownership interest in the Navajo plant in Arizona requires an upgrade that could reach $140 million. Equally important, several of the company's coal-fired generating units were commissioned in the 1960s and are aging. Finally, these units are generally less efficient in converting fuel into electricity. This fact, coupled with the expectation that natural gas prices will remain relatively low, complicates operational issues.

All of these facts make it very difficult to structure a sound compliance strategy that minimizes risk for customers. On the one hand, capital improvements, while expensive, may pay for themselves if coal remains a low-cost option. On the other hand, it is entirely possible that a facility might be required to unexpectedly close because of litigation or that an unforeseen capital improvement might be required. This makes it very difficult to decide how to proceed in those circumstances.

The Congressional Research Service captured this dilemma very succinctly when it said that while coal generating units face a very uncertain future, the timely replacement of those units is important to maintain reliability levels. After weighing these considerations at the highest levels of the company's management, the company determined that the best course of action for its customers was to undertake an orderly transition to a newer, cleaner generating fleet. This is the decision that led to NVision, which is now embodied in S.B. 123 (R2).

To briefly summarize the legislation, it is built on two basic tenets: the need for the early and orderly retirement of aging coal-fired facilities that are currently serving southern Nevada, and the need to replace that retired capacity in a timely manner. The legislation achieves these ends by requiring the early retirement of at least 800 megawatts of company-owned facilities, with

300 megawatts in 2014 accomplished by the retirement of Reid Gardner 1, 2, and 3; 250 megawatts by 2017 that would be accomplished of the retirement of Reid Gardner 4; and another 250 megawatts by 2019 that would be accomplished by eliminating the company's ownership interest in the Navajo generating station.

To replace the capacity in a timely and appropriate manner, the legislation requires the company to issue three 100-megawatt requests for renewable facilities. Those would be issued in 2014, 2015, and 2016. This provides for a predictable and sustainable development of Nevada's vast renewable resources. In addition, the legislation requires the company to begin construction of 50 megawatts of renewable facilities beginning in 2017 and complete it by 2021. Finally, the legislation requires the company to construct or acquire, and own, 550 megawatts of nontechnology-specific generating facilities after the PUC determines there is a need for capacity. This essentially reflects the need to put the company in the same position it is in today, where the company has a sufficient amount of capacity to purchase from electrical wholesale markets when it is beneficial for its customers and to sell into those markets when it is beneficial for customers.

Turning to regulatory oversight, I think it is first to focus on rate oversight. If S.B. 123 (R2) passes, the Commission will have the same authority it has tomorrow as it does today to review rates. The Commission will determine whether the company has prudently and reasonably implemented a plan, and whether the implementation of the plan and the costs associated with it are just and reasonable. In addition, the Commission will review rate changes before they go into effect.

Turning to planning oversight, I think it is important to recognize the need the company has for additional resources. In southern Nevada, the company needs about 2,000 megawatts of capacity by 2025, and in northern Nevada, it needs at least another 1,000 megawatts by 2025. Today, with coal in the company's mix, in 2015 the company would own 72 percent of the estimated resources required to meet the company's needs. This mix works well for customers. As I mentioned, rates are as low today in southern Nevada as they were five years ago, and they are as low today in northern Nevada as they were ten years ago. This mix allows the company to buy energy from wholesale markets when it is efficient to do so and reduces the cost of providing service to its customers. It allows the company to sell energy into those markets when doing so can reduce the cost of providing service to customers.

If NVision passes without any replacement, the company's ownership percentage would drop to 67 percent of the required resources in 2015.

Looking forward to 2019, at that time, without replacement, the company could have an open position of about 1,775 megawatts, or almost 30 percent of the resources needed or required to meet customer needs. If the company were to add 550 megawatts at that time, it would still have an open position of about 1,225 megawatts, which is 20 percent of the resources required to meet customer needs. It would be an ownership position of 70 percent of the required resources, which is less than where it would be in 2015. Essentially, the 550 megawatts of company-owned capacity that would be acquired or constructed, after the Commission determines there is a need to add capacity, would place the company in the same position it is in today.

The other point about the planning process is that there is a significant need over the next ten years to continue to plan to meet the long-term needs of customers. That process would go through the Commission and the integrated resource planning (IRP) process. There is also substantial need for other resources, including commercially reasonably transactions that benefit the company's customers with owners of third-party generation.

Turning to rate impact, the company issues the same tools it uses in an integrative resource planning process to compare its base business case to the effect of NVision. These models are probabilistic and not deterministic. They show a possible outcome and not the only specific outcome. Without NVision, the company projects that over the next 20 years rates would increase at about 1.5 percent a year. With NVision, the rates would increase at approximately 1.62 percent a year for the next 20 years. What does this mean in terms of a typical customer's bill? It would mean that a $100 bill today, without NVision, would increase to about $132.50 in 20 years. With NVision, under our modeling, we estimate that a bill would increase to $135.70, which is a difference of about $3.20 dollars in 20 years.

If you would like, I can walk through each section of the bill, or I would be happy to answer any questions the Committee might have about the bill.

Chairman Bobzien:
I think it would be good to touch on the sections a little bit. I know you have hit them and have talked about what we are decommissioning and replacing and how that will work. I think walking through the sections with some highlights would be good.

Shawn Elicegui:
As Senator Atkinson noted, sections 2 through 6 are definitional sections. Importantly, section 2.5 defines coal-fired electric generating plants to mean

those facilities owned by the company that use coal as a fuel to produce electricity.

Section 7 is really the heart of the bill. This is the section that requires the company to file an emissions reduction and capacity replacement plan with the PUC pursuant to *Nevada Revised Statutes* (NRS) 704.741, which is an IRP statute. The first required element of that plan is the plan to eliminate or retire the company's interests in coal-fired generating units that are currently serving southern Nevada. It is also important to recognize at the outset that this legislation only applies to an electric utility serving densely populated counties, which at this time is Nevada Power. Looking at section 7, subsection 2, paragraph (a), what this essentially requires is Nevada Power to retire the Reid Gardner generating units 1, 2, and 3 by December 31, 2014. The Reid Gardner 4 unit would be retired by December 31, 2017. The company would eliminate its ownership interests in the Navajo generating station in Arizona by December 31, 2019. It is also important to note that with respect to a co-owned unit like Navajo, this legislation does not require the retirement of that unit. It only requires the company to eliminate its ownership interests. In a facility like Navajo, there are several owners, and those owners will have to decide how to continue with respect to the unit without Nevada Power participating as an 11.3 percent owner.

In section 7, subsection 2, paragraph (b), you have the required elements of the renewable buildout of the plant. There are three basic elements that require the company to issue 100-megawatt requests for competitive proposals to provide renewable energy services. Those are issued in 2014, 2015, and 2016. This provides for an ordered, structured means in developing Nevada's renewable resources. These are not technology-specific sections, so all types of renewable resources have the opportunity to participate. Those that provide the best value to the company's customers will be selected for negotiation of contracts or acquisition. The other element of this section is a requirement that the company begin construction of renewable facilities with a capacity of 50 megawatts. Construction should begin before 2017 and be completed by 2021.

Section 7, subsection 2, paragraph (c), addresses the addition of needed capacity to meet the needs for the company's customers. It requires the company to plan for the addition, through construction or acquisition and ownership, of 550 megawatts of electric generating plants. It is also important to note that this is not technology-specific. It does not require the company to construct gas facilities. What it does is leaves to the company and the PUC the decision about the best mix of that 550 megawatts of planning capacity that would be used to serve the company's customers' needs.

Section 7, subsection 2, paragraph (d), says that if the company proposes to construct or acquire gas-fired facilities, it shall include a plan for the procurement of fixed-price natural gas. That is a plan where the Commission would have the supervisory authority to determine what the ultimate elements of that plan are. The company would have a plan that would provide some element of rate stability by fixing natural gas costs using a fixed-price physical gas product.

There are optional elements of the plan, and these are for the construction of ancillary facilities that could be necessary, or that would be necessary, to meet the other elements of the plan, like the renewable facilities; or if the company were to construct a gas-fired generation plant, interconnection transmission, or gas facilities, it might be necessary to allow that plant to operate with the company's system.

Section 9 addresses what we call a "regulatory asset." Specifically, in section 9, it says the company must, upon placing a new generating plant in service, begin recording certain cost elements in a regulatory asset. Then the company will bring that back at a later date to the Commission, have the Commission review the costs in that asset for justness and reasonableness to ensure they are appropriate costs and obtain recovery of those costs through a general rate case.

Section 10 is designed to provide a single state agency, the Division of Environmental Protection, which will supervise the decommissioning remediation and hopefully the reuse of a site that was previously used for coal-fired generation.

Section 11 requires the company to propose rate mitigation in certain proceedings before the Commission, mainly a general rate case, if the cost of implementing the plan would result in an increase in the total revenue requirement in excess of 5 percent.

Section 12 requires the company to bring the results of negotiated deals with renewable energy providers back to the Commission for review and approval. Section 12.5 gives the Commission the power to modify an emissions reduction and capacity replacement plan. It provides that the utility either accept those modifications or withdraw the plan.

Section 15 modifies existing Nevada law to indicate that actions in a plan accepted by the Commission are deemed to be prudent, and that the company may recover the just and reasonable costs of affecting that plan.

Section 16, as Senator Atkinson noted, provides for Commission review of a plan and addresses the standard the Commission would use to review that plan. Section 17 addresses an order issued accepting any element of the plan, and that section requires that in any order accepting an element of the plan, the Commission also authorize the company to construct the first 550 megawatts of capacity needed for customers. That is a corollary that looks back to the required elements of the plan.

Finally, section 21.5 contains transitory language. This explains the relationship between this bill and other bills that have been passed this session, mainly Senate Bill 252 (3rd Reprint). [Bill mentioned; no jurisdiction.]

Senate Bill 252 (3rd Reprint): Revises provisions relating to the portfolio standard for providers of electric service. (BDR 58-775)

Under this section, it recognizes that the utility may require additional renewable energy to meet the state's portfolio standard. If the company does require additional renewable energy, section 21.5 allows the company to request permission from the PUC to issue a request for proposals, for renewable portfolio options. The Commission has the ability to review and approve that request through the IRP process. That completes my review of the bill.

Chairman Bobzien:
Do we have any questions?

Assemblyman Hansen:
Since I am a plumbing contractor, why can we not simply change out the boiler? You have coal-fired boilers, so why can you not change to gas boilers? Is that included in the $40 million? I am wondering why you have to tear down the whole plant when you could change from coal-created steam to gas-created steam boilers.

Shawn Elicegui:
A changeout of the boilers is not included in the $40 million. That is an estimate of the costs that would be necessary to meet regional haze standards set by the U.S. Environmental Protection Agency. I think the reason the company looks to decommission those facilities is that those are old facilities. The cost of converting to natural gas can be an expensive item. It appears to be more efficient to either construct a new facility on that site or acquire an existing facility. There are existing facilities that might be available for the company to use to provide service to its customers. The company does have the option of acquiring and owning those facilities, which can be a least-cost option.

Assemblyman Hansen:
Has there been a cost analysis of that specific proposal? The bigger question to me on this whole thing is, is it normal for the Nevada Legislature to do this type of thing? Is this something that has been traditionally been handled through the PUC?

Shawn Elicegui:
I will answer the last question first. I think the Nevada Legislature has made a significant number of decisions that affect the resource planning process. The Nevada Legislature has adopted a renewable portfolio standard (RPS). The RPS requires the company to acquire renewable energy and fixes an element of the resource planning process. The Nevada Legislature has adopted a net metering standard, and net metering rules affect an element of the company's portfolio. I do think it is normal for the Nevada Legislature to make a policy decision about the retirement of coal and an equally important decision about how the retired capacity that the company uses to provide service to its customers will be replaced. I think this is the type of decision that should be made by the Nevada Legislature, and it is consistent with decisions in the past.

Turning to your first question, I am not aware of an analysis of converting Reid Gardner to natural gas-fired generation.

Assemblyman Hansen:
It seems to me that is where you would want to start if the real problem is coal. We will hopefully hear from others.

Assemblyman Livermore:
Thank you very much for going through the bill. I want to go back to page 11, section 15, subsection 9, paragraph (a), where it says, "The public utility shall file written notice with the Commission before the public utility makes a quarterly rate adjustment." When will that start, or when could that start?

Shawn Elicegui:
On page 11, section 15, subsection 9, paragraph (a), is existing law. What this sets out is existing law that was adopted several years ago. Pursuant to this section, the company files quarterly rate adjustments to the energy element of its rates. This section is not new to this bill.

Assemblyman Livermore:
I understand that. My question was when do you expect them to start filing under this?

Shawn Elicegui:
We have been filing quarterly rate adjustments. We currently do that under this chapter.

Assemblyman Livermore:
Maybe you can rephrase this. These new proposals could covert coal to natural gas. You are already filing costs the ratepayers are subject to.

Shawn Elicegui:
Currently, based on its existing operations, the company files quarterly adjustments that reflect the cost of purchasing power and fuel to provide service to its customers. The cost we are talking about under this plan, mainly capital costs of constructing or acquiring facilities, would not flow through this mechanism. The only mechanism in this bill that would flow through a quarterly rate adjustment is the cost of natural gas and the cost of purchasing power. If the company issues a request for renewable facilities in 2014 and enters into a contract, and that contract comes into service in 2016, the cost of that contract would flow through this quarterly adjustment mechanism sometime in 2016.

Assemblyman Livermore:
With the existing resource planning law, has there been a plan that has been adopted for this? Are we already paying for something that has not been done?

Shawn Elicegui:
No. Customers are not paying today for any element of this plan, which has not been done. The section we are addressing is a mechanism through which the company charges customers for fuel and purchase power—the cost of operating today.

Chairman Bobzien:
To clarify, we have the existing IRP process. What this bill contemplates is the creation of a modified separate process that is distinct from that IRP process. You might want to circle back around one more time and discuss the differences between those.

Shawn Elicegui:
Currently, the company files an IRP every three years. This bill modifies the IRP process in a few ways. It modifies the process by requiring the issuance of three requests for proposals for 100 megawatts of renewable energy. It requires the company to construct 50 megawatts of renewable facilities. It modifies the process by requiring the company to construct or acquire and own the first 450 megawatts of nontechnology-specific generating capacity

needed for its customers. It assumes there is a Commission determination of need for capacity. After that, the first 550 megawatts would be constructed or acquired and owned by the company.

Assemblyman Livermore:
There are some threshold dates in there. How do you expect to reach those threshold dates if it has to be modified? Are those solid dates? Are we going to build these plants to replace things we do not have capacity for? How do we know we are going to have that need for capacity?

Shawn Elicegui:
Turning to the 550 megawatts of company-owned replacement capacity, the Commission first has to make a finding that there is a need for capacity. When the Commission makes the finding, what this bill requires is that the company adds the capacity for the first 550 megawatts. That would be done through an IRP. There is a body of regulations that govern the IRP process. One of those regulations requires the company to monitor its IRP and to file an amendment if there is a significant change in the assumptions that were prevailing at the time the company filed its plan and at the time of Commission approval of the plan. If there was a significant change in the company's load, and the company had the approval to construct or acquire 550 megawatts, the company would be expected to file an amendment to address that issue with the PUC.

Assemblyman Livermore:
The Reid Gardner 4 substation is at 50 percent capacity. Six percent is used by Nevada, and the rest is sold in the open market. Would that cost be borne by the ratepayers of NV Energy?

Shawn Elicegui:
By the end of this year, the company will own 100 percent of the coal-fired Reid Gardner 4 generating plant. The company entered into a contract several years ago, and the company will then run that facility entirely for the benefit of its customers.

Assemblyman Livermore:
Nevada customers?

Shawn Elicegui:
Yes, Nevada customers.

Chairman Bobzien:
We have a long line of questions.

Assemblywoman Kirkpatrick:
I have to step out for a bit, so I want to get some of my concerns on the record. In section 7, subsection 3, paragraph (c), I want to be clear on the record about what this means. It reads, "The construction of transmission lines and related infrastructure necessary for the operation or interconnection . . . ." We have been down this road before. I want to know specifically what that means. Is it the transmission line from the coal plant to the rest, or is it the transmission line for the interconnection to the new solar? What specifically does that mean?

Shawn Elicegui:
Section 7, subsection 3, paragraph (c), addresses a very specific type of transmission line. That is a transmission line that is effectively a generation tie-line. It is a transmission line that is necessary to interconnect a generating unit that would be constructed or acquired under this plan with the company's system. It is a very specific and limited type of transmission line that is necessary to effect the interconnection of a new generating facility.

Assemblywoman Kirkpatrick:
Those typically do not go over 20 miles, so it is not some big transmission line as much as it is for the interconnection. I wanted to ask because that is a cost to the ratepayers.

Shawn Elicegui:
It depends on the location of generation. If the generation is sited near an existing transmission line, those will be short lines that are necessary to interconnect—and only interconnect—that facility with the company's existing system. It is not a transmission line used to transmit power to other entities.

Assemblywoman Kirkpatrick:
Currently, why are there none of those lines there? Is it because the generating plants are coal-fired?

Shawn Elicegui:
Let us assume the Reid Gardner site is decommissioned and remediated, and the company received permission to construct a new gas-fired generating facility at that site. The nice thing about that site is it has existing infrastructure. The likelihood of constructing a new transmission line is very small because there is a transmission facility there. If you have a new renewable facility, and it is not located close to existing transmission, you will have to construct an interconnection facility so the energy produced can be delivered to the company's system. If the company were to acquire an existing facility, and if

that facility is currently interconnected with the company's system, there is no need for transmission.

Assemblywoman Kirkpatrick:
In section 11, I need to have a better understanding of this mitigation process. I want to understand the rates. Is it 3 percent above the normal amount of what you believe we would have incurred over the next 20 years? We told constituents their property tax would rise to 3 percent. Nobody ever intended it was going to rise 3 percent every year, and now it is a 20 percent increase. Can you explain that to me? I want to be very clear if a constituent calls me about what that means.

Shawn Elicegui:
There are two elements to that question. I will try to address them both directly. First, with respect to rate impact, the company estimates that over the next 20 years in its base business case, the rates will increase 1.5 percent on average per year. At the end of 20 years, a $100 bill will be approximately $132. If S.B. 123 (R2) goes into effect, the company estimates that rates will increase 1.62 percent each year. At the end of 20 years, a $100 bill would be worth about $135.70. The difference between those figures is about $3.

What section 11 addresses, and how it works, is as with any general rate case filed before June 1, 2018, the company would be required to propose rate mitigation if the increase caused by implementation of this plan is in excess of 5 percent of the total revenue requirement. The company's current total revenue requirement is about $2.2 billion. If the increase in revenue from a rate case were in the neighborhood of $110 million, the company would be required to propose mitigation. That is how I see section 11 working.

Assemblywoman Kirkpatrick:
What happens after 2018? I thought that every three years you came in and did an IRP. What happens after that? The way I read it is that you only have to look at a mitigation in the beginning and not necessarily that far out. How does that work?

Shawn Elicegui:
After 2018, the company would file a general rate case on a schedule. Currently, the company files general rate cases every three years. In rate cases after 2018, the company would not be required to propose rate mitigation. This section only requires rate mitigation to be proposed in rate cases filed before June 2018.

Chairman Bobzien:
The other way to ask that question is that if general rate cases are every three years, is that consistent with the IRP?

Shawn Elicegui:
Yes.

Chairman Bobzien:
Mitigation for general rate cases is ahead of 2018, but any quarterly filings you might be doing are not contemplated by that. What was the thinking behind proposing it that way?

Shawn Elicegui:
The quarterly filings relate to fuel and purchase power. Those are not affected and are not a general rate case item.

Chairman Bobzien:
They are not part of the IRP. You are just talking about adjustments to market.

Shawn Elicegui:
They are adjustments to fuel and purchase power costs. The IRP process occurs every three years. A general rate case also occurs every three years. They are on different scales, but the purpose of the IRP process is to give the company a path forward to meet the future needs of its customers. The general rate case process is a backward-looking process that says after you have implemented those plans, these are the consequences of implementing these plans. If the company was to file an emission reduction plan in 2014, and there were additions of generating capacity, you would anticipate those could show up in a general rate case before 2018.

Chairman Bobzien:
With the 2018 date and the reality of the three-year increment for these rate cases, we have one bite of the apple.

Shawn Elicegui:
The intent is to have two bites of the apple.

Chairman Bobzien:
Do we have additional questions?

Assemblyman Ellison:
I know there will be many questions from many people. I have a two-part question. From the time you start the engineering process to where you

actually bring a plant on line, how long does that take? That is, if you build a brand-new plant?

Shawn Elicegui:
If we are talking about the construction of a new gas-fired generating facility, those can be done in as short a time as three years. Sometimes it can take up to five years. If it is a brand-new plant, much of the land in this state is federally owned, so that requires permitting, and it can often require a federal review of that site.

Assemblyman Ellison:
Right now, you have some of the existing coal plants not running at 100 percent. One of them is running at around 20 percent of its capacity. You still have 80 percent left in that plant. One of them is not even 50 percent paid for yet. Maybe you could hit on that.

Shawn Elicegui:
With respect to capacity, I think it is important to note that in 2010 and 2011, the Reid Gardner facilities were running at a capacity factor roughly equivalent to the company's gas plants. In terms of capacity, the company relies on the ability to produce power to meet peak load. That is essential for reliability services. A 20 percent capacity factor is actually a reflection of natural gas prices. That is a reflection of the fact that over the course of a year, given where natural gas prices were last year and given the price of coal, the facility was only operating at 20 percent of the number of hours times the maximum output of that facility. That is largely a product of natural gas prices. The issue is the company relies on that capacity, as it must, for reliability purposes to provide reliable service to its customers every day of the year. For example, when the company has 800 megawatts of coal-fired capacity, it has the ability to take a forced outage of a 1,000-megawatt gas plant in October so it can perform necessary operation and maintenance costs. The company relies on that capacity regardless of whether the plant is actually producing energy. If we were not to have that capacity, it has to procure another product to cover the capacity position. I think it is important to recognize that the company relies on and uses the Reid Gardner 1, 2, 3, and 4 generating facilities to provide reliable service to its customers today.

Assemblyman Ellison:
I am still trying to understand the Reid Gardner power plant. Apparently, the ratepayers are paying for this facility that is not fully paid for. Is it paid for yet? Are the investments paid for in this plant?

Shawn Elicegui:
There currently is an undepreciated balance associated with Reid Gardner 1, 2, and 3. What that means is that over the life of the plant, since it was commissioned in 1965, based on depreciation rates through different general rate cases, we have not fully amortized the company's investment in that facility. There is a balance. Under this plan, if there is a balance at the date of retirement, the company would be allowed to recover the undepreciated balance associated with that facility. When the company made an investment decision, that facility was a reasonable decision.

Assemblyman Daly:
I understand taking coal off line is good. We are happy with that. I understand NV Energy wants to build their own capacity, and I think that is a better way for our state to go to make sure we have the capacity and stay with a company in Nevada committed to Nevada. When you look at getting 350 megawatts of renewable energy and other things you need to replace what you are decommissioning, it talks about "For construction or acquisition of, or contracting for" in section 7, subsection 2, paragraph (b). I wanted to get a little more insight into that. I understand that if you tear down a plant and close it down, you need to construct a new one. I do not think there are a bunch of plants out there just waiting to be bought that do not have capacity committed elsewhere. I am not worried so much about acquisition.

When you talk about contracting for, I want to understand where you are potentially going with that. If you are building your own, I think that is beneficial to the state. That creates jobs in the state. With the Crescent Dunes Solar Energy Project near Tonopah, there is some economic impact and benefit to this state, but there was a $1 billion loan for a company in Spain to come in with workers from Spain and profits going to Spain. I do not think that is a great benefit to our state. If you start thinking about acquisition for renewable and start buying energy from solar fields in Arizona, Utah, or southern California, I do not know if that does good for us either. How much do you plan on doing in contracting versus construction? Acquisition is probably a little more problematic.

The PUC will be looking over your shoulders, so you want the greatest economic benefit to the state, which is what I was just talking about. This should be the greatest opportunity for the creation of jobs in Nevada and the best value to the customers. How far and how deep do you anticipate the PUC getting into this? Are they going to be trying to dictate who your engineering, procurement, and construction (EPC) contractor is and those types of issues? Will the situation be that you get your plan approved and say, okay, we are going to get requests for proposals, and we will hire whom we want

to build it? I think those two things can overlap and cause some concern. I would like to understand it and make sure things are going to get built and run by a Nevada company, with Nevadans, rather than contracting with sources out of state.

Shawn Elicegui:
I will try to dissect that question in two parts. First turning to the 550 megawatts of company-owned replacement capacity, if that were a construction project, the way I anticipate that working is we would obtain Commission approval after a finding of need for capacity to add that facility. We would follow the same type of practice we follow today, where we typically either ask for requests for proposals for a fully wrapped EPC, or we might send out different requests for proposals for different elements of the plan. The company would not construct it until it relies on others, as it has in the past, to construct that facility consistent with its past practices.

Turning to the renewable element, there are really two elements there, first with a 50-megawatt company-owned facility. If that is a single utility scope facility, it would very likely proceed in the same way any other company-owned generation would. We would look for engineering and EPC contracts.

Turning to the 300 megawatts, we anticipate running a competitive process where third parties give us proposals. Those proposals could involve company ownership of a facility. They could involve joint ownership of a facility. The company, under certain circumstances, could bid its own projects into that competitive process. It could also result in the company contracting with the facilities owned by third parties. It is similar to the way it meets the RPS today.

Assemblyman Daly:
That is why I am asking the question on the first part, where you are talking about the 500 megawatts that you will build yourself and own and operate. Are you going to do it the same way with the words you added and the extra oversight from the PUC with the prudency? What is the impact? I am curious if you considered how much impact or how much oversight or how much ability for them to interfere with your normal process. You just said you are going to follow with the new words.

As far as renewable goes, I think I understand. I know you do some contracting and various things. I hope there is an opportunity for you to do more than the 50 megawatts yourself. I think you should, because some facilities, like the Tonopah solar project, where you have $1 billion invested in federal guarantees, do not result in much benefit for us, from my point of view. Other people disagree, but that is my position.

Shawn Elicegui:
The company as well would like to own more renewable energy facilities than the 50 megawatts specified in this bill. With respect to the other element of the company-owned construction or acquisition, I anticipate it will proceed as it does today. I do not believe the Commission would regulate or oversee that process in a different way than it does today.

Assemblyman Hardy:
I would like to expand upon Mr. Daly's question. Currently in the Las Vegas Valley, we have a couple of cogeneration plants, one of which employs about 19 people in the power section. Also with that cogeneration, there are 140 people who are involved in greenhouse, so one does not work well without the other. With regard to these cogeneration plants, I do not see the language in the bill that protects those individuals from being left out of continuing to sell power as they have to NV Energy. I know their contracts are coming due, so are we going to try to beat them down to nothing, to where it does not work? Are we going to continue to let them work with you?

Shawn Elicegui:
As I noted earlier, in 2019, even with the construction or acquisition of 550 megawatts by the company, the company has the need for about 1,225 megawatts, which is a very significant position. Provided that third-party-owner facilities provide reasonable options that are valuable to the company's customers, that opportunity to participate is the same opportunity that they have today. It goes through an IRP process, and the Commission reviews that option and determines whether it is an appropriate option for the company and its customers. I do not think this legislation precludes those operating facilities from continuing to provide service to the company as it needs it on a going-forward basis. This is with the notion that the company will construct or acquire and own the first 550 megawatts of capacity, because that puts the company, in 2019, in the same position it is in today, where it owns about 70 percent of the required resources that are needed to provide service to Nevadans. This is a balance that has worked out fairly well for the company's customers.

Assemblywoman Bustamante Adams:
That was related to my question. On page 4, line 21, the criteria for the request for proposal (RFP) call for you to identify the energy facilities based on three things: the greatest economic benefit to the state, the greatest opportunity to create jobs in Nevada, and the best value to the utility's customers. Those are the three criteria you are going to look at when you are putting out the RFP, correct?

Shawn Elicegui:
That is correct. When we put out an RFP for renewable facilities, we will review it and review the responses using those three criteria.

Assemblywoman Bustamante Adams:
Do you have any idea if there is a preference on the renewables that you are looking at, for example, natural gas versus something else?

Shawn Elicegui:
With respect to the renewable element, it is not technology-specific. Any technology can respond to those RFPs, so it could be a solar facility, a wind facility, or a geothermal facility. The question is, under the evaluation standard, which facilities will we accept and negotiate with? We will negotiate with those that provide the greatest economic benefit to the state, the greatest opportunity for the creation of new jobs in the state, and provide the best value to our customers, regardless of technology.

Chairman Bobzien:
Do we have additional questions? [There were none.] I have a few questions. I think it is important to remember the big-picture policy goals with this bill. I think the Senator did an excellent job of kicking us off and reminding us what it is we are trying to deal with. I think of the rate impact projections that have been presented and all of the scenarios that could come to pass in the next 20 years. There was discussion at the outset about what if the feds were to come swooping in. If this bill does not go forward, we still have these coal assets and carbon taxes enacted at the federal level, and something happens where we have to shut it down, we then have rate impacts. With the scheduling for the plants' decommissioning that is laid out here, and with the issue of the interests you have in Navajo, how was that calendar arrived at? Was it also out of concern for regulatory pressures that will come, or is purely asset depreciation? When is the time to start planning again? Can you tell us how the retirement schedule was arrived at?

Shawn Elicegui:
The retirement schedule was developed in a very thoughtful way. With respect to Reid Gardner 1, 2, and 3, which would be retired in 2014, retirement at that time would allow the company to avoid an investment in regional haze upgrades. With respect to Reid Gardner 4, the retirement date of 2017 recognizes that the facility faces many challenges associated with existing litigation as well as the potential for additional upgrades required by changes in federal law. With respect to the Navajo plant, it recognizes that in 2019 the company may have a natural exit date associated with the termination of the lease for that facility as well as the termination of other important contracts

relating to that facility. There was a very distinct and organized thought process that went into ordering the retirement for those three facilities, which are aging facilities that will be subject to federal regulation and required upgrades to continue to operate.

Chairman Bobzien:
One thing we have not talked about yet is the part about the NDEP exclusive jurisdiction piece on the decommissioning. I know there have been many discussions about the mechanics of how you actually retire a coal facility and how you do remediation. Obviously, there are potential costs to ratepayers on that. What is the thinking behind that determination of NDEP being the exclusive agency of jurisdiction?

Shawn Elicegui:
The thinking behind NDEP's exclusive jurisdiction in section 10 is really simple. First, NDEP is familiar with the site because it regulates the Reid Gardner site. It will also have some responsibility under existing law for the decommissioning and remediation of that site. This section appoints a single agency to oversee the decommission and remediation so there is one entity in charge instead of multiple entities. Also, brownfields sites, former industrial areas where there are existing transmission facilities that have access to other necessary utility facilities, might be a great location for a new generation. It places the regulatory oversight, on a going-forward basis, of any new generation constructed at that facility under NDEP, which has familiarity with the site and currently regulates the generation on that site. The thought process was essentially to have a one-stop shop so this is done in an orderly manner and, equally important, recognizes it might be an appropriate location for a new generation if the company is authorized to construct new generation.

Chairman Bobzien:
I guess the other way to ask that question is, what is the scenario contemplated if that language were not here? You talked about having multiple agencies. Is it the Southern Nevada Health District that is the concern here? What agencies would be tempted to join in this effort if it was not declared that NDEP was exclusive?

Shawn Elicegui:
At least one other agency. The entity that regulates solid waste disposal would be responsible for part of the decommissioning and remediation of sites. On a going-forward basis, new generation with emissions would be regulated under existing law by the Clark County Department of Air Quality. This recognizes that NDEP currently regulates that site and will continue to regulate that site.

Chairman Bobzien:
You have air quality activities out there from NDEP; you have the solid waste concerns and the other skill sets that end up in this area. I agree with you that there is a great attraction in having a one-stop-shop model for this, particularly as we are talking about brownfields converting to other energy generation uses. You already have the transmission and everything else there. Talking about that part, what have the conversations been like with NDEP? I do not think of NDEP as doing a lot of work when it comes to brownfields specific to energy. Do they see this as a new challenge that they will have to get ready for? What has been their feedback?

Shawn Elicegui:
I have not had conversations with NDEP, but the company has. My understanding is that NDEP regulates emissions. Regulating ongoing operations at that site is not a challenge for NDEP.

Chairman Bobzien:
This has sort of been asked, but in section 7, subsection 3, paragraph (c) with regard to the 550 megawatts replacement, I understand the need to stay flexible to be agnostic as to the type of energy. I for one was very concerned when the first discussion was that it was going to be natural gas. There seems to be a lot of faith that the natural gas prices, as they are today, will stay that way forever. I am one of the doubters on that. On that best mix of energy, and this almost seems like a paradox, does it potentially include coal?

Shawn Elicegui:
The generation element is not technology-specific. I do not think it is reasonable to believe that in the short run, the company would attempt to construct a coal-fired power plant, because the U.S. Energy Information Administration's report, *Annual Energy Outlook 2013*, addresses what the expected levelized cost of coal-fired generation entering into service in 2018 will be; for advanced coal-fired power plants it is $123 per megawatt-hour, which far exceeds the cost of gas. In addition, a conventional coal-fired power plant, which is not equipped with certain things the plant might need to be equipped with, is $100 per megawatt-hour, and a coal-fired power plant with carbon sequestration is $135 per megawatt-hour. I do not think it is reasonable to expect that in the short run the company would attempt to obtain permission to construct coal-fired generation. Because this is technology-agnostic, there could be an element for renewable energy in that if that were an appropriate mix in providing value to the company's customers.

Chairman Bobzien:
I think it is important to note that in particular. Essentially, we are making the assumption that the regulatory hurdles, the overall cost of the technology, and the fact that carbon sequestration in technology as a viable model is way off in the horizon mean that the coal part of the mix is unlikely because of the realities of today.

Shawn Elicegui:
It is unlikely because of the reality and the need to replace the retired coal-fired facilities in a timely manner. I doubt within that time frame we will see coal technology that would be permitted in this state and which would be economically beneficial for the company's customers.

Chairman Bobzien:
I think that is important to get out there. Does anybody else have any questions at this point?

Assemblyman Ohrenschall:
Assuming this bill becomes law and we decommission some of the plants we have been talking about, are those assets, whether they are water rights or the mechanical aspects of the plant, going to be sold? If so, will that be credited toward the cost of building the new plants?

Shawn Elicegui:
Today, the PUC recognizes that when assets have been in rate base, and those assets are sold, the value of assets in rate base float back to the customer in proportion to the number of years of ownership. This is in a ratio that reflects the ownership of that asset. Reid Gardner has been in rate base for the company, and the assets associated with Reid Gardner have been in the company's rate base. To the extent there is value obtained out of those assets, whether they are water rights or salvage value out of a decommissioned facility, those would first reduce the unamortized balance of that plant and the decommission costs. If there is value in excess of that, it would flow back to customers.

Assemblyman Ohrenschall:
That gives me a lot more comfort. As I understand it, ratepayers are still paying for the construction of those coal-fired plants. If they are decommissioned, how far into the future do you believe ratepayers will still be paying for that initial construction?

Shawn Elicegui:
Our financial modeling answers that question in one way. For our financial modeling purposes, we assumed that the plants would continue to depreciate over their current existing life. That takes Reid Gardner out to the currently planned retirement date. The answer to that question, however, is that the Commission has supervisory authority of that decision. We would create a regulatory asset associated with the unamortized balance of the decommissioning costs. The PUC would have the discretion to determine whether the amortization is over the existing life of the plants or some other period that makes sense for the company and its customers.

Chairman Bobzien:
Do we have additional questions?

Assemblywoman Bustamante Adams:
Maybe I missed this, but have we talked about the cost of the unamortized balance? Has that number been given out?

Shawn Elicegui:
The estimated unamortized balance of Reid Gardner 1, 2, and 3, as of December 2013, is $153 million. The estimated unamortized balance of Reid Gardner 4 is $122 million.

Assemblywoman Bustamante Adams:
Have you done the assessment of how much of that will be eliminated by the decommission of those plants and trying to refurbish any of the assets that are still valuable? I am not sure if I am asking that question correctly. Has that been deducted from these amounts?

Shawn Elicegui:
The estimate of salvage value or derivation of value of other assets associated with those plants is not deducted from these amounts. I do not believe, as I sit here today, that I have an estimate of that value.

Chairman Bobzien:
Do we have additional questions? [There were none.] I have two more questions. One relates to section 16, subsection 8, where it talks about the emissions reduction and capacity replacement plan being reviewed by the PUC. I know this has been a topic of conversation throughout the evolution of this bill. It reads, "The Commission shall, after a hearing, review and accept or modify an emissions reduction and capacity replacement plan which includes each element required by section 7 of this act." The language is "review and accept or modify." We do not have "reject." The PUC cannot reject, but it can

modify. Could you give us some insight into how you see that relationship going forward? How would the PUC respond, and what kind of modifications might you anticipate? They cannot reject it, but they can make modifications. I am trying to get a handle on where that line exists between rejection and modification.

Shawn Elicegui:
Under section 12.5, the Commission can deem an element of the plan inadequate. If it deems an element of the plan inadequate, it proposes a modification. Let me give an example of how I think that might work. Let us assume, for the sake of discussion, that the company filed its plan, and it proposed to construct 550 megawatts of gas-fired generation at a grain field site. It proposed to have that plant on line in 2018. What I think a modification might look like would be for the Commission to say, well, we do not think there is a need for that plant in 2018. However, we do see a need for the plant in 2019. We do not believe it is the most cost-effective means of constructing on a grain field site with transmission costs. Therefore, the modification proposed by the Commission is to construct at a brownfields site, or at a different location with lower transmission costs and other infrastructure costs that are lower than the site proposed by the company. The modification is based on the need, recognizing that the first need for capacity identified by the Commission would be filled by company-owned facilities up to the 250 megawatts.

Another possible modification is that the 550 megawatts might be a single combined-cycle facility. The Commission might conclude that two simple-cycle peaking facilities are more appropriate based on the needs of our customers. They could propose that modification.

Chairman Bobzien:
Returning to the rate mitigation issue, we have talked about the 2018 date, but if there is rate mitigation proposed, what would be some possible elements of the rate mitigation plan? What sorts of mechanisms would you put in place to deal with the rate spike?

Shawn Elicegui:
An example I can think of is one that the company proposed in 2009. The company proposed deferring an element of the rate increase for a period of time. The deferral was tracked, and interest charges were accrued. That deferred revenue with interest charges were rolled into rates at a later date in time. It was kind of stair-stepping the rate increase, so the customers did not see a single large rate increase but saw two smaller rate increases over a period of time. That is what I could foresee occurring.

Chairman Bobzien:
Are there any last questions? [There were none.] Thank you for the thorough tour and explanation of S.B. 123 (R2). We may have additional questions later. Members, you may have some follow-ups you want to get with NV Energy on. With that, we will go ahead and take additional testimony in support. Please keep the table full. I will give you my standard warning to not be repetitive. Aim to add new information. We will keep everyone at the table after they have testified and see if we have questions.

Tom Clark, representing Sempra U.S. Gas and Power:
Ms. Briggs is here from Sempra. I will let her talk about the projects we have in Boulder City. We stand in support of this particular piece of legislation. With the retirement of those coal-fired plants, the future that Nevada has from a renewable energy perspective is a bright one. We think this bill gets there. I will turn it over to Ms. Briggs.

Lisa Briggs, Regional Director, External Affairs, Sempra U.S. Gas and Power:
Sempra U.S. Gas and Power has been fortunate enough to develop a number of generation projects here in Nevada. We started with a gas plant about 12 years ago. In 2008, we brought 10 megawatts of solar on line. In 2010, we brought another 48 megawatts of solar on line, followed in 2012 by another 92 megawatts of solar. I am pleased to tell you that this week we have broken ground on an additional 250 megawatts. In 2014, we will be building an additional 58 megawatts. We have been fortunate to be able to develop clean generation in this state.

With that, we support where NV Energy is going with their NVision plan. We support their move away from coal, and we support their move toward renewables and low-emission generation. These sorts of projects produce jobs and positive impacts on the economy. We could not be more proud to have played a role in that. I am happy to answer any questions and give you any more information about our company and projects.

Chairman Bobzien:
We will take all the testimony, and then we will pose questions to the panel.

Ernie Adler, representing International Brotherhood of Electrical Workers Local 1245:
We strongly support this bill. If this bill does not pass, there is no doubt that the state will lose jobs. We will lose plant operators, people who work on electrical lines, and the like. There would also be a lot of construction jobs lost. It is anticipated that over 4,000 people will be employed in constructing these

plants. If these plants are not constructed, you will also have a loss of sales tax and property tax dollars from these plants not being located in Nevada.

I know that some of the other entities that are opposed to this bill have suggested we buy energy out of state on the spot market. That is perhaps a good short-term strategy for keeping rates down, but it is a bad long-term strategy for the workers in the state of Nevada. We would strongly urge that you support this bill and Nevada not suffer the job loss we anticipate will happen if this does not pass.

Gail Tuzzolo, representing Nevada AFL-CIO:
We support this legislation and think it is a giant step forward for Nevada to remove our reliance on coal-fired plants. We also believe S.B. 123 (R2) is a step forward in increasing the use of renewable resources in Nevada. We know you have all worked really hard this session to create jobs for Nevadans, and we thank you for that. We ask you to remember that, for a long time, NV Energy has been a good Nevada company that provides good jobs with benefits to Nevadans.

Chairman Bobzien:
Do we have questions for the panel?

Assemblywoman Bustamante Adams:
Going back to Sempra, who buys the power that you generate?

Lisa Briggs:
For our Copper Mountain Solar 1 and 2, the off-take provider is Pacific Gas and Electric. For Copper Mountain Solar 3, the bulk of that energy is going to Los Angeles and the City of Burbank.

Assemblywoman Bustamante Adams:
Mr. Adler, you said if S.B. 123 (R2) does not pass, we would lose jobs. I do not understand that part because for the construction of these plants, we do not have the skill set inside Nevada. We end up importing people from other states in order to build these plants. Why would you make that statement?

Ernie Adler:
We do have the skill sets. Many of these jobs are ordinary construction jobs and would include people who are metalworkers, concrete workers, and the like. Those would be local union jobs within the state of Nevada. I would disagree with that. I think many of the jobs would employ local Nevadans. That is another reason we strongly support this bill. If you do not build these plants, you will be buying energy out of state on the spot market, which makes

us vulnerable to out-of-state ups and downs of the market. As many of you recall, NV Energy almost went bankrupt a few years back because they were so reliant on out-of-state sources of energy. This takes us away from that, and I think it is very important to keep the jobs here, to have the sources of energy be within the state of Nevada, and not rely on out-of-state sources.

Tom Clark:
Where does the energy that Sempra currently creates go? It is sold in the California marketplace. One of the reasons we support this particular piece of legislation is because the Nevada marketplace is met. The RPS is met. Opening up a couple hundred more megawatts of renewable energy development that companies like my client can produce and sell in the Nevada marketplace is a beneficial, positive thing. That is one thing we definitely support.

Assemblywoman Bustamante Adams:
I am concerned about the jobs because when I have gone out to look at the plants, especially the transformation into the renewables, they are not from Nevada. I am concerned because it is to build our local market, but the people I have seen do not come from Nevada.

For Ms. Tuzzolo, my question is, is there a concern regarding the increase in cost these middle-class families will have to pay because of the rate increase that will happen from this construction? I know it is a double-edged sword, so I am not sure what your thoughts are on that.

Gail Tuzzolo:
From what I have heard in testimony, I think the increase is minimal. I think the big picture is that once construction is done and we are using clean energy and increasing our portfolio standards, we can start increasing our portfolio standards to the point where, I believe, consumer rates will come down. It might not be happening in the next few years, but I think that is the big picture.

As far as your question on going out to these facilities, when an out-of-state contractor receives the work on these facilities, they tend to bring out-of-state workers. It is not because we do not have qualified workers. We have been in a national recession. We have people on the bench who can do everything. Out-of-state contractors bring out-of-state workers, and out-of-country contractors bring in out-of-country workers, and that is where our workers suffer. I think you all have made a lot of efforts to change that this session.

Ernie Adler:
When NV Energy builds plants, it uses Nevada workers. That is on its track record. That is one reason we want NV Energy to be building these plants.

Tom Clark:
I think it is important to remember that there is a standard set forth in statute. Most of the renewable energy developers are going to be looking at the incentives that Nevada has already put in place. To receive those incentives, you must employ a certain number of Nevada workers, and you must pay them living wage, which is 150 percent in law, but they are looking at changing that to 175 percent of the Nevada average wage. There are other standards that ensure that we are going to be hiring Nevadans to build these kinds of projects. Sempra has met that standard unequivocally for all of the projects they have built in southern Nevada.

Assemblyman Ellison:
I have been on a lot of these projects. I did not see all Nevada contractors. They were from all over the United States. I have many questions for later.

Chairman Bobzien:
Are those questions best posed to the company?

Assemblyman Ellison:
Yes, sir.

Chairman Bobzien:
We have had the company's presentation already. Maybe you will have to get with him off line.

Assemblyman Ellison:
I will do that.

Assemblyman Hansen:
We are dealing with somewhere between $700 million and $1 billion in total expenditures on this. Typically, in my understanding, the PUC will review this sort of issue for months before making a decision. Yet, we expect the legislators to make a decision in a two- to three-hour hearing. Section 16 does not have a rejection clause. Will you object to allowing the PUC, after we have a shot at this, to have a rejection clause in this piece of legislation?

Ernie Adler:
I do not think they need a rejection clause because they can modify it if they do not like it. The fact that it does not have a rejection clause is not significant.

Assemblyman Hansen:
Would you object?

Ernie Adler:
Yes, I would object.

Chairman Bobzien:
Are there additional questions for the panel?

Assemblyman Healey:
I have a couple of questions primarily focused on feedback I received from constituents regarding this. Obviously, we need to get away from coal. That is a given. In order to do that, we need to replace the amount that we will be shutting down with clean energy sources. From my understanding, NV Energy has purchased power from companies such as yours, Ms. Briggs. They did this to balance out the demand during peak times that they are not able to generate. Is that correct?

Lisa Briggs:
It could take a variety of formats. It is based on the technology. If it is solar, that generates when the sun shines. If NV Energy needs more firm power, you are looking at natural gas or geothermal. It comes down to what their mix is going to be and what they are going to need. I am fortunate to work for a company that does everything from building gas plants, wind plants, and solar to natural gas transport and storage. There are other players in the market who will stand ready to assist.

Assemblyman Healey:
It is companies such as yours that provide that additional resource to NV Energy based on the capacity they have to build. We definitely need those construction jobs, and we want every job we can possibly get that we have the skill level for to stay here in Nevada. At the same time, we need to protect what they have to pay every day at home. If we want to overcompensate, in my opinion, and have NV Energy build facilities that will produce more than what is actually needed, and the ratepayers have to bear that cost, it seems it would make more sense to turn to companies that build what we need to replace existing facilities, but continue to go through companies such as yours, and others in the market that can provide that infrastructure with private dollars and not based on ratepayer dollars. This is so we do not have this additional burden on the energy consumer. Does that make sense?

Lisa Briggs:
Somewhat, yes. As a competitor in this market, in order for us to be short-listed or picked, we have to show we bring the best value and we are viable, and the project we are proposing will be built. We have to compete against other developers. The standard that is currently contained with S.B. 123 (R2), which is cost-effective, best value, and jobs, is a good review standard and one we would hope to be competitive with. You will have other developers in the system, and we are all going to have to compete. That does drive the prices down, which ultimately will benefit the ratepayer.

Ernie Adler:
I think you need a mix of both company-owned plants and private sales to the company. If you take solar plants, the company never gets free fuel unless it owns the plant. If it always buys solar on the open market or leases it, it is never going to get to that point where it owns the plant and gets free fuel for its customers. I think you put the consumer at a disadvantage if they never get to that advantage in certain circumstances.

Assemblyman Healey:
I agree 100 percent that there needs to be a balance. I am not trying to say NV Energy should not be building anything. They should absolutely continue in order to be efficient. My suggestion is that we look at using private dollars to fund the infrastructure of this additional amount of power that is needed, based on peak, in order to not hit the consumer so hard.

Chairman Bobzien:
Are there any further questions for the panel? [There were none.] We will bring up the next round of witnesses. We can start moving into "me too" testimony.

Randy Soltero, representing International Alliance of Theatrical Stage Employees Local 720; Teamsters Local 631:
Me too. We support this legislation, and we believe this will create jobs for Nevadans. For that reason, we support this bill.

Jack Mallory, representing Southern Nevada Building and Construction Trades Council:
As stated before, NV Energy has been a good partner with the workers in southern Nevada. Examples of projects we have completed and worked on over the last several years include the Chuck Lenzie, Harry Allen, and Silverhawk Generation Stations, which are all north of Las Vegas. There are numerous solar projects that Nevada workers have completed.

To make a point on the question from Mr. Healey, it is a double-edged sword we deal with when talking about who is paying for these facilities to be built. On one hand, if NV Energy is building and amortizing the cost of these facilities, it is directly from the ratepayer. If it is somebody in the private sector developing, particularly in renewables, then it is the taxpayer who is paying for it in the form of incentive programs, abatements, and those types of things. We are paying for it either way, whether the energy is being purchased from the private sector, or if it is being generated by the utility.

Daniel Menahem, Manager, Development, Emerging Renewables, Renewable Energy Systems Americas Inc.:
Renewable Systems Americas is a developer and constructor of utility-scale renewable energy projects with over 6,000 megawatts built to date in North America. We are currently developing the 140-megawatt Moapa Solar Project outside of Las Vegas. By increasing the size of the renewables market, projects such as Moapa Solar have a greater viability and allow the state to attract more development and construction companies with green energy jobs.

Terry Page, Director, Business Development, Enel Green Power North America, Inc.:
Enel has about $500 million of assets in the state and about $2 million in payroll, not including construction during construction periods. We pay about $2 million a year in property taxes. On the last project we built, which we completed in 2011, we used an in-state contractor, Bombard, and had 99 percent in-state employees. We met the requirements to receive the property tax abatements.

I stand in favor of the bill as it is written. I have been on both sides of the equation. I worked for the PUC for 15 years, and I have worked for renewable developers for the last 10 years. You are charged with appropriate public policy that balances all of the interests. I do understand that the bill has been modified significantly to give the Commission some oversight, which takes away some of the public policy concerns that were initially offered when NVision came out. With experience on both sides of the equation, and in order to encourage more investment like this $400 million to $500 million, and jobs, I offer our support. There are responsible developers like Sempra, and us, that use Nevada labor to build those projects. I realize that is one of the criteria in order to receive short-listing on the RFPs the utility will offer.

Chairman Bobzien:
Are there any questions for the panel? [There were none.]

Kyle Davis, Political Director, Nevada Conservation League and Education Fund:
We are here in support of S.B. 123 (R2). I want to thank Senator Atkinson and everyone involved in putting this bill together for the leadership on this very important issue. It is a crazy place I find myself in today. It was less than five years ago that we were talking about the construction of new coal-fired power plants in our state, and now we are talking about shutting down the existing ones. I think that is a very positive step for our state to take. Power coming from coal-fired power plants has many negative environmental impacts. Going in this direction and divesting from coal and investing in renewable energy at the same time will be good for the environment. We will see reduced emissions, including particulate emissions that cause impacts to public health, as well as carbon emissions that contribute to climate change. We will also see this is good for the economy.

You have heard from some of the companies, and certainly NV Energy, in terms of the impacts this would have. It is important to remember that we do not have fossil fuel reserves in our state. When we invest in renewable energy and when we divest from things like coal, we actually keep more of our money in state with our native resources. Going in a direction where you are putting more of the portfolio in renewable energy is ultimately going to stabilize rates because of that lack of fuel costs. We have had some fluctuation in terms of the price of coal and natural gas. Divesting in coal, which will become more and more expensive as you see regulations moving in the direction of renewable energy, is going to be a positive thing.

Overall, when you look at what is presented today, you see a bill that will reduce pollution in our state. It will increase jobs and will be a very good thing for Nevada. You will hear testimony after me of the importance on energy efficiency. On the whole, this is definitely a positive step forward for our state.

Joshua J. Hicks, representing First Solar:
First Solar is the world's largest manufacturer of photovoltaic (PV) modules, with about 6,000 megawatts worldwide that have been put into production. We have some significant projects here in Nevada. First Solar was the builder of some of the projects you have heard about. We are proud partners with Sempra in that regard. We recently went on line with another project called the Silver State North Solar Project. It is a 50-megawatt utility-scale solar PV project near Primm with the entire output going to NV Energy in part of NV Energy's obligation to meet their RPS standards. First Solar has other projects in the pipeline, with another 250 megawatts that is scheduled to go on line next year.

We are in strong support of this bill as a good indicator of where the market is going. As you have heard other testimony about the RPS being largely satisfied at this point, this bill and the commitment to renewable energy is a strong indicator of this market continuing to exist in the state of Nevada. Companies like First Solar are in strong support of that. It takes quite a while, usually three to six years, to get these projects developed, permitted, and built. Having that indication in the market will be there for my client.

Joe Johnson, representing Toiyabe Chapter, Sierra Club:
We are in support of this bill. We have considered innumerable modifications along the way. It is kind of a moving target. We also continue to have the issue of how efficiency is related in the overall program. Again, I would like to emphasize that we are in support of the bill as it is written here. I would like to note that the bill defines the closure of Reid Gardner. It is a much earlier time than what was proposed and addresses the issue of the health impacts upon the people of the Moapa River Indian Reservation. We would also like to support and note that the definition of the single agency to oversee the remediation is a beneficial portion of this bill. We would also like to cite that the change of the original bill from very large amounts of natural gas production to replacement of much lower amount of natural gas or nonspecific replacement technology is a favorable attribute of this bill.

Rose McKinney-James, representing Bombard Electric; Energy Works, LLC:
I am here in my capacity as a long-term advocate for renewable energy resources. Many of you know I have worked with these policies for many years, going back to the original RPS. I am here today in support of S.B. 123 (R2). I think the bill you have before you is the ultimate balancing act.

I appreciate the opportunity to work with the proponents of the bill. When they shared this with me in its original form, I had many questions. I know you are aware there were a number of questions with respect to rate impacts and regulatory oversight. In fact, I had the opportunity of working with Mr. Page. We were both at the Public Service Commission together. I believe that regulatory oversight is an important consideration as this measure moves forward. Indeed, there are significant complexities, but a significant effort has been undertaken to address and accommodate the concerns of a wide range of stakeholders.

This is not a perfect bill. I believe I said during my testimony in the Senate that is it indeed a bold proposal and one that represents a significant shift in policy. I have worked with a utility in my capacity as both advocate and regulator. Indeed, we have had our share of disagreements, but we have discussed these issues at some length and to some depth. I believe that we strongly gain from

the retirement of coal, and I certainly support the move to more renewable resources. I think we gain from this. It is an investment in our economic and environmental future.

Chairman Bobzien:
I want to thank all of you for being a part of this. Ms. McKinney-James, I appreciated your early response and involvement in this conversation about those regulatory issues. It is important to remember the public policy goal that Senator Atkinson laid out early on about the retirement of coal. We certainly understand there are impacts, specifically from Reid Gardner's surrounding communities. It is something to be celebrated that we are pursuing this. With that, I will open it up to questions for the panel.

Assemblyman Ellison:
Mr. Davis, are you saying you support fracking the state of Nevada? Currently, we have a double standard. For the record, I want to make sure we are on the same line. Natural gas comes from another process, and that process is either drilling or fracking. Could you answer that?

Kyle Davis:
Assemblyman Ellison, I know you and I have had conversations about this issue. Whether it be hydraulic fracturing for natural gas or oil, development of renewable energy, or other types of fossil fuel development on public or private lands, I think we always have to take into account what those environmental impacts may be. In cases where we can mitigate them, we need to do that. We need to make sure we are not impacting public health, water supplies, or wildlife habitat. Those things need to be taken into account. They are all impacts we need to consider in any type of development, even if it is something like hydraulic fracturing for natural gas. I hope that answers the question.

Chairman Bobzien:
It is all a discussion about externalities. For as much talk as we have had about rate impacts, which absolutely matter, we are drilling through this to understand. I think Senator Atkinson was very up-front saying this will have an impact but making sure we can contain it. We need to understand the externalities of what the impacts are to public health, society, the environment, and everything else from all of our different energy choices. That is what this hearing is about in a lot of ways.

Assemblyman Hansen:
That is a great point, and I agree. That is why something like this would normally be handled by the PUC, where they can vet this out thoroughly.

Since we are shooting for 40 percent nonrenewables, there have been many high-profile examples of billions of dollars being lost in federal tax dollars on solar investments. Can your industry sustain itself without government subsidies, so the taxpayers and ratepayers will not have to pay more to keep up an investment in our environmental future that is not, in fact, capable of being sustained on the market?

Joshua Hicks:
I do not speak for the industry, so I cannot speak on an industry concern. As for First Solar, they are a company that has had tremendous success building these utility-scale solar projects throughout the country and the world. They have become more efficient and found ways to get costs down. The prices are very stable once the project is built. I cannot speak to some of these other problems. You are right, there have been problems out there, but First Solar has not been one of the companies that has had those problems.

Rose McKinney-James:
To offer a brief observation regarding subsidies and incentives, I know there are strong philosophical views with respect to how these technologies move forward. I think it is important to bring into the conversation the history of our country as it relates to energy and subsidies. The subsidies have not been limited to renewable energy resources. These subsidies are in place, and have been, for fossil fuels. It is a philosophical discussion, and I can appreciate that. As I said, it is definitely a balancing act for Nevada, where we have such tremendous resources. It would be a shame for us not to find the appropriate pathway to advance these technologies to advance these resources. I think it is important to point out that renewable resources have only recently come to the table and been given the investment from the federal government to assure we have the same opportunity to provide a return on that investment.

Assemblyman Hansen:
I appreciate that, but I remember the 1973 oil embargo, the Carter Administration, and the subsidies for solar panels in the late 1970s and early 1980s. We were told then that the United States would no longer be able to be energy self-sufficient. We now find ourselves a net exporter of nonrenewables. I have a hard time with the idea that we have to continue to use the government to subsidize these things. Would you favor future subsidies based on the ones that we should not be doing right now for the oil companies?

Rose McKinney-James:
With respect to the ongoing and long-term subsidies that are in place, subsidy is a term that may require further elucidation. Incentives are intended to spur a certain outcome. I know you made a reference to the loan guarantee

program, and we do have one company that unfortunately has significant issues, but there have been a number of companies that have been able to take that, repay the loans, and move forward with their production. I am simply here in my capacity as an advocate for these technologies. I am not going to take on the industry, but I felt you deserved an answer, and I am giving you the best one I have right now.

Kyle Davis:
The one thing I would note on this issue is that on average, fossil fuel, on the federal level, is about $4.5 billion a year in terms of subsidies. I certainly do not want to speak for the industry in terms of what you do with those subsidies and what might actually happen from it. It could potentially be a positive step forward if all of those were to go away because it is far larger than the subsidies that are given through renewable energy interests.

Chairman Bobzien:
Are there any final questions for the panel? [There were none.] Do we have anyone else in support? Please fill the table.

Patrick Sanderson, representing Nevada Alliance for Retired Americans:
After speaking with our director, going over the bill, and taking a look at everything, Reid Gardner is an environmental nightmare. For the health of the people in the south, it needs to change. We are definitely in favor of changing it. Knowing that you will vet this process and come up with the best ideas and best ways to do it, we do not have a problem backing this.

For Mrs. Bustamante Adams, I worked on two Tracy Power Plant expansions. I worked on the largest transmission line that runs from one end of the state to the other, and I have worked on natural gas pipelines. We have the people right here in the state of Nevada who can do all of the work. You wind up with large out-of-state contractors to do the job, but it is the workers in Nevada who have done it in the past and should do it in the future, as long as we keep them in line. The costs go up and down. I was born and raised here, so I know how the prices go up and down and what causes that. I think if we stay on top of it, it will not be any different than if we do not go forward with this project.

Audra Hartmann, Director, Government and Regulatory Affairs, NextEra Energy Resources:
I am here in support of S.B. 123 (R2). NextEra Energy is a large, diversified energy company with over 18,000 megawatts of generating capacity in the United States and Canada. We are one of the largest developers of wind and solar generation in the United States. In Nevada, we are developing

a 20-megawatt solar PV generating facility in the vicinity of North Las Vegas, the output of which is going to NV Energy.

Regarding the bill, most of my points have been hit on already, but NextEra Energy supports this bill because it provides a vision, a plan, for the development of new renewable energy generation in the coming years. It also provides certainty, and that is one of the big things we are interested in. Certainty and a plan are what we look for when we invest money in states, and this will definitely help us invest money in states like Nevada. That is why we are supporting the whole proposal and ask for your support as well.

Alisa Nave-Worth, representing Station Casinos:
We support this initiative. NV Energy has been a proud community partner of ours. We view them as a strong leader within the community and thank them for their time and investment to move Nevada forward.

Josh Griffin, representing MGM Resorts International:
I am here to support S.B. 123 (R2). As you all know and have heard here today, the piece of legislation in front of you represents thousands of hours of work by so many different interested parties, many of whom have already spoke. Clearly, in trying to find the best and most responsible way to move this forward, we really appreciate MGM Resorts, which is the largest private ratepayer in the state of Nevada, being part of those discussions. We are proud to support the efforts in this bill.

Chairman Bobzien:
Do we have any questions for the panel? [There were none.] We are definitely in the "me too" phase.

Richard Perkins, representing Wynn Las Vegas:
As Mr. Griffin indicated, the large users in southern Nevada, particularly the gaming companies, participated with NV Energy working through the bill and finding compromise areas. We are here in support of the bill.

Paul Moradkhan, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:
We too would like to offer our support of S.B. 123 (R2).

Stacey Crowley, Director, State Office of Energy, Office of the Governor:
We are in support of the bill. We have been working very hard with the sponsor and stakeholders throughout the process. We understand this is a bill that stands within the larger energy policy of the state, and we support the concepts of reduced emissions, the renewable energy industry, and a diverse portfolio.

Chairman Bobzien:
Do we have any questions for the panel?

Assemblyman Hansen:
Has it been the position of the Executive Branch traditionally to leave these things up to the PUC? Would the Governor's Office oppose them having a little more of a veto on this potentially if, in fact, it proves to be not fiscally viable for the consumer?

Stacey Crowley:
I cannot answer that question today on behalf of the Governor. Certainly, the Governor has been supportive of the IRP process. This bill proposes to allow the PUC some oversight. I can certainly get back to you to answer your question specifically.

Chairman Bobzien:
I am impressed with the effort being put forth by the members of this Committee to get to the bottom of all of these technical issues. Are there any other questions for the panel?

Assemblyman Ellison:
For the independent power producers representing different areas, how do you think they fall into this?

Richard Perkins:
I do not have a way to answer your question. I do not represent any of the groups you are speaking of. Our involvement thus far has been with some of the renewable developers and with the gaming industry people.

Assemblyman Ellison:
Maybe we can get some of that answered.

Chairman Bobzien:
Are there any further questions? [There were none.] Last call on support testimony for S.B. 123 (R2). [There was none.] Let us move to opposition testimony. I believe we have some opposition testimony specific to suggested amendments. Can we present some of these suggested amendments now?

Fred Schmidt, representing Southwest Energy Efficiency Project:
I am the advocate who is speaking about the one subject that has not been talked about yet, and that is energy efficiency and demand-side management programs. I am not here to talk about the other parts of the bill, such as the coal retirement or renewables. I am here to point out there is one weakness

of the bill that I think is important for this Committee to correct. If you look at section 7 of the bill, which, as Mr. Elicegui said, is the heart of the bill, it is essentially a replacement or substitute for a portion of what is traditional resource planning. In section 7, subsection 1, on page 3, line 22, it says, "An electric utility shall file . . . ." It is not discretionary but mandatory that they file a comprehensive plan for reduction of emissions from coal-fired generating plants and replacement of that capacity. The two topics that are labeled or listed as the things they shall file are "increased capacity from renewable energy facilities and other electric generating plants." The only other place in the bill is on page 5, in subsection 3. In addition to those two things the utility must file, the utility may include a number of other things in the plan. Those include natural gas pipelines, transportation of natural gas through contracts, and transmission lines. Those are all necessary infrastructure related to other electric generating plants.

In other parts of current law in resource planning, which is contained primarily in NRS 704.746, the first priority this Legislature has continually set as policy before this bill is that the Commission must consider energy efficiency. Why is that important? For your business constituents and residents, the least-cost kilowatt-hour they can pay for is the one they can save. The lowest-cost megawatt may be a demand reduction program that the utility could help facilitate and implement. Why do I say that? We have had resource planning since 1983. In the last five to ten years, those types of programs have saved millions of dollars for your constituents in each one of your districts, be it through businesses or residences. I am here to simply advocate that you not ignore that component in this plan.

There should also be a section or simple phrase where you include energy efficiency or demand-side measurement programs in the plan that would replace these retiring coal plants. It does not mean we are going to avoid the renewable because it stays in the same section. It does not mean we will avoid doing some level of additional natural gas for other plants. All I am asking in the amendment I posted is that you add a phrase into that same section 7, subsection 1 that includes the term "demand-side measure programs" (Exhibit D). What would that do? That would give the utility and the Commission the ability to require those programs to be a part of any plan. Without it, because the language in this section is mandatory—because it says "shall"—and only talks about generation, it is not clear whether those programs will still be allowed to be a part of any plan for the next six or seven years, as we go forward with this new resource planning alternative through state statute.

It is a simple amendment, and I am happy to explain or discuss it further. I am not going to bore you with charts or details. I am sure the utility is going to come up and say they will still continue many of the same programs, but I am one of those nerds who has been doing this for three decades, and I am in the trenches on this. I can tell you if the statute does not say to include or add energy efficiency or demand-side, there will be arguments as to whether those can be in the plan that is developed and used to replace the coal generation being retired.

Robert G. Johnston, representing Western Resource Advocates:
Western Resource Advocates is supporting and endorsing the proposed amendment described by Mr. Schmidt (Exhibit D). We have a proposed amendment to S.B. 123 (R2) (Exhibit E). This bill provides for a filing of an emissions reduction and capacity replacement plan. With respect to emissions reduction, the proposed amendment (Exhibit E) would have the Commission, by regulation, develop a program for measuring and quantifying reductions in carbon dioxide emissions that result from implementation of the plan. The limitation of an S.B. 123 (R2) plan will, if it works at intended, reduce the carbon intensity of Nevada's electric generation. We believe that measuring the utility's progress in that respect could be of value to Nevada in complying with potential federal greenhouse gas legislation and regulation. It could be of particular value in the event a future federal regulatory mechanism allows flexibility for the implementation of state-specific programs consistent with federal goals.

C. Joseph Guild III, representing Southwest Generation:
I appreciate all the time you are spending on this. You received a proposed amendment from me (Exhibit F) and a one-page document, which describes Southwest Generation's facilities in North Las Vegas (Exhibit G). Several of the questions that have come from the Committee go to the heart of what I would be proposing as an amendment. Having said that, I endorse what Mr. Schmidt and Mr. Johnston said prior to me. What I am proposing is not in conflict with anything they said.

For review, my client operates two highly modern gas-fired cogeneration plants in North Las Vegas and employs 19 people at those facilities. Currently, the power produced by those plants is under a purchase power agreement with NV Energy for peak load requirements. In fact, NV Energy has the key to the plant, so when they need the power they can turn the power on. These are quick-start and take about 15 minutes to upload and get power into the grid. In addition to that, and this goes to the heart of other testimony, there is a 12-acre hydroponic greenhouse operation in association with the smaller of the two plants in North Las Vegas. It is under one roof, and they grow

cucumbers at this facility. There are 140 workers associated with that. I think Mr. Hardy asked a question about it. So there are about 160 workers associated with the facilities operated by my client.

The only problem with S.B. 123 (R2) is relative to the allowance of competition for independent power producers. By the way, my client agrees with the overarching policy of the bill, which is to wean Nevada from coal and go to renewable and other clean energy sources. We heartily endorse that aspect of this. I think with one small change we would have no problem with the bill. I have given you three ideas in the proposed amendment (Exhibit F). What is interesting to me is that on page 4 of the bill, line 4, under section 7, subsection 2, paragraph (b) and again on line 26, relative to renewables, there is an opportunity for NV Energy to contract for and not just construct or acquire power. That is really what my client is asking for. It is asking for a level playing field in the competition for purchasing power. Going down to line 38 of page 4, that is where I would propose for one of these ideas for a change, which is just a promotion of competition. I would recommend that the Committee look at a study that was recently done in Colorado by an economist who was hired by the major power company in Colorado. The study analyzed the rate impacts of the Colorado experience. We think moving away from competitive bidding creates problems for the state of Nevada as far as the generation of gas-fired electricity goes.

John Scire, Private Citizen, Sparks, Nevada:
I teach energy policy at the University of Nevada, Reno, in a course I created 14 years ago. I would like to make a few comments. In general, the bill is evolving in the right direction. There are four items that concern me. The first is natural gas prices. I submitted a presentation I did for Ty Cobb's National Security Forum (Exhibit H). The Department of Energy says natural gas prices between now and 2040 will more than double. There are many good reasons for it. We are building 16 natural gas ports to export natural gas. We are pumping natural gas to Canada and Mexico. Canada is building a natural gas compression and export facility at Kitimat on the British Columbia coast. Transportation nationwide is going into more natural gas. Natural gas prices are going up precipitously. It will begin in 2018 and go forward from there. The fact that it is not a fixed ratio anymore is a good thing, but natural gas is a trap.

The second item that concerns me is replacement costs versus upgrade costs. As I have listened to the testimony today, it is clear to me if you were to cost it out, it makes some sense to keep and upgrade the high quality coal-fired plants and not build half a billion dollars' worth of new natural gas facilities. On a plus/minus basis, somebody needs to crunch the numbers because I have

not had the time. It seems to me that a portfolio of generation with cleaner coal, natural gas, and a massive increase of renewables makes more sense for Nevada. The ratio I was originally quoted when this first started was 60/40 natural gas and renewables. Nevada has the capacity for 60 percent renewables and 40 percent all other. Within that "all other," we already have installed facilities for natural gas and coal. It makes no sense to be building all of these new facilities. We should be building more renewables.

I am for the bill in one respect and against it in another. I think it is too timid. To start closing down plants where there are half a million dollars in undepreciated costs that have not been recovered is a big cost. You have to factor that in. There is no way the prices for consumers will not go up.

The last thing is PUC's supervision. The PUC must have the ability to say no to anything NV Energy does. Otherwise, we are subject to NV Energy's dictates. If you look at their performance and RPS, it is very weak. I use Nevada as an example to students of an RPS that is very weak. It includes increasing the efficiency. You get credits for efficiency and get extra credits for solar and so on. Let us verify exactly how much renewable energy NV Energy is producing. They say they are producing 25 percent, but they have credits for efficiency and whatnot. I do not think you can trust NV Energy to hit a 40 percent actual renewable generation standard based on past performance. I think you need to question this.

The amendments that have been proposed seem reasonable. To me, the biggest concern is taking the PUC partially out of the picture. You control the PUC; the PUC has to control them. Do you want to get into the business of being the PUC? I have to agree with Assemblyman Hansen and his concerns.

Chairman Bobzien:
We received your article (Exhibit H), but it is a scanned copy, so some of the charts do not look right. Do you have an electronic copy you can send us?

John Scire:
I do have an electronic copy.

Chairman Bobzien:
Please email it to our Committee, and we will get it out to our members. Before we get to questions, I would like to return to Mr. Schmidt's amendment on energy efficiency. It seems as if that concept would apply to a variety of bills being considered this session. Was your point brought up with S.B. 252 (R3)?

Fred Schmidt:
Senate Bill 252 (R3), which has already passed both houses, is the bill that addressed energy efficiency in this way. Right now, our RPS allows 25 percent of it to be complied with energy efficiency. Every year since it has been in place, the utility has used at least that 25 percent. Why? Energy efficiency is cheaper than all the other renewables. There is now a surplus of energy efficiency credits because of that allowance. We did not oppose the concept of eventually removing energy efficiency from the RPS. As the bill finally evolved, it was delayed so it will be staged out over time.

The only standard or motivation you have for energy efficiency in law today was in that RPS mandate. It has been used that way by the utility very effectively and helps save ratepayers money. As that is phased out, energy efficiency is not being added. We do not have any new standard or separate standard. This plan, the way section 7 of S.B. 123 (R2) reads, is an alternative to the plan we have in resource planning that requires energy efficiency via component. All I am asking is, do not remove it or leave it standing by the sideline here. It is a simple fix to put in a phrase to add energy efficiency so those types of programs can be continued.

Chairman Bobzien:
I will open it up for questions.

Assemblyman Hansen:
I have a quick comment. I had a brief opportunity to visit with Dr. Scire before we started, and he is a Marine Corps officer and combat veteran who served in Vietnam. He lost seven members of his platoon in combat. Since it is Memorial Day, I thought you might invite the veterans to stand up so we can give them a round of applause for their service.

Chairman Bobzien:
Let us do that. [Applause.] Are there any questions, perhaps some questions on Mr. Johnston's or Mr. Guild's amendments? [There were none.] Mr. Guild was sure to reference that we brought the topic up. Let us bring others up in opposition. The time is getting late, and we are in the "me too" phase. We want to hear information that has not been referenced before.

Marlene Lockard, representing Nevada Consumer Protection Alliance:
The Nevada Consumer Protection Alliance consists of seniors, women, children, at-risk families, and small commercial ratepayers, including former Attorney General Frankie Sue Del Papa, former PUC Commissioner and Consumer Advocate Tim Hay, the Nevada Women's Lobby, Retired Public Employees of Nevada, Retail Association of Nevada, Nevada Manufacturers

Association, and Winnemucca Farms. First, I would like to commend U.S. Senator Harry Reid and Chairman Atkinson, whose leadership in moving to renewable energy and retiring environmentally detrimental coal plants is greatly appreciated. We applaud the elimination of coal. In fact, it is past time. However, NV Energy can get out of the coal business without changing the role of the PUC. We can see that it already has effectively done so, since NV Energy is only using coal for 10 percent of its delivered energy.

Senate Bill 123 (R2) removes the integrated resource planning (IRP) process that was begun and implemented during Governor Bryan's administration and ties the hands of the PUC. In fact, the bill dictates what they must do and when they must do it. That is not in the interest of the ratepayer. The bill specifically protects shareholders and ensures that ratepayers will bear all costs associated with retiring the old coal plants without the knowledge of what you might find, such as ash ponds or other environmental issues that could have unknown, astronomical costs. Likewise, all costs associated with building a new plant will be at the ratepayers' expense with interest. Not only that, it defers other costs into the future when our kids and grandkids will have to pay for decades because of the decision that may be made here today. I do not think the Legislature wants to be the substitute for the role of the PUC. That is what S.B. 123 (R2) does.

NV Energy is a monopoly, and we need informed, rigorous, and conscientious regulation. We need to ask what the rationale is for diminishing the role of the PUC, dictating their authority, or constraining their authority. Why, when we require the state Purchasing Division to go to bid to buy pencils, would we allow a multimillion-dollar power plant without competitive bidding? None of us are sufficiently informed to keep up with, or even understand, how NV Energy operates. The only ones who can responsibly second-guess NV Energy are the staff and commissioners at the PUC, along with the Consumer Advocate. It should be very clear why NV Energy is pressuring you to cut the PUC out of its traditional responsibility. Please do not let them slip even slightly from under state regulation.

The Nevada Consumer Protection Alliance has offered an amendment that allows the PUC to continue its traditional role (Exhibit I). By the way, labor wins with what we are proposing. A rigorous commission review of NV Energy's plans will redirect its proposed investment, leading to greater job creation over a longer period by installing efficiency measures adding cogeneration at manufacturing plants and building renewable energy generation. That is a far better strategy.

To Mr. Daly's earlier question about prudency, what this bill does is predetermine that all costs are prudent, which takes away any authority of the PUC to determine if those costs are appropriate. It mandates in the bill that the costs are prudent.

With respect to Mrs. Kirkpatrick's comments about the inclusion of the transmission lines and the other cost, those costs, to my knowledge, were not part of the financial model the company used to predict what their rate increases would be.

We maintain that in this very complex area we agree with retiring coal, and agree with renewables, but why take the PUC out, or as the company's general counsel stated, modify it in four significant areas?

Chairman Bobzien:
We will continue with additional testimony from the panel.

Robert Kahn, representing Independent Power Producers Coalition-West:
I am here to speak on behalf of the entire industry, not the interests of individual companies that may feel comfortable with this bill. As a matter of our values and our representations, we are here to compete. This bill, as currently written, will not allow us to compete. Forty percent of the electricity generating in this country is generated by independent power producers. We support the amendment outlined by the Nevada Consumer Protection Alliance. We are very comfortable with the proposed amendments of the previous panel.

We are fully in support of retiring coal and think it is good environmental policy, economic policy, and public policy. It offers us a commercial opportunity. We would like to compete. We align with consumers, and consumers identify with us because there is a fundamental difference between ourselves and the role of the monopoly utility. We spend our own money while they spend yours. That is a basic fact to remember. I would like to evoke a law I know you are all familiar with, which is Murphy's Law. Whatever can go wrong will go wrong. I see no reason why we should expect the numbers and projected rate increases advertised here by NV Energy will come to pass. In Colorado, they said it would be a 3 percent increase, but it ended up being over 20 percent. Whatever can go wrong, will go wrong. That is the fact. The difference is where Murphy's Law applies, and if we are building a power plant, and it costs more than advertised, we eat that cost. We are only paid when we generate electricity. The utility is paid whether their plants operate or not. I know you are aware of all of this, but it does bear repeating. We are here

to compete. We are not afraid of Murphy's Law, and we are not afraid to put our shareholders' dollars at risk.

The independent power producers want to call your attention to what we believe is an illusion. Perhaps others in our industry should read the bill more carefully. The request for offer (RFO) proposed in the bill, which applies only to renewables, is an option for the utility. They may or may not abide by the results of the RFO. If one of our members competes and shows they are the least-cost resource, NV Energy does not have to do business with them. We would like to see that a requirement. We would like to see competitive bidding looked at by the PUC and adopted as policy just as it has in Utah, Idaho, and Oregon where, when there are new resource requirements deemed to be truly needed, the utility must compete against our industry. That way ratepayers are assured of getting the lowest possible price. That is only one of the illusions in this bill. There are others, which I am sure you will hear the PUC speak to.

I want to say a word about labor. Labor should be indifferent. We will build power plants in this state with labor. I understand there are some companies that have not done so. There are always bad apples in a bushel. It does not mean the whole bushel is bad. Our industry knows better when it is in a state like Nevada or California that uses union labor; it is foolish not to. Labor will be indifferent, but you are dealing here with a monopoly. There is a reason why NV Energy wants to get off the leash. There is a good reason. It has to do with its shareholder value. NV Energy's presentation mentioned valued customers. The phrase was used over 20 times, and not once did he mention the true agenda of NV Energy, which is value to shareholders. Just check the Wall Street reports from Barclays. They will tell you how closely they are watching your deliberations.

Thank you for your time. We are here to compete, and we are not afraid to compete. We want to supply electricity of the future, whether it is natural gas, solar, geothermal, et cetera. We want a chance to show we can be the least-cost producer, as we believe we can.

Joe Greco, Senior Vice President, Terra-Gen Power:
We have offices located in Reno. We have been producing geothermal power in this state for over 20 years. We are also the largest renewable provider in the United States, from an independent power perspective. We have applauded the intent of the bill, which is to reduce greenhouse gases in an orderly transitional process. We believe shutting down coal plants is a good thing, and we applaud the opportunity to bid into an RFO process that makes sense.

The thing we want to highlight here is to reiterate the component of competition. We want to make sure there is a fair and equitable process for both gas and renewable projects. It would be unusual for a utility to bid into a process that we are bidding into without maintaining the same standard. What I mean by that is, if we bid and have a firm price, we are expected, as a developer, to take the risk. We would hope that if the utilities are bidding in, they would bid under the same process. If they bid a firm price and go over that price, the shareholder takes the risk and not the ratepayer. We want it to be a fair and equitable process.

More importantly, we do believe the renewable component of this bill is critical. One specific clarification we would like to make is where it talks about a 300-megawatt nameplate capacity. We need to clarify the fact that it should just be 300 megawatts of overall capacity. What I mean by that is, if you take a 100-megawatt solar facility, that nameplate capacity is 100 megawatts, but the overall capacity is only, say, 25 megawatts because it only operates 25 percent of that time. I would like to have that brief clarification in the bill because we think it is important to take advantage of the renewables in the state. It is a natural hedge to natural gas. The professor brought up the fact that natural gas can be, and will be, increasing in cost over the next several years. The hedge that that provides today, if we are bidding a firm price, is going to be steady for 10-, 15-, or 20-year period, or whatever period we contract for.

Finally, we will create jobs and taxes in this state, which we have already done.

Geoffrey Lawrence, Deputy Policy Director, Nevada Policy Research Institute:
I submitted an exhibit that is a presentation with charts that I will be referring to (Exhibit J).

At the Nevada Policy Research Institute (NPRI), we wanted to do an analysis of the possible rate impact of this particular proposal. We believe NV Energy is significantly understating the potential of that rate impact due primarily to two components: (1) the short-term volatility of natural gas prices and (2) the long-term growth of natural gas prices. If you look at the chart at the top of page 4 (Exhibit J), that information comes from the Energy Information Administration of the U.S. Department of Energy. It shows the natural gas spot price over the past 16 years. You can see that it has been all over the charts. It peaked above $14 per million BTUs and has subsequently gone as low as $2 per million BTUs. It is currently about $4, but it started out this year at around $3 per million BTUs. This is significant because when you are talking about divesting from one energy resource and moving almost exclusively into natural gas, you are unable to hedge against volatility in one fuel price

by starting to burn coal more heavily when natural gas prices go up. Coal prices have traditionally been much more stable than natural gas prices. When you go almost exclusively to natural gas, you are exposing ratepayers to the vulnerability of very sharp short-term price increases. These additional costs are not part of the general rate case hearing. Those additional costs are incorporated into the rate structure through a quarterly fuel cost adjustment. Therefore, the ratepayer protection clause in section 11 of the bill would not apply to any additional price spikes as a result.

Also, I would like to call your attention to the chart on the bottom of page 6 (Exhibit J), which is the long-term price growth trend that is expected by the Energy Information Administration. As you heard earlier, natural gas prices are expected to more than double by the year 2040. Coal prices are expected to increase at a much slower rate, only about 45 percent or so. These fuel costs make up a significant share of the cost of electricity generation from a natural gas facility. If you look at the chart on the top of page 6 (Exhibit J), that is the levelized cost of energy from different generation facilities that has been calculated using industry averages from data from the Energy Information Administration. I have modeled the cost of electricity generation of natural gas at the current spot price of $4.15, but also at the cost of $6 and $8. It gets significant because the price is supposed to be about $8 on average by about 2040, but there is also a significant variability in the short term. You see that, at $8, the cost of electricity generation is about 45 percent more than it is at the current spot price of $4.15. Those are additional costs that will have to be borne by the ratepayers under this plan.

I would like to talk about the rate hike cap in section 11 of the bill. I think that 5 percent gives a false sense of security because it not only excludes the fuel cost adjustment but also only extends out to 2018. It allows the utility any cost they do not recuperate through the rate structure up until that point, and they can recoup that after 2018. It is just an illusion of a rate hike protection there. We believe consumers are going to bear the entire cost of this proposal. What might those costs be?

We looked at Colorado's 2010 legislation, House Bill 1365, which is very similar in that it required the major utility there to retire about 900 megawatts of coal-fired generation. The utility said that over a 20-year period, the utility rates would only go up about 2 percent. The independent economists who modeled that impact showed a rate impact anywhere from 11 percent to 50 percent, which is so much higher than what the utility was saying. The real experience is showing that it is going to be in the mid-20 percent range, around 25 or 26 percent.

I would like to call your attention to the chart at the top of page 10 (Exhibit J), which shows how fuel costs impact households at varying income levels. Legislation that causes an increase in electricity prices has a notoriously regressive effect. This is specific to Nevada. There was a modeling analysis done earlier this year. It shows that in households earning less than $10,000 annually, energy costs consume about 57 percent of household income. That includes both gasoline and home energy costs. On the chart, for those in an extremely low income bracket, there is the Low Income Home Energy Assistance Program, which mitigates that impact. For those in the middle brackets, $10,000 to $30,000, energy costs take up 20 percent of the household budget. If you go up above $50,000, it is only 8 percent. You can see how that impact is very regressive. We have a lot of concerns on this bill.

Chairman Bobzien:
Do we have any questions for our panel?

Assemblyman Ellison:
I am going to go back to the original question I asked. Maybe you can answer it. You signed in under opposition. What do you see the danger is with NV Energy going through the RFO process and deciding to build themselves?

Robert Kahn:
They are not going to be subjected to the same rigor. For one, they can always choose themselves, and will choose themselves, regardless of what the competition numbers are. Most important is a point made by Mr. Greco. They do not have to abide by those prices. In other words, whatever they advertise is the cost of construction of a power plant, they need not abide by those costs. If they go over, one way or another, the ratepayers will make up the difference. These are not real businesses. Investor-run utilities are not true businesses; they are monopolies. They have access to your pocketbook. I hope that helps answer the question.

Assemblyman Ellison:
Have you ever known of the Environmental Protection Agency coming in and shutting down coal-fired power plants in the United States?

Robert Kahn:
I think we are a society of due process. There are ample opportunities for anyone who operates a coal plant or other kind of power plant to defend their interests. At the end of the day, coal is history. I think everybody recognizes that. Our industry certainly does. The wise thing is to get out of it. The fact that NV Energy is currently only using coal to meet 10 percent of its customer needs shows that the market has already had that impact. We ought to be

concerned about what it is going to cost to actually remediate that site and who is going to bear those costs. As I understand this bill, the consumers of Nevada Power Company will bear the costs of remediating the plant.

Chairman Bobzien:
Do we have additional questions for our panel?

Assemblyman Livermore:
This question might be for Mr. Kahn. Is the monopoly utility guaranteed a certain percentage of profits? Is your company guaranteed a certain percentage of profits?

Robert Kahn:
No, we are only paid for the product we produce. If we fail because a turbine blows up or we have a disconnected transmission grid and do not operate, we are not paid. We are real a business and take risks. Those risks are not taken by the ratepayers as they are in the case of NV Energy.

Chairman Bobzien:
Are there any additional questions? [There were none.] Is there any further opposition testimony? I think everything has been covered very well at this point. I am looking for new points that have not been previously raised.

Cynthia Mitchell, Principal, Energy Economics, Inc., Reno, Nevada:
Utility integrated resource planning has been my life work. Next summer, 2014, I will mark 40 years in the business. I am an economist and energy consumer advocate. As the senior economist for the Nevada Consumer Advocate's Office from 1982 through 1990, I worked on the development of the implementing regulations for IRP and the operationalizing of IRP in NV Energy. That was my full-time, or near full-time, assignment for seven years. I want you to know that Nevada IRP was a really big deal nationally throughout the 1980s and 1990s and became the national model for utility regulation throughout the country. In fact, it became the basis of the national Energy Policy Act of 2005.

What you are doing today has broad policy national implications. During my time at the Nevada Consumer Advocate's Office, I got to crawl inside NV Energy. I learned much of their daily engineering operations, and I learned much of their long-term planning aspects of energy procurement. When I heard about this legislation, I did another deep dive into their IRP, federal documents, and all sources.

I am not going to repeat the "me too" that has already been discussed here. I want you to know a little about southern Nevada as an energy system.

It is a summer peaking utility. Its space cooling requirements create an extreme needle peak in demand that on a daily basis is only sustained for about 100 hours over the summer months. It drops off quite quickly. What this means is that out of the megawatts needed for peak demand, the last 1,000 is needed for only about 100 hours, and then it falls off. About 80 percent of the time, NV Energy, in southern Nevada, needs only half of the capacity they are talking to you about today. That means 3,000 megawatts are needed on a year-round basis. They have an extreme summer peaking requirement. NV Energy is running their southern system as if it was still the 1970s. They are doing nothing to improve the demand imbalance. Rather, they would have you believe they need to add new generation with 24/7 operating characteristics for an extreme needle peak. This is a very expensive way to meet electricity demand and annual energy requirements. It is an extremely sloppy way to manage a complex distribution system. Also, this is highly inefficient, and you have a system that is operationally risky for distribution circuit overloads, meaning rolling brownouts and blackouts.

NV Energy continues to ignore, as Mr. Schmidt pointed out, the cheapest, easiest, and most environmentally friendly resources available to address peaking load imbalance. They are demand response, energy efficiency, and solar PV. Here is the beauty of it. Energy efficiency, rooftop solar PV, demand response, distributed generation, purchased power, competitively built—all have more per unit of energy generated, or energy saved, and have more long-lasting jobs associated with them, many at an entry level, than a single 500-megawatt gas-fired generation unit. This is essentially a street of gold that is paved and waiting for us to walk down it. We have a historic opportunity here.

This bill takes this aspect completely out of the regulatory purview of the Commission and requires the Commission to approve a 550-megawatt generating facility that is self-built, self-dealt to the utility. When NV Energy was up here earlier telling you we will have a shortage of 1,000 megawatts in 2019, the shortage they are talking about is something that can be dealt with in the blink of an eye. It could be done in a much more economical, distributed-based, and job-creation basis for Nevada.

During my 40 years in the trenches of IRP, I have been in many egregious proceedings. I have seen utilities time and again try to circumvent basic IRP and consumer protection legislative and regulatory mandates. Truthfully, what is going on here today takes the cake. We do not owe them anything for all their pestering and persistence throughout this session. Giving in just a little bit at this late hour, with one power plant instead of the half dozen they initially demanded, is still going to slam the door on competitive resources and more environmentally sound resources. This is also going to be so bad and publically

evident that there will be no way to message this to Nevadans as a legislative, environmental, and consumer win for the state. I want to say this is my utility. I want reliable and affordable energy services, not a utility that is being run as a huge profit center for a limited few.

Ray Bacon, representing Nevada Manufacturers Association:
We have already submitted our amendment (Exhibit K). What we do is take those three criteria that NV Energy proposes, make them applicable to all, and put the ratepayers' interests on top. We think that is in the best interest of your constituents. Ultimately, if the ratepayers' value is considered first, we think most of these things will come out. I support everything that has been said by the opposition panel.

Chairman Bobzien:
As far as questions about the IRP process and the history thereof, Ms. Mitchell is a witness to whom we want to ask those questions. Do we have any questions from the Committee? [There were none.] If there is no more opposition testimony, we will move to neutral testimony.

Warren B. Hardy II, representing Hamilton Solar:
Thank you for allowing me to take one minute to close the loop for the legislative record on an issue we brought up when the amendment was introduced on the Senate side. We signed in neutral because the bill does not really impact us too much. We spent the last couple of years trying, from a policy perspective, to make sure the Legislature and the policies that are adopted in Nevada recognize the value of distributed generation and customer-sited distributed generation. When the issue first arose in the Senate, we brought that point up. We know the legislation before you today contemplates larger-scale, more utility-scale types of transactions. We think the bill does that, so we appreciate that. We testified in the Senate that we would like the door to be left open. We do not know what the future is going to hold in terms of technology. If an opportunity exists and is economically feasible, we want to make sure the bill allows an opportunity for customer-sited distributed generation to participate. We think it does. We appreciate Mr. Elicegui's description of section 12 because we think that does exactly what we were hoping it would do. I want to thank Senator Atkinson. I think he summed it up in the Senate when he said, "You guys are okay with bill as long as you get an opportunity to participate." We think this accomplishes that.

Chairman Bobzien:
Let us go to the PUC.

Donald Lomoljo, Utilities Hearings Officer, Public Utilities Commission:
Before I get to our comments, I would like to touch on two issues that were raised earlier. The remaining book value, as Mr. Elicegui stated, for Reid Gardner units 1 through 3 was approximately $153 million, and for Reid Gardner unit 4 about $123 million. What those numbers do not include, to my knowledge, is the purchase price for Reid Gardner unit 4, which would be necessary for the utility to retire that unit, and that is about $40 million. That purchase is also subject to Federal Energy Regulatory Commission (FERC) approval, and there is a filing pending before FERC right now on that purchase. These figures also do not include decommissioning costs, which could be very significant. It is important to remember that per the language of S.B. 123 (R2), all of those decommissioning costs, without Commission review, are deemed to be prudent investments and would be recovered by ratepayers if those decommissioning efforts are carried out in a reasonable manner.

The second issue deals with what Mr. Elicegui was asked about other examples of prescriptive statutory measures that had been placed upon the PUC. He mentioned the RPS and net metering. I think it is important to remember that both of those are advanced policy goals that the Legislature wanted to advance. The Legislature did leave the implementation of those policies to the Commission where the Commission could, and has, since those policies were passed, go through rigorous investigation processes through our existing IRP processes. All interested parties had a place at the table where they could present evidence to the Commission so the Commission could arrive at a detailed and reasoned decision.

The PUC did file written comments (Exhibit L). I will go through a few important points. The Commission commends the Legislature for its efforts in advancing the early retirement of the coal units and advancing further capacity of renewable energy. What we have concerns about is the limited discretion left by S.B. 123 (R2) to the Commission, particularly regarding the 550 megawatts of what has been called replacement capacity. Some of the concern there is that the bill is extremely complex and ambiguous as to the timing of that replacement capacity. We heard several things today from Mr. Elicegui. The timing would be based upon need. The timing would be based upon the need for capacity. The timing would be based upon putting the company in the same position as it is in today regarding capacity. Those are not similar issues as to how additional capacity is added to the IRP process. Those are different standards.

As the Commission mentions in its comments (Exhibit L), it does not have discretion over rate issues. One of the most concerning is over carrying costs, which are interest charges on the regulatory asset piece. Section 9 of the bill

allows the utility to place all costs of new construction of the 550 megawatts, or its acquisition, into a regulatory asset with interest. Normally, the Commission has different tools to address that issue of regulatory lag, and I mention those in our comments. Also, it normally has discretion over whether interest is allowed. In our comments, I did mention that the indications are that Nevada Power is overearning above and beyond its currently authorized return. Allowing interest on top of that would be adding to that problem.

There has been talk in the Senate and some talk today about the financial modeling that was submitted to back up the NVision proposal. To my knowledge, the PUC is the only entity that the actual working Excel spreadsheet has been provided to. The Commission has identified several problems with that financial modeling that skew the rate impact analysis the company has set forward. Ms. Cuneo can go through some of those concerns and add to anything I just stated.

Anne-Marie Cuneo, Director of Regulatory Operations, Public Utilities Commission:

The model the company had submitted has some significant issues. When we receive these models, we have 180 days to go through them. They have 50 tabs of thousands of calculations and assumptions, and the change of any single one of them can change the result. I would simply like to caution you against the use of all of the numbers, such as 3 percent from the base case. I would particularly like to caution against the use of reliance against a base case, because the IRP base case the company has used is not a base case that has been shown to the PUC yet. The base case that was shown to the PUC in the last IRP was different. This is a base case that has not yet been approved by the PUC. The change in assumptions or differing assumptions that can be used in the model are fuel and purchase power costs, load forecasts, et cetera. One of the issues I had with respect to the model was the figure the utility used for their contingency costs related to the cost of building the 550-megawatt power plant. They used a less than 1 percent contingency, which is significantly lower than the 5 to 8 percent they used for other units, such as the Tracy unit and other models. That is a significant difference.

Also, I do not know what renewable power purchase agreement (PPA) prices were modeled since those were lumped into one fuel and purchase power forecast number. There were some load forecast problems I had with the model. One assumed there was a nonrenewal of the Newmont PPA but then kept the Newmont plant's load in the model. In short, I would caution against the overreliance on such things as the 3 percent rate impact because I do not know if that is accurate. I do not know if it is not accurate, but I also do not know what the ranges are.

Chairman Bobzien:
Regarding this issue of the critique of the base model, was this shared on the Senate side?

Anne-Marie Cuneo:
Yes, sir.

Chairman Bobzien:
We will hear from Mr. Jacobsen and see if we have questions for the panel.

Daniel Jacobsen, Technical Staff Manager, Bureau of Consumer Protection, Office of the Attorney General:
We are neutral on the bill. I am going to describe a brief amendment we would like you to consider (Exhibit M). We believe this amendment is a technical amendment to clarify the intent of the bill and not to change the deal or the compromises that were reached. My amendment goes to the point that the PUC should be allowed to determine when the next natural gas plant is built. The deal here is that in exchange for retiring the coal, the company gets to build a 550-megawatt generating capability, which will more than likely be natural gas. We think it is important for the PUC to be allowed to have the authority to decide when that gets built.

There are four things I would like you to consider that the PUC should be able to evaluate. First of all, the Reid Gardner plants have low utilization. Their capacity factor, as reported to FERC, was 11 percent in terms of what is being provided to Nevadans. That is very low and creates some uncertainty about just how much capacity needs to be generated to replace that. Second, there is some uncertainty about how much energy would be generated from the 350 megawatts of renewables. Certainly, there will be some, but it is not clear how much. The Commission can look at that. Third, the company has just about finished building its One Nevada Transmission Line from Ely to Las Vegas. That is called the ON Line connection. Ratepayers are going to pay for part of that. The rationale for that connection is that you can use power from the north and haul it down to the south to help meet peak needs. We do not know how much that is going to help. We hope it is a huge help. We hope that by shifting energy from the north, when it is available, to the south that you will not have as much of a need or will be able to delay the need to build. The fourth point is that there is uncertainty about how much demand is going to grow. We hope the demand for electricity grows dramatically in Nevada and there is a quick economic recovery. Frankly, since the recession, it has been flat. Demand has not grown.

We ask you to consider an amendment (Exhibit M) that would clarify the intent without changing the essence of the deal. It is still saying the Commission has to approve a 550-megawatt capacity, but let the Commission determine when it is needed. Also, let the Commission decide if existing PPAs should be renewed. You have heard a lot of discussion about the benefits of PPAs. From our standpoint, they allow customers to only pay for part of the peak need and not have to pay all year long when that capacity would sit idle. Section 17, subsection 6 of the bill is the provision that mandates that the Commission has to approve the 550-megawatt plant. We ask you to consider adding two sentences (Exhibit M). I will read them into the record:

> The Commission shall determine when the electric generating plants are to be constructed or acquired based on the need to replace energy generated by coal-fired plants and the need to meet growth. The Commission shall have the authority to delay construction or acquisition of generating plants if capacity needs can be met through renewal of existing non-coal-fired power purchase agreements.

What this amendment will do is provide clarity that the Commission has the ability to provide some ratepayer protection as these new investments are made. The last time the company built a 550-megawatt plant was the Harry Allen plant. It cost $700 million. We are not saying do not build the plant, but we are saying it is probably going to come on at the same time that renewable energy is increased by 30 percent. The renewable energy is going to raise rates. The remediation of coal is going to raise rates. If you allow the company to pretty much dictate when that 550-megawatt plant comes on line, and it comes on line at exactly the same time, the rate increase will be higher than it needs to be. This is a technical amendment to give the Commission the authority to weigh in on the timing.

Chairman Bobzien:
Do we have any questions?

Assemblyman Ellison:
I am confused. Did you say that the new transmission line that was built between Ely and Las Vegas is not needed if this plant is built? Or will it be needed?

Daniel Jacobsen:
We are very hopeful that it will be used to shift some renewable power.

Assemblyman Ellison:
During peak demand.

Daniel Jacobsen:
Yes, during peak periods. It will bring power from the north to the south to help meet the peak.

Assemblyman Ellison:
We know coal is eventually going to go out, so if they start building one plant at a time, do you think it would be best to do it that way? Let the ratepayers pay for it and then go to the next one.

Daniel Jacobsen:
The Commission has a lot of experience at that and in looking at projections. What you do not want is to have a reliability problem because you did not let the company build soon enough. We are not saying with this amendment (Exhibit M) that the 550-megawatt plant should be delayed by statute. We are saying let the Commission go through their normal processes to evaluate all of the need, current capacity, how demand is growing, and how much benefit are we getting from this ON Line connection from Ely down to the south that ratepayers are paying for. The Commission can balance all of that in a public proceeding. We are just asking you to clarify that they have the authority to do that. I heard the company representative say the example was that the Commission would have the latitude to move a plant from 2018 to 2019. If that is the intent, then this amendment (Exhibit M) clarifies what the intent is.

Chairman Bobzien:
Do we have additional questions?

Assemblyman Livermore:
After hearing the testimony today, could you provide an analysis of the information that tells me if you want a PUC hearing and that type of information? This is in order for me to make a good decision here today.

Chairman Bobzien:
Before we kick that to Legal, I do believe there was a staff briefing on this that was circulated to members. Did you receive that, Mr. Livermore?

Assemblyman Livermore:
Yes, I did, but I am asking about the testimony that was heard here today.

Chairman Bobzien:
Do you want an analysis of testimony or do you have specific questions you want to have answered?

Assemblyman Livermore:
I am looking for an analysis. This is no discredit to our legal counsel by any means, but I think the PUC has specific professionals who can judge and make good presentations to the Commission itself. I am just trying to weigh the facts. While we are trying to make a decision here in a three- or four-hour meeting, the PUC takes days, weeks, or months to make that decision with their large staff.

Chairman Bobzien:
I think as always the Committee staff would be more than willing to meet with you and see what specific questions they can help you address. We have noted that, and they will be in touch. Are there additional questions?

Assemblyman Hansen:
This whole issue started with the Reid Gardner plant, and I asked why they could not just update the boilers to natural gas instead of coal. A bigger question that came up is what is the life expectancy of Reid Gardner? Is it now at a point where it is obsolescent and should be replaced? I was told that the Valmy plant has a life expectancy to 2025. If in fact it is obsolescent, we can replace it, but if it can be repaired and updated and we need additional capacity, I can see this, but at the moment I do not hear that from anybody. It seems, if anything, we have excessive capacity.

Anne-Marie Cuneo:
The Commission wanted to know that information as well. They requested the power company file a lifespan analysis along with all sorts of options. It is due August 15, 2013. I believe we may have started this conversation simply by the Commission's order asking for the lifespan analysis. In short, to be more responsive to your question, the lifespan of the unit is longer than 2014 and 2017. However, as Mr. Elicegui stated, in order to run those units with current air pollution guidelines, the utility has a decision they have to make, which is, "Do we invest a certain amount of money in order to make those units compliant with air quality laws?" That decision point is going to happen in 2014 and 2017 for the Reid Gardner units.

Assemblyman Daly:
My question is for the PUC. Going back to what this bill is about, which is trying to decommission coal plants and make the transition to cleaner energy, we spent a lot of time on whether decommissioning should be deemed prudent.

It seems to me, when I read this section, that it has to be. If they say we are going to make this transition, they have to. NV Energy is going to proceed the same way they always have, and they believe you will have the same authority you have always had. Your job is to oversee them and make sure the rates they are changing and things they are reimbursed for by the ratepayers are justifiable, and the rate of return is not higher than it should be. That is the tradeoff for being a monopoly, and we understand they are. You will be able to do your job the same as you were before. If they are taking advantage of something, such as overcharging, or profits are too high, you make them make rate adjustments. None of that is changing in this, correct? You still have the ability to do your job the same as you did before.

Donald Lomoljo:
I do not believe that is the case, especially in regard to the 550-megawatt replacement capacity. In the normal IRP process, the Commission would determine what replacement capacity, if any, is needed. What is the timing and type? We would take the company's case on that, which would be very detailed and supported by engineering and financial information. The Commission would make that decision. Here, it is stated that it will be 550 megawatts, and that 550 megawatts is deemed a prudent investment.

Chairman Bobzien:
There appear to be no further questions for this panel.

Terry Graves, representing Nevada Cogeneration Association 1 and 2:
We wanted to state that we are an interested party. We have been following this since it was introduced in the Senate. To the extent there still seems to be moving parts, given the amendments submitted today, we want to make a place card for our interests.

Chairman Bobzien:
Are there any questions for Mr. Graves? [There were none.] Seeing no further testimony, we will go to the bill sponsor for a wrap-up.

Shawn Elicegui:
There were a number of points, and I will try to touch on a few. First, with respect to the cost of natural gas, the company used a forward-looking curve in forecasting in trying to estimate the rate impact. That curve started at approximately $4.05 in 2013 and reaches approximately $9 in 2033, which encompasses the gas curve identified in the Nevada Policy Research Institute's documents. Second, the company recognizes there is volatility in natural gas. If the plan includes a natural gas plant, the company is required to propose

a strategy for a fixed price on natural gas products, which is designed to provide an element to rate stability to the fuel piece.

By 2033, and then 2040, which is when natural gas prices are expected to double, the three plants we are talking about today will be closed anyway. Those plants each close on a planned retirement date prior to those dates. The simple point there is the company will be in the business of replacing that capacity with some type of additional capacity. It could be natural gas capacity, or as provided for in this legislation, it could be that capacity as determined by the Commission.

With respect to the need for and the timing of the Commission's determination, I think I agree with several of Mr. Lomoljo's points. What I believe the legislation says is that in section 17, subsection 6, the Commission has to find there is a need to add additional capacity before the Commission authorizes the company to construct or acquire that 550 megawatts of capacity. It does not say that has to be all at once, and it does not say it has to be a single plant. If the Commission determines that multiple plants in smaller tranches, such as two peaking units at 270 megawatts apiece, are appropriate, the Commission has the ability to do that.

Also, addressing timing, I think there is a need. The point there is that there has to be a finding of need for capacity. What this section does is it ensures the company constructs or acquires the first 550 megawatts of capacity for which there is a need. That places the company in the same position it is in today with respect to company ownership of capacity. That is a position that has worked well for this company and for Nevadans.

Finally, looking to independent power producers, I think it is simple and important to note that, by 2019, we project a need with 550 megawatts of replacement capacity for additional facilities. That can come from existing contracts or new plants. I think it is also important to recognize that in 2000, there were a lot of power plants announced to be built in this state by independent power producers. Those plants were not built, and some of those plants, halfway through construction, were sold to the company. In addition, the company absorbed transmission costs associated with the development of those facilities that failed. Independent power producing is not riskless, and it does not necessarily insulate the company's customers from risk.

Turning to the guaranteed rate of return, the company does not have a guaranteed rate of return. The Commission sets a return on equity, and the Commission calculates a rate of return that it uses to set rates. That does not guarantee the company a rate of return. There have been many years when the

company did not achieve that authorized rate of return, and the company was not entitled to relief in those situations, unless it filed an additional rate case to increase rates. I think it is a misnomer and inappropriate to indicate that the company is guaranteed a rate of return. It is not. I have no other points to make.

Chairman Bobzien:
Let us welcome Senator Atkinson back to the table for some closing remarks.

Senator Atkinson:
Many of the things I was going to cover were said by Mr. Elicegui. I think many of the people who came up in opposition overly exaggerated. What you heard from people is, "We are against the bill, but if you accept my amendment, we are for it." That is because many of these people want certain provisions in this bill that makes them feel comfortable. It is difficult. I am not defending NV Energy. I think they have a tall task. Having to take care of their ratepayers and their shareholders at the same time is a difficult task. I do not think anybody would disagree with that. Regarding the overexaggeration by some of the people who testified because they did not get certain amendments in, I will assure you that we did everything we could to involve all parties early on, until we got to a point where we had to get something done.

To suggest the PUC does not have oversight is exaggerated. It may not be where some of the people want it to be, but the PUC has oversight. I am looking at page 18, section 17, subsection 6, which says the PUC has oversight. To suggest the PUC is in the business of writing policy I think is inappropriate. I have been here 11 years, and I am sure there were many before me, and I have asked, but the PUC does not write policy. They do not dictate policy. That is our job. Do I believe the PUC knows more about some of these issues than I do? Absolutely they do. I keep in contact with some of their people rather frequently, but the fact is it is our job to come up with policy. They are a regulatory board, and they are not elected. They are not put here by our constituents.

To suggest the Senate has not been paying attention or does not have our constituents' pocketbooks at heart, I am a little offended by that. I always have and always will be, on the lookout for my constituents. As I said earlier, when you look at closing Reid Gardner, moving to cleaner energy, and making our state one of the top of the list when it comes to energy and conservation, those things do come at a cost. I am not here to tell you something that does not exist. We are trying to do it at a cheaper rate than what we believe will be a much higher cost to our state and citizens going forward. It is going to be much higher going forward five or ten years. Is it going to be 3 percent or not?

I do not know. Is it going to be this or that? I do not know. They do not know, but they are opposing or in a neutral position.

I am much happier today to see the Consumer Advocate and the PUC on the neutral side because they were not there at one point. That tells me that they have gotten somewhat comfortable. There are a few unknowns in here, as it is with any major policy. When we approve a tax package, everybody is not happy. You are going to have some opposition. I recognize that here today. We heard from some of the other companies that want to be able to have bidding processes and make sure they are in on bidding. Looking at my constituents, about 95 percent of them get their energy from NV Energy. That is who they do business with. I have not heard from one constituent who does not want us to move to cleaner energy. I have talked to a few in opposition from other districts, but not one from mine. No one is saying they do not want us to move to cleaner energy. Everyone comes up here saying they are okay with moving away from coal. I think it is our job to come up with policy. That is what our committee did.

Again, it is like any other legislation in this building. It is not perfect. I believe, going forward, we will probably have to make some tweaks and massages in two years. When you have comprehensive legislation, as we have had in this building, we sometimes have that. I do believe our consumers are protected in this, and I believe they would say they want a cleaner and more energy-efficient state. We have to do it at some point. We have to get there. No disrespect to any other entity, certainly not the PUC because I value their input, but it is our job to come up with policy regarding this.

Chairman Bobzien:
To your point regarding the conversations we have heard from the beginning of this concept, the PUC staff were an integral part of those conversations. I want to thank you for the work you did on this and getting it to this point and sharing some closing thoughts with us. Again, I think your idea is relevant to this bill, that there will be future legislatures and opportunities for adjustments and corrections. We have done that, and that is how we always do policy. The Legislature passes the policy. The regulatory bodies make sure it gets done accordingly.

[Additional exhibits were submitted by Susan Cohen and Geoffrey Lawrence (Exhibit N) and (Exhibit O).]

With that, we are going to close the hearing on S.B. 123 (R2). Do we have any public comment? [There was none.] Are there any matters to come before the Committee? [There were none.]

The meeting is adjourned [at 5:46 p.m.].

RESPECTFULLY SUBMITTED:

_____
Julie Kellen
Committee Secretary

APPROVED BY:

_____
Assemblyman David P. Bobzien, Chairman

DATE: _____

EXHIBITS

Committee Name: Committee on Commerce and Labor

Date: May 27, 2013 **Time of Meeting: 1:57 p.m.**

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 498 (R1)	C	Kelly Richard	Work Session Document
S.B. 123 (R2)	D	Tom Clark	Proposed Amendment presented by Fred Schmidt
S.B. 123 (R2)	E	Robert Johnston	Proposed Amendment
S.B. 123 (R2)	F	Joseph Guild III	Proposed Amendment
S.B. 123 (R2)	G	Joseph Guild III	Handout
S.B. 123 (R2)	H	John Scire	"The Natural Gas Trap"
S.B. 123 (R2)	I	Marlene Lockard	Proposed Amendment
S.B. 123 (R2)	J	Geoffrey Lawrence	"NV Energy plan would impose big, new hidden costs on ratepayers"
S.B. 123 (R2)	K	Ray Bacon	Proposed Amendment
S.B. 123 (R2)	L	Donald Lomoljo	Handout
S.B. 123 (R2)	M	Daniel Jacobsen	Proposed Amendment

S.B. 123 (R2)	N	Susan Cohen	Written Comments
S.B. 123 (R2)	O	Geoffrey Lawrence	2011 IRP Update