

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

**Seventy-Eighth Session
June 1, 2015**

The Committee on Commerce and Labor was called to order by Chairman Randy Kirner at 2:55 p.m. on Monday, June 1, 2015, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, 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: www.leg.state.nv.us/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Randy Kirner, Chairman
Assemblywoman Victoria Seaman, Vice Chair
Assemblyman Paul Anderson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Olivia Diaz
Assemblyman John Ellison
Assemblywoman Michele Fiore
Assemblyman Ira Hansen
Assemblywoman Marilyn K. Kirkpatrick
Assemblywoman Dina Neal
Assemblyman Erven T. Nelson
Assemblyman James Ohrenschall
Assemblyman P.K. O'Neill
Assemblyman Stephen H. Silberkraus

COMMITTEE MEMBERS ABSENT:

None



GUEST LEGISLATORS PRESENT:

Assemblyman John Hambrick, Assembly District No. 2
Senator Kelvin D. Atkinson, Senate District No. 4

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Kelly Richard, Committee Policy Analyst
Matt Mundy, Committee Counsel
Leslie Danihel, Committee Manager
Earlene Miller, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

Richard Perkins, representing Wynn Las Vegas
Tony F. Sanchez III, Senior Vice President, Government and
Community Strategy, NV Energy
Daniel O. Jacobsen, Technical Staff Manager, Bureau of
Consumer Protection, Office of the Attorney General
Kyle J. Davis, representing Interwest Energy Alliance
Robert Johnston, Senior Attorney, Western Resource Advocates
Joe Johnson, representing Toiyabe Chapter, Sierra Club
Jack Mallory, representing Southern Nevada Building and
Construction Trades Council
Brian Reeder, Government Affairs Coordinator, Nevada Chapter,
The Associated General Contractors of America, Inc.
Mac Bybee, President/Chief Executive Officer, Nevada Chapter,
Associated Builders and Contractors, Inc.
Judy Stokey, Vice President, Government and Community Relations,
NV Energy

Chairman Kirner:

[The roll was called. A quorum was present.] We have three bills to hear and one in work session. I am going to limit the time for each bill to 30 minutes. If there are multiple presenters on the same topic, please select a representative. My hope is to get these bills out of Committee tonight by sine die. I will open the hearing on Assembly Bill 498.

Assembly Bill 498: **Revises provisions relating to electric utilities.**
(BDR 58-1297)

Assemblyman John Hambrick, Assembly District No. 2:

This bill deals with electric utilities. The presentation will be made by former Assembly Speaker Richard Perkins.

Chairman Kirner:

Thank you, Speaker Hambrick.

Richard Perkins, representing Wynn Las Vegas:

In this matter, I also represent a number of other gaming interests in and around the Las Vegas area and throughout our state. In 2013, the entire industry came together and supported Senate Bill No. 123 of the 77th Session. We believe Nevada is well served to move toward sustainable and renewable electrical life and will continue in that regard.

During the recent application, letter of intent, and investigation of the potential of leaving NV Energy's grid, there has been a lot of contemplation to look at energy in general. We took a step back after the implementation of those pieces of Senate Bill No. 123 of the 77th Session that have been put in place. We looked at where the state was going and growth factors. While we are not experts in energy, it is certainly one of those high cost factors for each of the gaming properties in the state. It was our desire to take another look at where we are and where we are going. At the same time, we want to support the concepts we supported two years ago.

In Senate Bill No. 123 of the 77th Session, there were mandates to take away coal generation and to replace it with renewable energy generation. There were mandates for when each of those pieces was to occur. Several of those pieces have occurred and several are yet to be put into place.

In Assembly Bill 498, we are asking to put those pieces under the purview of the Public Utilities Commission of Nevada (PUCN) and have them look at whether the state needs those generation assets or not. We will put that in the integrated rate planning process so they can use their expertise to let us know whether we need the mandates now or if we can put them off for a few years. There is no sense in us overbuilding. If we overbuild, it will cost all ratepayers. Generally, you are going to hear more from your residential ratepayers than anybody. We do not want them to be adversely affected.

This bill takes the mandates from Senate Bill No. 123 of the 77th Session and makes them fall under the discretion of the PUCN. The next 180 megawatts or so of power listed in this bill are still the next ones in line. It is up to the PUCN to determine when they are necessary. When we began to investigate the process, the industry went to NV Energy and asked them for information about how to go about it.

Chairman Kirner:

Are there any questions?

Assemblywoman Neal:

In section 1, subsection 2, paragraph (b), subparagraph (6), what is the purpose of the limitation? Why is there a change of generating capacity from 50 megawatts to 15 megawatts? I thought after the brouhaha, everyone was happy with Senate Bill No. 123 of the 77th Session.

Richard Perkins:

It was brouhaha. It was settled but I think we have determined that the timelines put in Senate Bill No. 123 of the 77th Session would put us in a place where we would build assets more quickly than needed. This bill was intended to take another look, see what is actually needed, and let the PUCN make the determination. In section 1, line 24 on page 2 of A.B. 498, it says, "upon a determination by the Commission." They will then make the determination when the next 100 megawatts is necessary. To answer your second question about the strike-out of 50 and the replacement with approximately 15, if you take that in conjunction with section 1, subsection 2, paragraph (b), subparagraph (7), there are 35 megawatts. The two of them add up to 50 megawatts. They are broken out into two different pieces.

Chairman Kirner:

To summarize, the Legislature approved Senate Bill No. 123 of the 77th Session last session that mandated closing some coal-fired plants. That process is moving according to schedule. The idea was that they would use solar energy to replace that power. Is that correct?

Richard Perkins:

The decommissioning of the plants and the replacement with renewable energy is underway.

Chairman Kirner:

Now, a number of our larger businesses and corporations wish to exit the NV Energy grid. The question is, should we proceed to build extra energy capacity if we might not need it? We are trying to evaluate that in terms of the whole picture, correct?

Richard Perkins:

That is correct.

Chairman Kirner:

We will move to testimony in support of A.B. 498.

Tony F. Sanchez III, Senior Vice President, Government and Community Strategy, NV Energy:

Several of our large customers filed in the past several months to explore leaving our system pursuant to Assembly Bill No. 661 of the 71st Session, a bill passed 14 years ago. That represents about 370 megawatts of potential load loss to our system. These customers approached us about giving the PUCN more flexibility in the standard integrated resource plan that they currently use to determine when the remainder of what was passed two years ago—and is yet to be completed—is implemented. Pursuant to Senate Bill No. 123 of the 77th Session, there are three projects yet to be completed. The first is a request for proposal (RFP) in 2016 for 100 megawatts of renewable energy. There is no mandate in Senate Bill No. 123 of the 77th Session that it be built, but only that the RFP be issued for consideration.

The second issue in the bill was that there were 50 megawatts of renewable energy that the company would get to build and own. To date, we have done 15 megawatts of that, leaving 35 megawatts. This bill would apply to the remaining 35 megawatts. There is a third project of 54 megawatts that has yet to be filled. Since 2013, about 75 percent of the bill has been implemented. We are in the process of building the 15-megawatt project at Nellis Air Force Base. We closed the Reid Gardner Generating Station, Units 1, 2, and 3. Unit 4 is slated to be decommissioned and dismantled in 2017. This bill would not impact that. We will also exit from our share of the Navajo Generating Station in 2019. That station is located in Arizona and would not apply to that provision.

Senate Bill No. 123 of the 77th Session had two other RFPs to be issued, in 2014 and 2015. They were for 100 megawatts each of renewable energy. The bill did not require that they be approved by the Public Utilities Commission, just that we issue them. Those were issued, and this process will not impact them. The revisions in A.B. 498 are not intended to alter items that are

currently in process. It addresses things that have not been started. This legislation does not alter the standard that the Public Utilities Commission will use to review the results of these first two RFPs. Those that were done will be filed with the PUCN this summer through the normal process as set by S.B. No. 123 of the 77th Session.

What we did to comply with S.B. No. 123 of the 77th Session was acquire two natural gas plants at good prices, the Las Vegas Cogeneration facilities in North Las Vegas and the Sun Peak Generating Station in southern Nevada, to replace the lost capacity from coal generation from Reid Gardner.

We believe this bill gives the PUCN the discretion to decide what the next need is of those remaining parts. It does not say that Senate Bill No. 123 of the 77th Session will not be complied with, but it gives the PUCN more flexibility similar to Senate Bill 374 with respect to giving the PUCN the decision whether or not to expand the net metering caps.

**Daniel O. Jacobsen, Technical Staff Manager, Bureau of Consumer Protection,
Office of the Attorney General:**

We are in support of this bill. I was pleased to hear a clarification that this does not delay the closure of the coal plants. We were not in favor of the bill if it delayed the closures. All through the S.B. No. 123 of the 77th Session crisis we tried to stress that it would be important for the PUCN to decide when the replacement capacity needed to be built because we did not want to see ratepayers pay for more capacity than needed or sooner than needed. This bill reinforces that the PUCN has clear authority to take a look at what the need is. That task will be more complicated with the possibility of the largest customers exiting from NV Energy. We are in favor of clarifying that the PUCN should take a hard look and not approve any capacity additions until they are really needed. The basic ratepayer will ultimately be the safety net of cost recovery, so we do not want things built before they are really needed.

I want to make sure that on page 3, line 16, where 550 megawatts is stricken and replaced with 496 megawatts, that refers to capacity that has already been added. Mr. Sanchez mentioned the Las Vegas Cogeneration facilities and the Sun Peak acquisitions. Those come to 496 megawatts. We do not want it to be misconstrued that they are entitled to build yet another 496 megawatts.

Chairman Kirner:

Is there anyone else to testify in support? Seeing no one, are there any questions from the Committee?

Assemblyman Hansen:

Is it correct that last session we were discussing whether the PUCN should have this very oversight that we are now restoring in this bill?

Dan Jacobsen:

Absolutely.

Assemblyman Hansen:

If the MGM properties, the Las Vegas Sands properties, and Switch leave NV Energy, how many megawatts will you not need to build?

Tony Sanchez:

That determination is made in the Public Utilities Commission's standard integrated resource plan through the load forecast. We will be filing one this summer and those issues will be very thoroughly dissected. We estimate what we think growth is going to be as well as what the potential losses are. If you looked at all of the combined filings that are currently before the PUCN, it is approximately 370 megawatts in total.

Assemblyman Hansen:

The bottom line will be if they are allowed to leave NV Energy and go out on the market to pursue energy. The PUCN will determine what the cost should be and whether or not NV Energy will be allowed to build a future plant because of reduced demand if these customers leave the system.

Tony Sanchez:

That is correct. The PUCN will determine when we build another facility in the future.

Assemblyman Hansen:

So we are going back to before S.B. No. 123 of the 77th Session on what the PUCN is allowed to do if this bill passes?

Tony Sanchez:

In S.B. No. 123 of the 77th Session, the PUCN was given the authority to look at how we were going to replace the closed coal facilities.

Assemblyman Hansen:

You had to get approval from them prior to closing the facilities? The PUCN had to review it, not give approval.

Tony Sanchez:

In response to the legislation, there were concerns expressed by the PUCN. The concerns were did they have the ability to approve, modify, or reject. In fact, they did. In our original filing, they rejected a 200-megawatt plant at the Moapa River Reservation and that is why we have an opening in our queue now. Assembly Bill 498 allows the Public Utilities Commission to determine what we will need in the future, especially if you factor in the potential customers leaving the system.

Assemblyman Ellison:

Are they going to use the existing transmission lines when they build a plant? Are you going to restrict the size of the plants and then allow them to increase later on?

Tony Sanchez:

Senate Bill No. 123 of the 77th Session had several different types of capacity to backfill the departing coal plants. There were three 100-megawatt systems. Those could be all one project or could be independent projects. I do not know about any expansions. That would be whatever responses we get to our RFP process, assuming the PUCN would agree to it. We are open to people making their cases before the PUCN.

Regarding your first question on transmission, if it is in respect to what was going to be built in here, they would utilize our existing infrastructure along with any other necessary transmission distribution required. For example, with new renewable projects, they are often built far outside of town, necessitating some transmission and distribution.

Assemblyman Ellison:

Are you going to restrict the size of the plant to 70 percent of the rate? As they build and need the power, can they expand to the maximum capacity they need?

Dan Jacobsen:

You need to build enough capacity to meet the demand, but particularly in southern Nevada, the demand spikes in the summer and the rest of the time you do not need that much capacity. One of the things the PUCN does is take a hard look at how much capacity the utility owns versus what they buy. Obviously, there is a lot of wholesale power to be bought, which is what the exiting firms are going to rely on. We will be involved with that process. The Public Utilities Commission takes a hard look at that every three years. I think it is time for the utility to start relying a little bit more on wholesale power and less on owning enough capacity to meet the peak.

Chairman Kirner:

Mr. Sanchez, can you tell me from whom you have applications at this point?

Tony Sanchez:

We have pending applications from Switch, Wynn Las Vegas, Las Vegas Sands Corporation, MGM Resorts International, and Caesars Entertainment.

Assemblywoman Neal:

With all of those companies putting in an application to get off the grid, what is the effect on the ratepayer?

Tony Sanchez:

That process is something that is 14 years old now and is within the purview of the PUCN. They will thoroughly examine all of those issues. Those are fully litigated cases where all parties are represented by counsel and expert witnesses. They take into account what potential impacts are going to be to remaining customers. That is what the PUCN process is about and it has been in effect since 2001. That was used recently in the one case that has gone through a hearing in the past year. It will be pursued by the exiting applicants for their cases. This bill would not impact that.

Assemblywoman Neal:

Is there going to be an increase for residents or others? I thought this was a subsidized or shared relationship.

Tony Sanchez:

Assembly Bill No. 661 of the 71st Session contemplated that litigated process to determine what the impacts would be on remaining customers and if an exit fee would be appropriate. That is exactly the type of case that Switch went through recently. The PUCN will be rendering a decision in a matter of weeks. That is part of the law that was passed by the Legislature 14 years ago.

Chairman Kirner:

When this bill came before us, my understanding was that there was an agreement between NV Energy and the other parties.

Tony Sanchez:

We were here in support. We were approached by our large customers for support. We felt it was appropriate and agreed to give the PUCN this decision. There are no decisions being made in this bill. It gives the PUCN the ability to make those decisions as appropriate.

Richard Perkins:

On behalf of the large users, whether it is Switch or the gaming community, we are very comfortable with leaving those decisions with the PUCN as well.

Assemblywoman Seaman:

Is there an exit fee to leave the grid, and if so, how is that determination made?

Tony Sanchez:

All parties are given an opportunity to express their position on what kind of exit fee should be assessed and what the corresponding impact will be on the remaining customers and investments that NV Energy has made to serve those customers. That process is not going to change, but it will give authority to the PUCN.

Dan Jacobsen:

The process to determine how big the exit fee will be is that you look at the amount of electricity the exiting firm buys. Then you consider how long it will take NV Energy in normal growth to offset the amount they are losing. As the number of large customers leaving increases, you push out the period of time it is going to take. Over the next year, you will see in the newspaper a lot of tension about very large exit fees because as more companies want to leave, it will take longer for the company to grow enough to offset those losses. Be prepared for a lot of tension about how big these fees are. They need to be very big in order to protect the remaining customers.

Assemblyman Ohrenschall:

Under existing law, does the PUCN have the power to reject RFP responses that are too expensive or not considered to be needed? Is there any guarantee if this measure passes that those applicants who have applied to leave the utility will not leave?

Tony Sanchez:

The Public Utilities Commission currently has the authority to approve or reject proposals that we bring to them for consideration that have been previously put out for RFPs. The PUCN has the authority to handle those exiting cases as they see fit. I certainly do not sit here speaking for them, but they have the ability pursuant to Assembly Bill No. 661 of the 71st Session to make those determinations about what could happen down the road. They have that process and it has been utilized by customers in the past.

Assemblyman Ohrenschall:

Is there a possibility that this could tie the Public Utilities Commission's hands as opposed to the authority they have now?

Tony Sanchez:

I think this gives them more flexibility.

Chairman Kirner:

I will invite those in opposition to this bill to testify.

Kyle J. Davis, representing Interwest Energy Alliance:

The Interwest Energy Alliance is a trade group of renewable energy developers throughout the Intermountain West. We were supportive of S.B. No. 123 of the 77th Session because it opened up renewable energy markets in the state. As a result, there has been a lot of interest in Nevada and a lot of companies that have been participating in the existing RFP process and considering projects in the state. Some of those companies have projects that they are considering breaking ground on and some already have some operations in the state.

We have only had a few hours to review A.B. 498. We do not see how this bill is necessary. The testimony said this puts the decision back in the purview of the PUCN. We would argue that this already exists under the purview of the PUCN, which has the authority to approve or deny these projects. It was the case last session when S.B. No. 123 of the 77th Session was passed. The law only requires RFPs to be issued; it does not require construction and it does not require projects to go forward if it is found to not be in the public interest. We are not sure why we need to bring this bill at this late hour of the session that would put in another hurdle, when the PUCN already has this authority. This increases uncertainty. The advantage of what we did last session is that we set up a predictable schedule of RFPs year by year, so we had some kind of consistency in the industry. We do not do it all at once, and we do not have any kind of a glut. We do this over time, as growth continues to happen. If something changes, we believe that the PUCN has that authority. There are no guarantees that if this bill passes there will be any change in companies looking to leave the system. This increases uncertainty for the industry that has become a bigger part of the economy in our state. This is a big part of how we diversified our economy. We have a lot of renewable energy companies that are interested in and have been a part of the economy in our state. This increases the uncertainty while sending the message to companies that we are not going to keep in place what we decided two years ago.

It is important to consider that it has only been two years. The Legislature passed what I felt was a good and visionary bill with S.B. No. 123 of the 77th Session to move us away from fossil fuels by buying power from out of state and investing in our homegrown resources. Over the last two years, we have seen renewable prices continue to decrease, and this has been a real win for our state. I do not know why we would want to go back on that.

Chairman Kirner:

We are not going back on anything. The coal-fired plants are being shut down on schedule. I think the bill says that we may not need the capacity if all of these organizations are allowed to leave, and why do we want to waste money on the construction of new facilities when we do not need them. Is that not essentially what we are trying to do here, to get the new balance with things that were not there two years ago?

Kyle Davis:

The provisions already exist under current law to make that determination. There are other reasons we need to diversify our fuel sources than to meet energy demand. Nevada is currently overdependent on natural gas, which is good for rates, but the cost of natural gas will go up as it has in the past.

Chairman Kirner:

This bill is not about diversifying energy; it is about whether or not we slow down the process set up in S.B. No. 123 of the 77th Session given that there is a large contingent of the strongest businesses in the state that want to leave the network. It is not about diluting any kind of conservation efforts.

Assemblyman Hansen:

One point is being overlooked. One of the reasons these businesses want to leave the grid is because S.B. No. 123 of the 77th Session has caused the cost of energy to rise as we try to subsidize some of the solar companies. The energy company is making the businesses pay higher energy costs so the others can have a business. One of the things about that bill was that it ultimately raised the cost of energy for Nevada companies by paying subsidies to the companies like the one Mr. Davis represents today.

Robert Johnston, Senior Attorney, Western Resource Advocates:

We are an environmental law and policy organization operating in the Intermountain West. I disagree with the supporters of the bill that this gives the Public Utilities Commission more discretion. I do not think it really does. Under existing law, proposed renewable additions are brought to the PUCN to consider the cost, the greatest economic benefit to the state, the greatest

opportunity to create new jobs in the state, and the best value to customers of the electric utility. That discretion is already in place. Our concern is that the proposed language actually limits the Public Utilities Commission's discretion by stating that the PUCN has to find there is a need for such electric generating capacity. Need for electric generating capacity is planned to meet peak load. If the peak forecasted demand is 5,000 megawatts and you have 5,000 megawatts of existing capacity, you could conclude that we do not have any need for new capacity.

That was really not the reason for the renewable additions in S.B. No. 123 of the 77th Session. That bill was about emission reduction and a capacity replacement plan. I prepared charts, not filed electronically, but I have copies. This is a projection of NV Energy's generation by fuel mix. If you see the yellow, that represents natural gas. What has happened under S.B. No. 123 of the 77th Session is that coal is retiring and we are adding renewables. Natural gas prices have varied widely. They are under \$3 per million British thermal units (BTU) currently. As recently as 2008, they were \$11 or \$12 per million BTUs.

My concern is the proposed language which talks about a need for new electric generating capacity. What happens if the PUCN issues an RFP and they get some big responses on renewable energy? I heard of a price today in New Mexico of 4.1 cents per kilowatt-hour. Solar prices have come down. Geothermal is a fantastic 24-hour renewable resource. There is nothing in existing law that requires the PUCN to approve a bad deal. My concern is that this would actually limit the Public Utilities Commission's consideration by requiring it to find the need for the capacity.

You may be looking at adding renewable resources to increase your fuel diversity. In addition to fuel diversity, which is a value in case natural gas prices spike again, you have the United States Environmental Protection Agency's (EPA) Clean Power Plan Proposed Rule, which is supposed to be finalized this summer. Are we constraining the PUCN from concluding that we should stay on the existing track? For renewable energy, it will ease compliance with the ultimate final rule on the EPA's Clean Power Plan. They would be constrained to say we do not need the capacity so we are not adding this renewable, which might reduce overall costs by making it easier to comply with carbon emission reduction standards that are required under the EPA's final regulation.

Joe Johnson, representing Toiyabe Chapter, Sierra Club:

We had interest in S.B. No. 123 of the 77th Session and Assembly Bill No. 661 of the 71st Session and their various complexities about supply. There was a decision to get state generation that drove that particular bill. It is unfortunate that we have not had time to readdress what those original goals were. I would like to address section 2, subsection 3, where it says, "The Commission may approve a contract as the result of the issuance of a request for proposals after the effective date of this act." There are RFP proposals out there where bids are low against the intermediate price of natural gas. We are not talking about increasing the cost to the general ratepayer, but we have very little time to talk about this issue, particularly continuing in paragraph (a), "Authorizes the issuance of the request for proposals pursuant to a written order of the Commission issued after the effective date of this act; and (b) Determines that the electric utility has satisfactorily demonstrated a need for the capacity that would be acquired or otherwise provided for pursuant to the contract." This section is too ambiguous in its intent and application across the remainder of the bill. More specifically, it may conflict with and render moot any other of the mandatory RFP dates considering the 2014 and 2015 deadlines. It removes the 2016 deadline for the utility to submit its last 100 megawatts and thus the mandate for the utility to submit an RFP for review at all.

Chairman Kirner:

Are there any questions? Seeing none, are there others in opposition? [There were none.] Are there any in a neutral position? [There were none.]

Richard Perkins:

The testimony speaks for itself. With the Public Utilities Commission in support of the bill, they are the best authority on that topic. I think it is more prudent with the potential of 370 megawatts leaving the system for us to leave it to the PUCN to see what is needed.

Chairman Kirner:

Thank you. I will close the hearing on A.B. 498 and open the hearing on Senate Bill 371 (2nd Reprint).

Senate Bill 371 (2nd Reprint): Revises provisions governing the use of apprentices on public works. (BDR 53-671)

Senator Kelvin D. Atkinson, Senate District No. 4:

This measure governs the use of apprentices on public works. I am excited to sponsor this bill. Apprenticeships are recognized as one of the oldest established methods of training. It is a process where individuals earn while they learn to become highly skilled workers. Apprenticeships are a combination

of on-the-job training and related classroom instruction in which workers learn the practical and theoretical aspects of a highly skilled occupation. It is no secret that many older construction workers are reaching retirement age. We may not be able to fill these vacancies in the future if we do not have a trained workforce. Apprenticeships are an effective means to accomplishing this.

Therefore, I support the apprenticeships utilization requirements as outlined in Senate Bill 371 (2nd Reprint). We originally asked for 15 percent on all labor hours worked on public works projects that cost over \$1 million and in state Department of Transportation contracts that cost over \$2 million to be performed by apprentices.

In section 4, we have reoutlined how that is to be allocated. We met with people in the industry who will be affected by the bill and they asked for steps because they were concerned that 15 percent was too high. We reduced it to 10 percent in the Senate Committee on Commerce, Labor and Energy. Then we again compromised to what we are calling a step-up. We are going to do 3 percent in 2016, 6 percent in 2017, 9 percent in 2018, 12 percent in 2019, and 15 percent in 2020. We thought that was a healthy compromise, and we will be able to monitor that as the years go by. If we find that we are getting to 2017 or 2018 and the industry is not able to meet that threshold, we will be more than happy to look at it as we do in the Legislature and continue to monitor legislation. There were a couple of other parties who asked for a few things. I believe that we were able to address everyone's concerns. This is not a perfect bill, but it has come a long way from where we started.

Chairman Kirner:

We have the current copy of the bill. There is still a fiscal note. Would you like to comment on the fiscal note?

Senator Atkinson:

My understanding is it had been removed and the Senate Committee on Finance was going to move forward with the bill and ask the State Public Works Division, Department of Administration, what it entailed for their agency. The only thing we were dealing with was that the Division was asking for a position. They said that if they needed a position, they will go through the Interim Finance Committee to get it.

Chairman Kirner:

We are going to see if there is an update. Are there any people to testify in support?

Jack Mallory, representing Southern Nevada Building and Construction Trades Council:

We strongly support the intent of this bill. We appreciate Senator Atkinson's flexibility exhibited in the revised version of the bill including the step-up provisions. This will allow businesses that have scaled down and even discontinued operating due to the economic collapse in 2008 to reboot and grow smartly. We also believe that our programs will not only meet the expectations in the bill, but meet them long before the deadlines.

When I testified in the Senate Finance Committee, I expressed concern with the fiscal note. When certified payroll reports are submitted on public works projects, they indicate whether or not an individual is an apprentice or a journeyman. There is a ratio that cannot be exceeded under current statute, which is three journeymen to one apprentice. That is something that already has to be monitored. If they are already monitoring that, how much more difficult is it for them to monitor whether a company reports the percentage of apprentice hours on the project? I believe that is the root of the fiscal note that was on the bill.

Chairman Kirner:

Are there any questions from the Committee?

Assemblyman Nelson:

There had been a proposed conceptual amendment from Warren Hardy. Has that been worked into section 2 of the bill?

Senator Atkinson:

That has been addressed and it is in section 1, subsection 1. His amendment was put into the bill.

Chairman Kirner:

It was put into section 1, subsections 1, 2, and 3 of the bill.

Assemblyman Ellison:

I support apprenticeship programs, but I want to see if it is mandatory.

Chairman Kirner:

Seeing no further questions, are there others in support? Seeing none, is there anyone to testify from a neutral position?

Brian Reeder, Government Affairs Coordinator, Nevada Chapter, The Associated General Contractors of America, Inc.:

We are neutral on the bill and want to thank the sponsor for working with the industry. The industry is in recovery and bringing new people in and training is a big part of that.

Mac Bybee, President/Chief Executive Officer, Nevada Chapter, Associated Builders and Contractors, Inc.:

Apprenticeship training is very important to the industry and Senator Atkinson did an excellent job of bringing everybody to the table to work out an acceptable solution. Senator Atkinson worked in an amendment which was offered by Warren Hardy, who represents our association. We still have some pending concerns with the percentages and the ability to meet those percentages from the contractors' side and the flexibility of being able to manage a workforce.

Chairman Kirner:

Are there any questions?

Assemblyman Nelson:

I was concerned when I read Mr. Hardy's conceptual amendment. What do you do if in five years you cannot get 15 percent?

Mac Bybee:

It is a mathematical problem, and it depends on how big a project is. Currently, in statute there are journeyman-to-apprentice ratios. It varies on the trade. That is a concern and you would have to put all of your apprentices on a public works project instead of moving them to a private sector project.

Assemblyman Nelson:

In section 1, it says you can request a waiver.

Mac Bybee:

Correct.

Assemblyman Nelson:

Are you comfortable with that process?

Mac Bybee:

It depends on how it is applied. This was a collaborative effort and everyone did not get what they wanted.

Chairman Kirner:

Is there any opposition? Seeing none, is there a closing comment?

Senator Atkinson:

I do not have a closing statement, but Mr. Krmpotic, who just arrived, will be able to discuss the fiscal note.

Mark Krmpotic, Senate Fiscal Analyst:

The fiscal note represents funding for one position that may be required by the State Public Works Division. The Division in this particular case would be funded with project management fees that are charged against the projects. Otherwise, it would be an authorized revenue source against those projects. Those projects are largely funded with bond proceeds, not State General Funds nor State Highway Fund revenues. The agency would have the ability to approach the Interim Finance Committee to add those authorized revenues to receive the monies from the projects and to pay for the position.

Senator Atkinson:

The bill was actually going to be effective July 1, 2015. We pushed it out to make the effective date January 1, 2016. We wanted to give more time to prepare. It will also give time to deal with any position concerns, if needed.

Chairman Kirner:

Thank you. I will close the hearing on S.B. 371 (R2) and open the hearing on Senate Bill 416 (1st Reprint).

Senate Bill 416 (1st Reprint): Makes various changes regarding the use of decommissioned power plant sites. (BDR 58-236)

Judy Stokey, Vice President, Government and Community Relations, NV Energy:

I am here to present this bill for Senator Joe Hardy. [Senator Hardy submitted a flow chart ([Exhibit C](#)), an information sheet ([Exhibit D](#)), and a taxable values chart ([Exhibit E](#)) regarding Senate Bill 416 (1st Reprint).] We are here in support of this bill. We worked very hard with the Senator and with leadership in Laughlin, Nevada. This came about concerning a specific plant in the Laughlin area of which we were one of four partners. The plant closed in 2005, and the land there is still waiting to be developed. Senator Hardy wanted to bring this bill forward to help push the partners to get a plan together. As of yesterday,

there is a plan that has been signed by all four partners including NV Energy, Southern California Edison, Los Angeles Department of Water and Power, and the Salt River Project. There is a land disposition plan that is going forward.

Senate Bill 416 (1st Reprint) impacts all power plant land that is 50 acres or less. It makes sure that when you build something, you also have a plan that when that plant is no longer useful, it will be disposed of in a timely manner. It is a good economic development piece of legislation. This bill also requires that anybody who owns property of 50 acres or more in the state of Nevada which has a power plant on it will list those assets with the Public Utilities Commission of Nevada (PUCN). They will list the assets and let the PUCN know how long they will be used.

Chairman Kirner:

Are there any questions? Seeing none, we will hear those in support. [There was no one.] Is there anyone to testify in neutral to this bill? Seeing no one, is there anyone in opposition to this bill? Seeing no one, do you have any closing comments?

Judy Stokey:

No.

Chairman Kirner:

I will close the hearing on S.B. 416 (R1). We will recess [at 4:00 p.m.] before we move to the work session

The meeting is called back to order [at 4:07 p.m.]. I will open the work session on Senate Bill 440 (1st Reprint). Assemblywoman Kirkpatrick has introduced some amendments on the bill.

Senate Bill 440 (1st Reprint): Revises provisions relating to insurance.
(BDR 57-983)

Assemblywoman Marilyn K. Kirkpatrick, Assembly District No. 1:

I have proposed some cleanup language to make sure that our intent is clear going forward. Along with the work session document ([Exhibit F](#)) is a proposed conceptual amendment ([Exhibit G](#)) to ensure, for public safety reasons, these transportation network companies (TNC) have an agreement with the properties where they are picking up customers. This does not delay them or stop them from dropping off. When you drop off at convention centers, hotels, or the airport, we have a unique situation because there are so many things going on at one time. At the airport, you may have 200 taxicabs at any given time plus many service vehicles. As food vendors, we are required to make an agreement

with the hotels. We have to show our log hours to ensure that our drivers are not working two different shifts in a 24-hour period. This is no different from some of our federal guidelines. The agreement also requires that specific locations and times of use be listed. The hotels are used to having this type of agreement. This would allow the hotels to have an agreement and it would allow for the traffic flow study. That is one portion of the amendment that is not in the mock-up.

If you turn to section 31, it reflects back to Assembly Bill 176 as enrolled. One of the things that was left out of that bill was the clarification of the disability program. Many of the TNCs have a specific program. San Francisco, Chicago, and other cities have those programs, and I want to make sure that Nevada gets those same programs. We passed something in A.B. 176 that said if they did not have that type of service, they would call a cab. If they can do it in Chicago, we can do it here. Section 14 clarifies that. In section 39, subsection 6, one of the things that we had originally agreed on was to ensure that there are postaccident alcohol and drug tests. We asked for a study so some regulations can be set on the best way to handle that. We also agreed in A.B. 176 that they would have safety inspections twice per year. These changes would clarify everything we did not get done in A.B. 176.

Chairman Kirner:

We have a mock-up ([Exhibit H](#)) and we have some conceptual amendments. I do not think it is right for us to vote on this without putting the final mock-up or amendment together. Can this be done this afternoon?

Matt Mundy, Committee Counsel:

There are three different bills to deal with so it may be complicated, but we will try.

Chairman Kirner:

If the Committee is comfortable with a conceptual bill, we could vote on it now.

We will go through the pieces of the amendment in concept. I would like the Committee to look at the proposed conceptual amendment for S.B. 440 (R1) and Mr. Mundy will walk us through it.

Matt Mundy:

I will start with the first proposed conceptual amendment for S.B. 440 (R1) ([Exhibit G](#)). It requires an agreement between the transportation network companies (TNC) and casinos and resort hotels for the purposes of picking up passengers. It delineates four things that the agreement must include. It would include the hours the driver is allowed to pick up passengers; the requirement

that the driver maintain a log of transportation services provided to the passengers picked up at those locations; the specific locations on the property at which passengers may be picked up or dropped off; and a requirement that the TNCs collaborate in the performance of a traffic flow study.

In section 11 of the mock-up ([Exhibit H](#)), we struck out all of the insurance provisions because those are redundant to the bills that already exist and have been enrolled. Section 12 strikes out the geographical restrictions that the Taxicab Authority could impose. Section 13 provides for biannual car inspections rather than annual car inspections which is in Assembly Bill 176, which is enrolled. Section 14 provides for the provision of services to disabled customers. The existing bill allows TNCs to contract with the Department of Health and Human Services to provide some services for disabled persons, but this requires them to be able to provide transportation services to disabled persons through the digital network or software application of the TNC. Section 15 requires regulations adopted by the Nevada Transportation Authority for postaccident alcohol and drug testing. Section 16 amends A.B. 175 to push out the date the excise tax of 3 percent on the cabs is collected from 90 days to 120 days. Section 17 requires the Nevada Transportation Authority to conduct a study to evaluate random drug testing and prescreening before they contract with a driver and to submit the study to the Legislative Commission.

Chairman Kirner:

Are there any questions or discussions on any of the sections that Mr. Mundy has read?

Assemblyman Nelson:

In the proposed conceptual amendment, I see the language, "at a casino or resort hotel." I thought we were concerned about clogging up the Las Vegas Strip. Are we talking about every casino in the Las Vegas Valley?

Assemblywoman Kirkpatrick:

You still have to have an agreement about the expectations of the casinos. This is typical of the casinos. It will say, here is where your stand will be, here is where people can be picked up. It is consistent with what I know happens in dealing with hotels and convention centers. I believe the properties already have a memorandum of understanding, but this gives the companies extra things to consider.

Assemblywoman Seaman:

We just passed a comprehensive bill regulating Uber with a two-thirds vote of the Assembly. Before TNCs can begin to operate and before we have any complaints, we are bringing forth more regulations. I also have a safety concern

with having TNC agreements with gaming properties be public. I have issues about waiting until Uber or TNCs have the opportunity, especially since two-thirds of the Assembly just voted on regulations for them.

Assemblyman Silberkraus:

I think putting in provisions to protect and make sure that our disabled Nevadans and tourists are protected is very important. On the conceptual amendment, we have outlined four provisions that must be included in a privately negotiated contract between the two parties. I suggest that should be a "may" to be permissive. The contract needs to be established, but so that the provisions are up to the two parties.

Assemblywoman Kirkpatrick:

That is fine. I want to make sure that is part of a discussion for a longer term.

Chairman Kirner:

Are there other comments?

Assemblyman O'Neill:

Where do the TNCs stand on this?

Assemblywoman Kirkpatrick:

I believe they are somewhat reasonable. I believe they are trying to work out some of the final details. I did not ask their permission to put in things which I feel are beneficial for our tourists. I live that business and these are consistent with what we ask of other entities. These are things that we talked about in Assembly Bill 176. Those are reasonable things that we left out of that bill, which I want to include in S.B. 440 (R1).

Chairman Kirner:

I will entertain a motion to amend and do pass S.B. 440 (R1).

ASSEMBLYWOMAN BUSTAMANTE ADAMS MOVED TO AMEND
AND DO PASS SENATE BILL 440 (1ST REPRINT).

ASSEMBLYMAN SILBERKRAUS SECONDED THE MOTION.

Is there further discussion?

Assemblyman Ellison:

If I live outside of town and work on the Strip, and I get a TNC to take me to work, am I exempt?

Assemblywoman Kirkpatrick:

This is just a cleanup bill for the things that were supposed to be in A.B. 176. This does not stop Uber from operating as was approved and signed by the Governor. This does not stop them from dropping someone off, but if they are going to pick someone up, they need to know where to put their taxi or Uber stand. I am just looking for cleanup to ensure people know where to find the services. We want to give people direction.

Assemblywoman Fiore:

I do not see this as a cleanup bill. I see it as proposing more regulations with the two times per year safety check and the regulations where a customer may be picked up. I see this as sneaking in more regulations at the last hour.

Assemblywoman Kirkpatrick:

I think the whole Assembly should have the opportunity to vote on this.

Assemblyman Silberkraus:

We are talking about potentially allowing private businesses to go onto the property of other private businesses without permission to conduct business. This is making sure that if I am going to go onto someone else's property to conduct business, I have to make an agreement with that party. It is only right.

Chairman Kirner:

I will call for the vote.

THE MOTION PASSED. (ASSEMBLYMEN FIORE, HANSEN, AND SEAMAN VOTED NO.)

Assemblyman Nelson:

I would like to reserve my right to change my vote on the floor.

Chairman Kirner:

I would like to move to Assembly Bill 498.

Assembly Bill 498: Revises provisions relating to electric utilities.
(BDR 58-1297)

Kelly Richard, Committee Policy Analyst:

Assembly Bill 498 is a bill that we just heard. The bill generally provides in section 1 that an electric utility must demonstrate to the satisfaction of the Public Utilities Commission of Nevada (PUCN) that there is a need for the construction or acquisition of, or contracting for, certain electric generating capacity and certain facilities for the generation of electricity. The bill also

authorizes the Commission to approve certain contracts related to the utilities, emission reduction, and capacity replacement plan if the contracts are entered into pursuant to a request for proposals authorized by the Commission and the Commission determines the utility has satisfactorily demonstrated a need.

Chairman Kirner:

I will entertain a motion.

ASSEMBLYMAN HANSEN MOVED TO DO PASS
ASSEMBLY BILL 498.

ASSEMBLYMAN SILBERKRAUS SECONDED THE MOTION.

Is there any discussion?

Assemblywoman Carlton:

I will support this bill coming out of Committee, but I need to talk to someone to help me understand it. I will make every effort to resolve it before we vote on the floor.

Chairman Kirner:

I will call for the vote.

THE MOTION PASSED UNANIMOUSLY.

The meeting is recessed [at 4:33 p.m.].

The meeting is called to order [behind the bar of the Assembly at 5:07 p.m.].

I will entertain a motion on Senate Bill 371 (2nd Reprint).

Senate Bill 371 (2nd Reprint): Revises provisions governing the use of apprentices on public works. (BDR 53-671)

[There was no motion made.] The bill dies for lack of a motion.

Senate Bill 416 (1st Reprint): Makes various changes regarding the use of decommissioned power plant sites. (BDR 58-236)

I will entertain a motion on Senate Bill 416 (1st Reprint).

ASSEMBLYMAN HANSEN MOVED TO DO PASS
SENATE BILL 416 (1ST REPRINT).

ASSEMBLYMAN SILBERKRAUS SECONDED THE MOTION.

THE MOTION PASSED. (ASSEMBLYWOMAN NEAL VOTED NO.
ASSEMBLYMEN PAUL ANDERSON AND ELLISON WERE ABSENT
FOR THE VOTE.)

The meeting is recessed [at 5:10 p.m.].

Chairman Kirner:

The meeting is called to order [behind the bar of the Assembly at 8:55 p.m.].
There was concern that people were not given an opportunity to consider
Senate Bill 371 (2nd Reprint) at the earlier behind the bar meeting.

**Senate Bill 371 (2nd Reprint): Revises provisions governing the use of
apprentices on public works. (BDR 53-671)**

Is there a motion to do pass the bill?

ASSEMBLYWOMAN NEAL MOVED TO DO PASS
SENATE BILL 371 (2ND REPRINT).

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION FAILED. (ASSEMBLYMEN PAUL ANDERSON,
ELLISON, FIORE, HANSEN, KIRNER, NELSON, O'NEILL, SEAMAN,
AND SILBERKRAUS VOTED NO.)

**Senate Bill 440 (1st Reprint): Revises provisions relating to insurance.
(BDR 57-983)**

There is interest in reconsidering Senate Bill 440 (1st Reprint) with the final
amendments. Is there a motion?

ASSEMBLYWOMAN BUSTAMANTE ADAMS MOVED TO
RECONSIDER SENATE BILL 440 (1ST REPRINT).

ASSEMBLYWOMAN DIAZ SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

Is there a motion to amend and do pass?

ASSEMBLYWOMAN BUSTAMANTE ADAMS MOVED TO AMEND
AND DO PASS SENATE BILL 440 (1ST REPRINT).

ASSEMBLYWOMAN KIRKPATRICK SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

The meeting is recessed [at 9:10 p.m.].

The meeting is adjourned [at 11:59 p.m.].

RESPECTFULLY SUBMITTED:

Earlene Miller
Committee Secretary

APPROVED BY:

Assemblyman Randy Kirner, Chairman

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Commerce and Labor

Date: June 1, 2015

Time of Meeting: 2:55 p.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 416 (R1)	C	Senator Joe Hardy	Testimony/Flow chart
S.B. 416 (R1)	D	Senator Joe Hardy	Flow Chart on Electric Utility Surplus Asset Retirement
S.B. 416 (R1)	E	Senator Joe Hardy	MGS Taxable Values chart
S.B. 440 (R1)	F	Assemblywoman Marilyn Kirkpatrick	Work session document submitted by Committee Policy Analyst Kelly Richard
S.B. 440 (R1)	G	Assemblywoman Marilyn Kirkpatrick	Proposed conceptual amendment
S.B. 440 (R1)	H	Chairman Randy Kirner	Amendment mock-up