

SENATE BILL NO. 76—COMMITTEE ON
GROWTH AND INFRASTRUCTURE

(ON BEHALF OF THE COLORADO RIVER
COMMISSION OF NEVADA)

PREFILED NOVEMBER 20, 2018

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing the provision of services by the Colorado River Commission of Nevada. (BDR 58-207)

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

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

AN ACT relating to energy; authorizing the Colorado River Commission of Nevada to sell electricity and provide transmission service and distribution service to certain new customers who receive a reallocation of capacity and associated firm energy which was originally allocated to certain existing customers; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

In 1922, seven states, including Nevada, entered into the Colorado River Compact to allocate among the joining states the water rights to the Colorado River and its tributaries in the Colorado River Basin. The United States Congress passed the Boulder Canyon Project Act in 1928, 43 U.S.C. §§ 617 et seq., to provide for the construction of works along the Colorado River, including the Hoover Dam, and to approve the Colorado River Compact. In 1935, the Nevada Legislature created the Colorado River Commission of Nevada and charged the Colorado River Commission with securing and protecting Nevada's rights and interests in the waters of the Colorado River and in hydroelectric power generated on the Colorado River. (NRS 538.041-538.251) Various federal laws have modified the allocation of hydroelectric power delivered from the Hoover Dam since its construction. Most recently, the United States Congress passed the Hoover Power Allocation Act of 2011, 43 U.S.C. §§ 619 et seq., which created a resource pool of capacity and associated firm energy for new customers in certain geographical areas of Nevada, California and Arizona that previously did not receive power from the Hoover Dam. The Act directed the Colorado River Commission to allocate a certain



amount of capacity and associated firm energy from the resource pool to new customers in Nevada under contracts that became effective on October 1, 2017.

Existing Nevada law authorizes the Colorado River Commission to sell electricity and provide transmission service or distribution service without being subject to the jurisdiction of the Public Utilities Commission of Nevada only to meet the existing and future requirements of: (1) customers who the Colorado River Commission was serving or had a contract to serve on July 16, 1997; (2) the Southern Nevada Water Authority and its member agencies for their water and wastewater operations; and (3) certain customers who received an allocation of capacity and associated firm energy from the resource pool for new customers created pursuant to the Hoover Power Allocation Act of 2011. (NRS 704.787) This bill authorizes the Colorado River Commission to sell electricity and provide transmission service or distribution service without being subject to the jurisdiction of the Public Utilities Commission of Nevada to meet the existing and future requirements of certain new customers to whom the Colorado River Commission reallocates capacity and associated firm energy which was originally allocated to a customer who the Colorado River Commission was serving or had a contract to serve on July 16, 1997.

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

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

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

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

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

(c) Except as otherwise provided in this paragraph and subsection 2 ~~to any~~:

(1) Any customer that receives an allocation of capacity and associated firm energy from the Western Area Power Administration of the United States Department of Energy, and any customer that has had an annual peak load of at least 1 megawatt and receives an allocation of capacity and associated firm energy of at least 1 megawatt from the Colorado River Commission of Nevada, on or after October 1, 2017, from the resource pool of capacity and associated firm energy created pursuant to the Hoover Power Allocation Act of 2011, 43 U.S.C. §§ 619 et seq. ; *and*

(2) If the Commission reallocates capacity and associated firm energy which was allocated to a customer described in paragraph (a) from the resource pool of capacity and associated firm energy created by 43 U.S.C. § 619a(a)(1)(A) and (B), any



customer described in subparagraph (1) to which the Commission reallocates that capacity and associated firm energy.

➡ The Colorado River Commission of Nevada shall not, by the sale of electricity or by the provision of any transmission service or distribution service pursuant to this paragraph, meet the demand for electricity of any customer that is located within the service area of an electric utility that primarily serves densely populated counties in excess of the allocation *or reallocation* made to the customer from the resource pool of capacity and associated firm energy created pursuant to ~~the Hoover Power Allocation Act of 2011,~~ 43 U.S.C. §§ ~~1619 et seq.~~ *619a(a)(1)(A) and (B) and 619a(a)(2).*

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

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

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

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

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

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



1 4. The Public Utilities Commission of Nevada shall establish a
2 just and reasonable tariff for:

3 (a) The electric distribution service authorized by paragraphs (a)
4 and (b) of subsection 1 to be provided by an electric utility that
5 primarily serves densely populated counties to the Colorado River
6 Commission of Nevada for its sale of electricity or electric
7 distribution services, or both, to a customer of the Colorado River
8 Commission of Nevada pursuant to paragraph (a) or (b) of
9 subsection 1.

10 (b) The electricity and electric distribution service authorized by
11 paragraph (c) of subsection 1 and subsection 2 to be provided by an
12 electric utility that primarily serves densely populated counties to
13 the Colorado River Commission of Nevada for its sale of electricity
14 or electric distribution services, or both, to a customer of the
15 Colorado River Commission of Nevada pursuant to paragraph (c) of
16 subsection 1.

17 5. An electric utility that primarily serves densely populated
18 counties shall provide electric distribution service pursuant to the
19 tariff required by subsection 4.

20 6. The Colorado River Commission of Nevada may adopt
21 regulations to carry out the provisions of this section.

22 7. As used in this section:

23 (a) “Costs for purchased fuel and purchased power” has the
24 meaning ascribed to it in paragraph (b) of subsection 5 of
25 NRS 704.187.

26 (b) “Electric utility that primarily serves densely populated
27 counties” means an electric utility that, with regard to the provision
28 of electric service, derives more of its annual gross operating
29 revenue in this State from customers located in counties whose
30 population is 700,000 or more than it does from customers located
31 in counties whose population is less than 700,000.

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

34 **Sec. 2.** This act becomes effective on July 1, 2019.

