

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: April 1, 2015

Agency Submitting: Public Utilities Commission of Nevada

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
CAT 01 - Personnel (Expense)		\$204,725	\$272,966	\$545,932
CAT 04 - Operating (Expense)		\$114,085	\$85,891	\$171,782
CAT 05 - Equipment (Expense)		\$7,200		
CAT 09 - Consultants (Expense)		\$210,000	\$210,000	\$420,000
CAT 26 - Information Services (Expense)		\$2,516		
Total	0	\$538,526	\$568,857	\$1,137,714

Explanation

(Use Additional Sheets of Attachments, if required)

The PUCN budget is funded primarily through an annual regulatory assessment (mill rate) levied against public utilities in the state for which they receive recovery from their ratepayers. Pursuant to NRS 704.033, the PUCN is required to notify utilities of the annual assessment by June 15th of each year for the following fiscal year. The statutory maximum assessment is 3.5 mills. The fiscal impact would raise the annual regulatory assessment by .28 mills (0.00028) which will have an impact on the monthly residential ratepayer of four cents (\$.04).

Name Kristy Wahl

Title Administrative Analyst

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Thursday, March 19, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director

Fiscal Effect of BDR 40-439

Public Utilities Commission - 224-3920 Estimated Costs of \$1,107,383 for the Biennium March 17, 2015

SUMMARY - Enacts the Nevada Environmental Policy Act.

Existing Law: Under the Utility Environmental Protection Act, NRS 704.820 et seq. (UEPA), the Public Utilities Commission (PUCN) implements the Legislature's expressed intent to, "minimize any adverse effect upon the environment and upon the quality of life of the people of the State" in the location and construction of new electric, gas and water transmission facilities, and to, "provide a forum for the expeditious resolution of all matters concerning the location and construction of" such facilities. NRS 704.825. An application for a permit to construct a new facility must include information regarding any studies related to the environmental impact of the facility. NRS 704.870. The PUCN does not conduct its own environmental assessment (EA) or environmental impact statement (EIS), and the PUCN has an expressed duty to accept the review of, "an appropriate federal agency, or by a state, regional or local agency." NRS 704.877. Further, the PUCN is precluded from conducting a "duplicative environmental review." Id. The PUCN must grant or deny a UEPA application within 120 days and 150 days, depending on the type of application. NRS 704.8905. In the past three years, an average of 13 UEPA applications per year have been filed with the PUCN.

BDR 40-439:

Sections 17, 18, 20, 21, 22, 23, 24, 25, 26, and 27 - all include components that would require the PUCN to review and/or revise regulations, and hold workshops/hearings that are necessary to carry out the provisions of this act.

Section 17 sub 2 requires the PUCN within 180 days after the effective date of this act to review its regulations to determine whether there are any deficiencies or inconsistencies in the regulations that prevent full compliance with the purposes and provisions of this chapter and to propose such new or amended regulations as they may be necessary to bring its regulations into conformity with this chapter.

Section 18 requires that all EA's, declarations of impact, scoping documents, EIS's and supplemental environmental impact statements to be filed with the Counsel on Environmental Quality. *It should be noted that not only would this section require the PUCN to conduct a rulemaking to revise its regulations, there is concern that current statutory deadlines would not accommodate this additional process.*

Section 20 requires the PUCN to conduct a public hearing for the purpose of obtaining comments on the environmental impact of the proposed action in accordance with the provisions of chapter 241 of NRS. Additionally, this section requires the PUCN to provide notice of completion of the environmental assessment, declaration of impact by: (a) filing the document with the Council on Environmental Quality; (b) providing a copy of the document to the State Department of Conservation and Natural Resources, any cooperating agency, and agency with jurisdiction or special expertise over the proposed action; (c) making a copy of the document available on the Internet; (d) preparing a notice of completion of the document; and (e(2)) publishing the notice in at least one newspaper of general circulation in the area that will be affected.

Section 21 requires the PUCN in certain instances to prepare an EA of the proposed action to determine whether the action requires the preparation of an EIS pursuant to section 24 of this act. In addition, the PUCN would be required to file the EA, publish a notice and provide for public comment on the EA as provided in section 20 of this act.

Section 22 requires the PUCN no later than 30 days after the close of the public comment period, based upon the EA and the comments received on the EA to prepare a declaration of impact that addresses any comments received and briefly explains the finding of the agency.

Section 23 requires that in the event a proposed action may have a significant adverse impact on the environment, the PUCN, no later than 30 days after the issuance of a declaration of significant impact, is to initiate a process to narrow the scope of the EIS and to prepare, mail and publish such statement.

Section 24 requires that in the event the PUCN approves an action which may have a significant adverse impact on the environment, the PUCN must prepare a detailed EIS and provide notice and solicit comments on a draft of the statement. The PUCN would be required to address any sub sequential comments in the EIS and the final statement, along with the comments, would be filed with the Council on Environmental Quality, copies would be mailed to appropriate entities and a notice of completion would be published.

Section 25 allows the PUCN to: adopt or require mitigation measures in any EA, declaration of impact or EIS; include mitigation measures in any grant, permit or other authorization for the proposed action; or condition funding of the proposed action on the adoption of mitigation measures.

Section 26 provides for a method of determining a lead agency in the event a proposed action is to be carried out by two or more agencies and defines the responsibilities and duties of the lead agency and the cooperating agencies.

Section 27 requires the PUCN to prepare an EA and declaration of impact for the proposed action and to notify the project applicant in writing of its finding. This section also allows for the PUCN to charge and collect a reasonable fee from the project applicant for the cost of preparing the EIS.

The PUCN estimates at a minimum five (5) days of workshops and five (5) days of hearings would be needed to develop and adopt regulations that are necessary to carry out the provisions of this act.

The following is an estimate of the rulemaking costs based on previous rulemaking proceedings:

Noticing Publication Costs	\$2,628
Workshops (1 x 5 days each = 5 days)	
Court Reporter (\$280/day)	\$1,400
Transcripts (\$7.80/page)	\$9,750
Hearings (1 = 5 days each = 5 days)	
Court Reporter (\$280/day)	\$1,400
Transcripts (\$7.80/page)	\$9,750
Operating Expenses (postage, copying, mailing)	\$1,666
Operating Expense (LCB Legal Review)	\$1,600
Consultant	\$0
Small Business Impact investigation -if required (NRS 233B.0608)*	\$0
Total	<hr/> \$28,194

Based on the average UEPA applications filed over the last three years, the PUCN estimates approximately 13 UEPA applications to be filed on an annual basis. In addition to the PUCN's current noticing and processing requirements for UEPA applications, **Section 20, sub 3** of this act would require the PUCN to conduct a public hearing for the purpose of obtaining comments on the environmental impact of the proposed action in accordance with the provisions of chapter 241 of NRS. Additionally, **Section 20, sub 1** requires the PUCN to provide notice of completion of the EA, declaration of impact by: (a) filing the document with the Council on Environmental Quality; (b) providing a copy of the document to the State Department of Conservation and Natural Resources, any cooperating agency, and agency with jurisdiction or special expertise over the proposed action; (c) making a copy of the document available on the Internet; (d) preparing a notice of completion of the document; and (e(2)) publishing the notice in at least one newspaper of general circulation in the area that will be affected.

The following is an estimate of the costs to carry out the requirements of **Section 20**:

Noticing Publication Costs	\$34,164
Hearings (13 per year = 52 days of hearings per biennium)	
Court Reporter (\$280/day)	\$14,560
Transcripts (\$7.80/page)	\$101,400
Operating Expenses (postage, copying, mailing)	\$21,658
"Notices of Completion" Document	
Operating Expenses (postage, copying, mailing)	
Publication Costs	
Total	<hr/> \$171,782

Sections 22, 24, 26 and 28 would require the PUCN to employ two (2) additional full-time unclassified Sr Attorney (U3811) positions. Personnel and associated costs estimated at \$487,407 for the biennium. More specifically:

Section 22 directs the PUCN to: Not later than 30 days after the close of the public comment period, based upon the EA and the comments received on the environmental assessment, an agency shall prepare a declaration of impact that addresses any comments received and briefly explains the finding of the agency.

Section 24 directs the PUCN to provide notice for comments on a draft EIS after the draft is prepared. The agency is required to revise the EIS to address any comments on "important issues, significant adverse impact, and things the agency may have failed to consider."

Section 26 directs the PUCN in certain instances to make staff support available to the lead agency.

These sections will require an estimated one (1) FTE Sr Attorney for the Regulatory Operations division to focus on these types of dockets as these new requirements would take a significant amount of staff time and the PUCN currently does not have enough Sr Attorney positions to take on the additional workload.

Section 28 allows for Any person aggrieved by the final decision of an agency on the determination of a categorical exclusion, a declaration of impact or the adequacy of a final EIS is entitled to judicial review of the decision in the manner provided for by chapter 233B of NRS.

This section will require an estimated one (1) FTE Sr Attorney for the General Counsel division to focus on these types of dockets as this new process would take a significant amount of staff time and the PUCN currently does not have enough Sr Attorney positions to take on the additional workload.

Section 21 would require the PUCN to hire a consultant for certain UEPA applications. The PUCN estimates that it would require a consultant for approximately six (6) UEPA cases at approximately \$35,000 per case; as such, the costs for consultant fees are estimated at \$420,000 for the biennium. More specifically:

Section 21 directs the PUCN in certain instances to within 30 days prepare an EA of the proposed action to determine whether the action requires the preparation of an EIS pursuant to section 24 of this act.

This will require a consultant due to the short time frame and the expertise involved in carrying out the provision of this section. This analysis would require the consideration of land, air, water, minerals, flora, fauna, noise, historical objects, aesthetics, and population patterns. Currently, the PUCN does not carry a position where this expertise is required.

Sections 22, 23 and 24 may also incur additional costs for the PUCN due to the requirements for additional: hearings and meetings; document development and reproduction; noticing; mailing, etc. More specifically:

Section 22 sub 3 requires that in the event the PUCN finds that revisions to a proposed action or mitigation measures will result in the action not having a significant adverse impact on the environment, the PUCN shall prepare a declaration of mitigated impact.

This requirement may result in additional hearing(s), noticing, comment period and possibly another declaration.

Section 23 requires that in the event a proposed action may have a significant adverse impact on the environment, the PUCN, no later than 30 days after the issuance of a declaration of significant impact, is to initiate a process to narrow the scope of the EIS and to prepare, mail and publish such statement.

This requirement may result in additional noticing.

Section 24 requires the PUCN in certain instances to provide notice and solicit comments on a draft of the EIS as provided in section 20 of this act.

This requirement may result in additional noticing, comment periods and revision of the EIS.