

**MINUTES OF THE
SENATE COMMITTEE ON GROWTH AND INFRASTRUCTURE**

**Eighty-third Session
April 7, 2025**

The Senate Committee on Growth and Infrastructure was called to order by Chair Rochelle T. Nguyen at 3:38 p.m. on Monday, April 7, 2025, in Room 2144 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 5 of the Nevada Legislature Hearing Rooms, 7120 Amigo Street, Las Vegas, Nevada. [Exhibit A](#) is the agenda. [Exhibit B](#) is the attendance roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Rochelle T. Nguyen, Chair
Senator Julie Pazina, Vice Chair
Senator Fabian Doñate
Senator Ira Hansen
Senator Carrie Ann Buck

GUEST LEGISLATORS PRESENT:

Senator Melanie Scheible, Senatorial District No. 9

STAFF MEMBERS PRESENT:

Julianne King, Committee Policy Analyst
Michael Viets, Committee Counsel
Joseph Huene, Committee Secretary

OTHERS PRESENT:

Andrew Bennett, Chairman, Nevada Advisory Committee on Traffic Safety
Scott Pearson, Reno Township Justice Court, Department 4, Washoe County
Sean Sever, Deputy Administrator, Division of Research and Project
Management, Nevada Department of Motor Vehicles
Soraia Bohner, Intern, Office of Senator Melanie Scheible
Brent Quist, General Counsel, Malco Enterprises of Nevada
Andrew MacKay, Executive Director, NV Franchised Auto Dealers Association
Michael Alonso, Turo

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Nicholas Shepack, Nevada State Director, Fines and Fees Justice Center
John T. Jones Jr., Chief Deputy District Attorney, Legislative Liaison, Office of
the District Attorney, Clark County
Mike Cathcart, Senior Financial Analyst, City of Henderson
Kevin Higgins, Chief Judge, Sparks Township Justice Court, Department 2,
Washoe County; Nevada Judges of Limited Jurisdiction
Olivia Tanager, Sierra Club
Leslie Vega, Progressive Leadership Alliance of Nevada
Ross Kinson, Northern Nevada Central Labor Council
Caitlin Gatchalian, Nevada Representative, Southwest Energy Efficiency Project
Jermareon Williams, Government Affairs Manager, Western Resource Advocates
Julia Hubbard, Nevada Program Director, Solar United Neighbors
Rob Bastien
Paul Larson, Director, Lutheran Engagement and Advocacy in Nevada
Christi Cabrera-Georgeson, Deputy Director, Nevada Conservation League
Noé Orosco, Make the Road Nevada
Ernest Figueroa, Chief Deputy Attorney General, Bureau of Consumer
Protection, Attorney General's Office
Henry Rosas, External Affairs Manager, United Way of Southern Nevada
Hector Arreola, Policy Fellow, Nevada Environmental Justice Coalition
Kerry Rohrmeier, The Nature Conservancy
Mary Wanger, Moms Clean Air Force
Ruth Flack
Paulette Henriad, Advocacy Director, Mormon Women for Ethical Government
Audrey Peral, Chispa Nevada
Lisa Ortega, Master Arborist, Nevada Plants
Cyrus Hojjaty
Denise Heredia, Associate Director, Return Strong NV!
Nicholas Schneider, Director of Government Affairs, Vegas Chamber
Dylan Keith, Senior Manager of Governmental Affairs, Southwest Gas
Anthony Ruiz, NV Energy
Scott Leedom, Director of Regulation and Public Affairs, Southwest Gas
Terry Graves, Nevada Manufacturers Association
Paul Enos, CEO, Nevada Trucking Association
Chloe Chism, NV Energy
Joseph Hill, Policy Analyst, Retail Association of Nevada
Peter Saba, Senior Government Affairs Manager, Nevada Restaurant Association
Tia Smith, Policy Attorney, ACLU of Nevada

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Emily Osterberg, Director of Government Affairs, Henderson Chamber of Commerce
Chandler Cooks, Urban Chamber of Commerce
Barry Levinson
Ariel Santiago, Conservatives for Responsible Stewardship
Shaunda Johnson, Faith in Action Nevada
Peter Guzman, Latin Chamber of Commerce
Garret Weir, General Counsel, Public Utilities Commission of Nevada

CHAIR NGUYEN:

I am going to call this meeting to order, and with that I am going to start with Senate Bill (S.B.) 416.

SENATE BILL 416: Revises provisions relating to the statewide sobriety and drug monitoring program. (BDR 43-423)

ANDREW BENNETT (Chairman, Nevada Advisory Committee on Traffic Safety):
By way of background, S.B. 416 originates from the bill draft request (BDR) [by the] Joint Interim Standing Committee on Growth and Infrastructure at the request of the Nevada Advisory Committee on Traffic Safety. And I am pleased to present today S.B. 416, which provides revisions to programs related to the 24/7 Sobriety and Drug Monitoring Program.

SCOTT PEARSON (Reno Township Justice Court, Department 4, Washoe County):
In the simplest terms, my job as a judge in sentencing an individual is to fashion a punishment that keeps them from coming back in a most effective, fair and just manner. And it is nowhere more important than impaired driving cases.

Impaired drivers kill more than 13,000 Americans every year, one every 37 minutes. When you add to that, those individuals that are paralyzed or substantially harmed, it is at least four times that figure. So, every few minutes in America someone's life is being drastically changed by an impaired driver.

And nowhere in our criminal justice system is that issue more important than impaired driving because it is the recidivist driving under the influence (DUI) offender, the repeat DUI defender, who is responsible for a disproportionate amount of those fatalities and those injuries. There's no other crime that we have that has that direct correlation.

We certainly have too many injuries and deaths from intimate partners, but the numbers do not compare to DUIs. There's no other crime, misdemeanor or felony that has that great of a risk to the community for recidivism. That's the bad news. The good news is we have effective tools and 24/7 is one of them.

There are many studies that are part of this body's record from previous times that the 24/7 bill and program has been before you. In many different states, [it shows] significant reductions in fatalities and injuries. Even in some jurisdictions, they see reductions in intimate partner violence and child abuse cases because of the reduction in people that are making poor decisions from drinking.

The Legislature saw fit to enact this program many years ago, and I was here and part of that. What this [bill] changes is very minor. Currently, if you have an ignition interlock device, there's two choices for the judges with regard to your driver's license—either an ignition interlock device or the 24/7 program.

The ignition interlock device is called the privilege. That means if you have it installed, you can drive wherever you want. But the 24/7 program—and unfortunately, I will take responsibility for it since I was involved in the drafting of the language—is a restricted license. So that means you can go to your scheduled doctor's appointments, but theoretically you can't take your kids to their doctor's appointments. You can't go to emergency doctor appointments. You can't go to the grocery store or, if you do, it can only be one or two specific days that are preapproved. Basically, it creates significant burdens for individuals in our criminal justice system to comply with the law.

Ignition interlock is a valuable tool, but we are seeing controlled substance impaired driving increase significantly in the fatalities and injuries from that. And unfortunately, the technology in the ignition interlock device does not test for drugs. This allows us to capture about half of repeat offenders that use controlled substances regularly and allows us to effectively test them as well where the ignition lock device doesn't.

And then for high-risk individuals, currently, our ignition interlock device saves the data in your car, but you only go in every 90 days to have it downloaded. Well, I do not know about you, I am married to a schoolteacher; she would not address an issue with a student 90 days after it occurred. We want to take what we have learned from the science of behavior modification and address

the issue as soon as possible. We want to address it therapeutically if we can, so we want the treatment provider to know this person's still testing positive.

That is not happening for our high-risk offenders with the ignition interlock device. And this 24/7 program, because it is daily testing or it is the RAND Corporation of drug testing, allows us to do that. It also is run by law enforcement, so we have the ability [to catch] those true high-risk offenders who are not complying and are at great risk to the community. Law enforcement is involved—rather than the Nevada Department of Motor Vehicles (DMV)—who simply resuspends their driver's license.

Under that program, we have individuals in this State that have tested positive hundreds of times and have not made the serious changes they need to make to stop putting themselves at risk for the community. So, this simply makes it "an/or"—an ignition airlock privilege or a 24/7 privilege—not a restricted license.

MR. BENNETT:

With that, I am happy to walk through the key provisions of the bill or go straight to questions.

CHAIR NGUYEN:

I think we can go straight to questions if that is okay with the committee. It looks like Senator Buck would like a little bit of a walkthrough. So why don't we go ahead and do that.

MR. BENNETT:

Section 1 creates the new 24/7 privilege for your license and requires the DMV to issue these licenses to program participants upon receiving certain notices from the courts. A 24/7 privilege permit allows a person to drive freely to any destination of choosing, provided that they're an active participant in the program.

Sections 1, 3, 5, 7 and 8 make informing changes, replacing the term "restricted driver's license" with the term "24/7 privilege." Sections 2 and 3 define the 24/7 privilege.

Sections 4, 5 and 6 clarify that testing for alcohol and substances can be used with methods that are federally approved under their regulations, not just in-person testing, and provide flexibility to counties for law enforcement and

participants, especially in rural areas, to use remote alternatives with technology that meet those federal standards.

Section 8 ensures that all legal references to restrict your driver's license are updated to 24/7 privileges.

Essentially, as the judge said, our hope is to answer exactly how the 24/7 program works. But I can tell you, being a part of the team that looked at this in the mid-2010s, this program combines immediate testing with services and immediate accountability. Our hope though is to ensure that these people who are participating in the 24/7 program have the same ability to have the license that those ignition lock programs have.

SENATOR BUCK:
How often are they tested?

JUDGE PEARSON:
For alcohol, it is every day. The program is based upon a program that started more than two decades ago in South Dakota, and it [used an] in-person Preliminary Breath Test twice a day. It's a test before and after they go to work; they call it blow and go. It is a per test.

Now with controlled substances, we have added the urinalysis. We also have remote testing that is accepted by the federal government under 24/7. There's also a watch now that does a transdermal test for alcohol. There's the old ankle bracelet the people are aware of. There're many tools—there are kiosks in Washoe County that people can go to in remote areas that can assist them as well.

So, for alcohol, it should be every day because it dissipates through your system so quickly. For drugs, the gold standard is two out of every seven days, completely random, including weekends and holidays. Our program from the start was open from 5:30 a.m. in the morning to 8:30 p.m. at night. So, no one ever was forced to make a choice between their job and testing. The time is set from 5:30 a.m. to 8:30 p.m., so anyone can make those hours in order to be in compliance.

SENATOR BUCK:
So, they have to go before and after work?

JUDGE PEARSON:

Yes, if it is the random drug testing, and we do have an 80-hour alcohol test we can use as well for some individuals. Again, it is not as effective as that daily testing. We have a handheld device that can use Bluetooth off their phone. It is only a day so they get notice; even if they are at work, they can excuse themselves on their break and provide that breath test.

So, we provided a convenient means for them to do it. And I believe—I do not want to speak for them—the last two times this bill was before [the Legislature] it passed each time. The Public Defender's Office was in favor of it because it is actually much easier for their clients to comply [with] than the ignition interlock device. That can be a lot more costly and a lot more burdensome.

SENATOR BUCK:

My sister, a little less than a year ago, was almost killed by a DUI driver on his fifth offense. She had five inches of her colon removed, and so anything that we can do to keep these dangerous people off the road, thank you.

SENATOR HANSEN:

Actually, that was my question. When people enter the monitoring program, how often do you have individuals that cause accidents while impaired?

JUDGE PEARSON:

Oh, [it is] incredibly rare. I think our test results, off the top of my head, for the breath test, it is something like 99.8 percent that are clean. It also builds this great relationship with law enforcement. We went and saw it in South Dakota before we implemented it here. To see probation officers say, "Hey, great job being sober today; have a great day at work," and to build that relationship and to have those people have that positive reinforcement, from a figure like that, it's wonderful.

So, the results of the program? There's the research and development. There are many, many studies that show South Dakota, North Dakota, Wyoming, Colorado have legislation but do not use it much. Montana does; Washington has some legislation and uses it a bit. So, it is very helpful.

If you are trying to lose weight, you've got to get on the scale every once in a while. This is the same thing for people; it helps them be accountable. We know structure and support is what these folks need while they move through these

programs. And that is what this provides, rather than some test in your car that then goes to somebody in 90 days—that maybe just resuspend your license and there's not an effective change of behavior for those dangerous repeat offenders.

SENATOR HANSEN:

Oh, great, that sounds fantastic. In fact, that is the best report I have heard on any government program this session so far.

CHAIR NGUYEN:

I just have an update; I remember when former Assemblymember Jill Tolles brought this legislation and then cleaned it up in 2019 and again in 2021—I saw the benefit of this program, especially based on proven evidence, results and programs.

I know it is currently utilized in the North. Have any of the judges in other jurisdictions expanded using the 24/7 program?

JUDGE PEARSON:

Frankly, we have been holding off because of this burden of having to do either, this 5- to-7-page application—where again, you have to list the most direct route to grocery stores, and you can't take your kids to the doctor.

So as a judge, even though I believe in this program so much, I tell people you should probably just do the ignition interlock device. It is much easier than this application and all the restrictions that are going to be on that license.

So, no, we have held off in expanding it since former Assemblymember Tolles brought this bill until we get this fixed. And frankly, people do not have to do both the 24/7 and the ignition interlock in order to be able to drive where they need to when they need to. None of us have that predictability of when our kids are going to need to go somewhere or anything like that. And so no, but we know of counties that are interested in this program. I have just been telling them, "Hold off, let's see if we can't get it changed to a privilege to make it easier for these folks to comply."

The bottom line is, "Hey, we do not want to ruin your life. You can keep your job; just prove that you are clean and sober every day, that's all."

SEAN SEVER (Deputy Administrator, Division of Research and Project Management, Nevada Department of Motor Vehicles):

We are neutral on S.B. 416. We do have a fiscal note on it that we will be submitting shortly. Contract programming will be required for over 1,000 hours to allow the 24/7 privilege to be assigned to qualified persons instead of a restricted license.

As you know, the DMV is working with two information technology systems, and we'd rather not have to program this into our old COBALT system, which is held together with spider webs and duct tape. If the bill implementation date is pushed out to when the DMV determines sufficient resources are in place, I can get you the exact language. The fiscal impact would be severely lessened if not eliminated. We're happy to work with the bill sponsors on an amendment.

CHAIR NGUYEN:

I would encourage you to reach out to those bill presenters to see if there's some amendments that might be able to alleviate that cost.

And at this time, I will close the hearing on S.B. 416, and we will move next to S.B. 194.

SENATE BILL 194: Revises provisions governing the charging and collecting of a governmental services fee for the short-term lease of a passenger car. (BDR 43-715)

SORAIA BOHNER (Intern, Office of Senator Melanie Scheible):

Today I will be giving the opening remarks for S.B. 194. As amended, S.B. 194 addresses a loophole in current laws that allows individuals to use rental cars as a substitute for personal vehicle ownership without maintaining their own insurance. This conceptual amendment ([Exhibit C](#)) requires all renters to show proof of personal automobile insurance, promoting responsible vehicle use and protecting rental companies from undue financial risk. To speak further on this issue, I would like to introduce Brian [Brent] Quist from Budget Car Rental.

BRENT QUIST (General Counsel, Malco Enterprises of Nevada):

Malco Enterprises of Nevada does businesses with Budget car and truck rentals in Las Vegas. For simplicity, I will refer to us as Malco. Malco is a franchisee of Avis Budget Group; it is a family business; John Mallo started it back in 1989.

His son Tom Mallo is now the president and CEO, and Tom and his family reside in Las Vegas.

Nevada public policy supports that every driver on Nevada roadways have personal automobile insurance, but there's one notable exception to this public policy. Nevada law does not require renters of vehicles to have personal liability insurance. As a result, Nevadans are using rental cars as a substitute for personal vehicles and thus transforming Nevada's rental car agencies into de facto insurance companies.

However, car rental agencies are not insurance companies. This was noted by the Nevada Supreme Court 25 years ago in a case entitled, *Alamo Rent-A-Car v. State Farm Mutual Automobile Insurance Co.* There, the court indicated, "A car rental agency is not in the business of underwriting insurance for individual drivers." The nature of a car rental agency business renting cars to strangers for short periods of time is not conducive to finding that it is in the insurance business. It does not conduct histories of drivers and does not collect a premium.

Senate Bill 194 amends NRS 482.31565, which currently prevents car rental companies from requiring renters to purchase automobile insurance [when they] rent vehicles. First, it requires the renters to provide proof of applicable personal automobile insurance that meets or exceeds Nevada's minimum automobile insurance requirements to rent a vehicle. This can be satisfied through the renter's personal automobile insurance, what is known as spot insurance, which is short-term insurance a renter can purchase through a third party.

Finally, most car rental companies typically offer supplemental insurance which is known as renters' liability insurance. The proposed bill expressly provides that a car rental company is permitted to not rent a vehicle to an individual who does not have personal insurance that satisfies these minimum statutory requirements. If, however, a rental car company chooses to rent a vehicle to an uninsured driver and the renter is involved in an accident, the car rental agency is still required to compensate the injured person up to the statutory minimums, which is the current law.

This law is good for Nevada for at least three reasons. First, the correct parties will be responsible for accidents. Currently, car rental companies are financially responsible for the cars they lease to renters. Nevada law requires car rental

companies to demonstrate to the DMV their financial ability to respond to damages by providing evidence of insurance. Usually this is done in the form of a certificate of self-insurance issued by the DMV.

Additionally, as I just indicated, if a person is injured and they make a claim against the renter and the renter does not have their own insurance, the car rental companies are required to indemnify the rental up to the statutory minimums. And even if the renter has their own personal insurance and the claim exceeds that statutory minimum, then the rental car companies are secondary; that is not going to change.

Senate Bill 194 will lead to safer Nevada roadways because car rental companies are not underwriters; they do not assess the safety risk, and they can't do that as an insurance company can. If a person who operates vehicles on Nevada roadways has their own automobile insurance, that would indicate an insurance company has determined they are not a high risk.

Finally, Malco considers itself an essential public service to the community. Malco and other Nevada car rental companies were kept open during COVID-19 because our citizens needed convenient transportation, and Malco wants to continue to serve the community. However, there are economic consequences that car rental companies face due to renters not being required to have their own personal automobile insurance to rent vehicles. And this law is designed to address that.

CHAIR NGUYEN:

I want to clarify there was an amendment, [Exhibit C](#), that was posted this morning or late this morning. I am assuming that is favorable and essentially this is a gut and replace. Is that correct?

SENATOR MELANIE SCHEIBLE (Senatorial District No. 9):
Yes, that is correct.

SENATOR BUCK:

I am not too familiar with the industry, but I was wondering, how do you prove that somebody has insurance now? When I go up, I just tell them I do not want the additional coverage. I will just use mine. How do you prove that as a Budget enterprise?

MR. QUIST:

Currently, and the law contemplates, the counter agent would ask the renter for their insurance card. It would be up to the car rental company to look at that card and make sure it is valid and that it has not expired. Currently, that is what we would do.

I also am aware there's some technology, but I am not able to speak to it because I just learned about it this morning briefly. Car rental companies have a computer program, they can go in and check to see if a driver actually has insurance.

SENATOR SCHEIBLE:

If I could just clarify, this would also allow drivers to purchase insurance at the counter from the company. Or, if they are "really savvy" and want to save a couple of bucks, there actually are short-term liability insurance policies that you can purchase in anticipation of a vacation, and then they could bring in proof of that.

So, we are not requiring people to have ongoing insurance all the time in order to rent a car. But really it is more the choice between either have your own insurance or pay for the insurance when you rent the car.

SENATOR BUCK:

Yes, I mean, I like the idea, and I like the bill. I have just never had that happen where I have had to show my insurance card because it is in my car at home.

CHAIR NGUYEN:

Just to clarify, I know that every time I have rented a car, they ask me who my insurance is with—they do not require my card, but they ask me who the company is and then it is input in there. But when you are signing rental car documents, you are attesting that the insurance information that you provided at the counter is correct. Is that correct and is that a correct understanding?

SENATOR SCHEIBLE:

That is correct, but that is a function of the contract that you are signing. There's nothing in Nevada law that requires a renter to attest truthfully to whether or not they have car insurance. This would add that statutory protection for everybody.

CHAIR NGUYEN:
Perfect.

ANDREW MACKAY (Executive Director, NV Franchised Auto Dealers Association):
I learned about the amendment because I saw it posted on Nevada Electronic Legislative Information System (NELIS). The previous version was discussed extensively—which I know that is not what we considered—but I do want to put it on the record that we are in full support of that measure, as well as the amended version.

As the Senator and that gentleman [Brent Quist]—he's quite articulate—pointed out, the cost of insurance in this State is exceedingly high, and the overall cost of ownership of the vehicle is exceedingly high. And quite honestly, I think this is going to be another arrow in the quiver to help drive those costs down.

This does impact us on several fronts. We will rent vehicles on behalf of our customers. It is rented out for an extended period of time for repair or oftentimes many of our dealers are short-term leasers of vehicles. This is another tool to protect, frankly, the traveling public across the entire State from being victims of uninsured motorists. So, we fully support the bill and thank the Senator for bringing it forward.

MICHAEL ALONSO (Turo):

Turo, which is a peer-to-peer car sharing platform, is neutral on the bill. I want to thank Senator Scheible for allowing me to spend some time with her to talk about proposed changes. We do not have an issue with the bill and understand what it is trying to do in terms of the insurance.

In 2019, when the Peer-to-Peer Car Sharing Act was passed by this legislative body, they required the platform and/or the shared vehicle driver to carry two times the state minimums. And so we think from a public policy standpoint and from a parity standpoint that the Legislature should consider consumer protection for rental car companies as well because that is what they have right now. If the person does not have insurance, it is just the state minimums. We think it would be a good change to require the same as the peer-to-peer car sharing since they are similar industries.

CHAIR NGUYEN:

At this time, I will close the hearing on S.B. 194, and I will open the hearing on S.B. 359.

SENATE BILL 359: Makes various changes relating to traffic offenses. (BDR 43-900)

SENATOR MELANIE SCHEIBLE (Senatorial District No. 9):

I am happy to be here today presenting S.B. 359. This is one of those interesting bills, which is actually a Senate Judiciary Committee bill that was referred to your committee. And so I am proud to be the Chair of that Senate Judiciary Committee and able to bring to you today S.B. 359, which makes changes to traffic offenses.

I am sure you all know, better than anybody in recent years, Nevada has made significant efforts to decriminalize minor traffic offenses. We treat many of them now as civil infractions rather than criminal misdemeanors. It reflects a broader understanding that not all traffic violations should carry the weight and consequences of a criminal record.

However, since these reforms have been implemented, some shall we say inconsistencies and barriers have emerged to how civil infractions are handled in our courts. And I think there are few people better suited to speak to those challenges and barriers than myself as a practitioner. In the Las Vegas Justice Courts and the Eighth Judicial District Court, luckily, I have not yet had to litigate a traffic ticket. But it has come close because we are struggling to figure out exactly how to implement the goals of the Legislature that have been made clear time and time again through bills in the 2021 and 2023 Sessions.

I will go issue by issue, as I walk you through it. I will start with section 1 of the bill, which pertains to civil infraction hearings. So right now, the way that the law is written, an individual who wishes to contest a civil infraction citation must first post a bond equal to the full amount of the potential penalties, fees and assessments specified in the citation. For many Nevadans, especially those with limited financial means, this upfront payment creates a financial barrier to their right to a hearing. So many people choose not to challenge the citation, even if they have valid grounds to do so. It is simply because they cannot afford the bond, or it does not make any sense to post the bond and take the time off work to come in and contest the citation. If they are going to be charged the

same amount anyway, [they] simply pay the citation and don't have to take the time off work to come in and contest it.

What S.B. 359 does is change that language—to say that the bond can be up to the amount of the full civil infraction. It allows the courts to utilize their discretion to implement a bond that is less than the full amount of the citation.

Further, if a person requests a hearing to contest a civil infraction citation, S.B. 359 permits that individual's legal counsel to appear at the hearing on his or her behalf and clarifies that if counsel is present, the person cited does not have to be present. This is what is generally accepted in most of the courts where I practice. There are other rules in both the traffic portion of NRS [*Nevada Revised Statutes*], as well as the trial portion of NRS, as well as our civil procedure administrative codes, the Eighth Judicial District Court rules and the Justice Court rules. There are a lot of ways to get around this to allow an attorney to appear. But it is much simpler to put that in the statute where the hearings are laid out to make it clear that an attorney can appear on behalf of a client in these contested civil infraction hearings.

Senate Bill 359 also brings clarity to the adjudication process by requiring that when a civil infraction and misdemeanor stem from the same incident, they must be filed together in a single complaint. An example of this would be a driver who's pulled over for failing to signal a lane change—that would be a civil infraction—but if during the stop, the officer discovers that the driver's license is also suspended, that would be a misdemeanor. Instead of allowing the civil infraction and the misdemeanor citations to be filed separately, S.B. 359 would require that they are included in the same criminal complaint. This prevents confusion and duplicative filings, while ensuring that all the charges arising from a single traffic stop are handled consistently.

Put another way, it ensures that all of the charges are put before the same judge at the same time. [Then] you do not have issues where—this is what actually happens in practice—my clients might get those two different infractions—with one of them, the civil infraction, scheduled for June 15 and the criminal infraction that is scheduled for May 15. When they go to the hearing on the criminal infraction on May 15, the first thing the judge asks is "What is happening with the civil infraction?" And of course, we say, "We do not know yet because it is coming up in June." And then we ask, "Can we dismiss the civil infraction as a part of the deal in the criminal case?" And the

judge says, "Well, that would be great if it were in front of me." But since these have been divided into two separate cases, it has been assigned to a completely separate department. This would prevent that inefficiency from occurring and ensure that one judge would be looking at the complete complaint to be making adjudicatory decisions.

The bill also expands procedural protections by applying certain rules of evidence from the Nevada Administrative Procedure Act to civil infraction cases. By adopting the same evidentiary rules used in administrative hearings throughout Nevada, S.B. 359 provides a clear uniform framework for how evidence is presented, challenged and considered.

Finally, S.B. 359 eliminates the requirement that prosecutors must treat a misdemeanor traffic offense as a civil infraction before the defendant's first court appearance. It instead allows them to elect at any time to treat a misdemeanor infraction as a civil infraction during the course of the case. By removing this requirement, prosecutors will have greater flexibility. It will allow—essentially what everybody has been clamoring for down in Southern Nevada—"Can I please get my misdemeanor converted to a civil infraction?"

I think those were out of order, I apologize. I realized that my remarks were not in order; they were in order of importance, not in order of the bill. But I would be happy to answer any questions.

CHAIR NGUYEN:

Prior to the decriminalization of these minor traffic offenses—when something was criminal, and you wanted to contest or have a trial for your criminal citation—let us say you had a failure to use a turn signal. That is no longer a criminal citation, but when it was criminal, if you wanted to challenge that, you did not have to post a bond. Is that correct?

SENATOR SCHEIBLE:

That is correct.

CHAIR NGUYEN:

But when we reduced that charge to a civil infraction, not only did the standard of proof go from beyond a reasonable doubt, it went down to a preponderance of the evidence. So it is a lower standard for conviction. We allowed a lot of accommodations for affidavits, so we did not have to take police officers off the

road. We could still get that civil conviction. Is there any other area of civil law where a defendant in a civil action has to post any type of bond to request a trial?

SENATOR SCHEIBLE:
Not that I am aware of.

CHAIR NGUYEN:
So, the fact that there is currently in law a requirement for a bond for a trial to contest a civil infraction, that does not exist anywhere else in any civil infraction. If you are challenging any small claims action, if you are a defendant, you do not have to post a bond to contest that?

SENATOR SCHEIBLE:
Correct.

CHAIR NGUYEN:
I know that we have had opposition. Maybe this is for anyone coming in opposition from the courts to explain why there is a difference between this type of civil litigation and the protections that defendants in this type of civil litigation received, as opposed to any other civil case. I think that is a question I would probably be asking. If anyone has the answers to that, I think that would be helpful.

I see that there are proposed amendments ([Exhibit D](#)) from the Nevada Judges of Limited Jurisdiction (NJLJ). Have you had an opportunity to speak with them? Are those friendly at this point, or are you still reviewing those?

SENATOR SCHEIBLE:
I have had a chance to talk to them. I have reviewed them. Some of them are friendly and some of them are not. If you want, I would be happy to explain the ones that are friendly and the ones that we are still talking about.

CHAIR NGUYEN:
I think that would be helpful if you would not mind. And you are prepared to do that this afternoon? Do you need a copy of it?

SENATOR SCHEIBLE:

Nope, I am looking at it right now. In section 1 that we are still reviewing, that language is substantially similar to language that is already contained in the bill borrowed from the Administrative Procedures Act. But I would need to review this along with the other stakeholders a little bit more carefully before making a statement either way on section 1.

Amendment 2 is not friendly; it just undoes a major portion of the bill.

Amendment 3, that one I would also have to review it more closely before making a determination.

Amendment 4 I believe would be fine. I do not see any issue based on the conversations I have had with stakeholders. And I also want to note that I received this amendment this morning, so these are my educated guesses based on the discussions I have had before. I think amendment 4 would be completely fine and the same with amendment 5. If we are going to keep the cash bond in statute, then I do not foresee any issue with changing the phrasing of it, as in amendment 5.

Amendment 6, I also would need to discuss a little bit further with the stakeholders.

Amendment 7 would not be accepted because the issue is with the language that we are striking in section 5. That is what is preventing prosecutors from doing what we normally refer to as a dropdown or just allowing them to change a misdemeanor charge to a civil infraction. By not striking that language, we end up in the same problematic position that we're in now, where once something has been filed as a criminal citation, the prosecutor arguably no longer has the power to reduce it to a civil infraction, even though they would have had the power to charge it to a civil infraction in the first place.

To give more context, that is suggesting that once I file a theft case as a felony, I find the prosecutor saying that "Oh, now that has been filed as a felony, you can't negotiate that down to a misdemeanor" because it was already filed as a felony. But we all know that this happens every day in Nevada courts. Something is filed as a felony, and the purpose of the negotiations is to reduce it to a gross misdemeanor or misdemeanor. But prosecutors right now are insisting to the court that they do not have the authority to change those

charges from misdemeanors to civil infractions. It is important that we make that clear.

CHAIR NGUYEN:

Can I just interrupt you? Right now, under the existing law, they can take it from a criminal to a civil, or they can't go vice versa.

SENATOR SCHEIBLE:

The issue that we are encountering, as prosecutors interpret the current language of NRS 484A.7049, [is what it means] to change the charge. If I am charged in case 123456A [for example] with misdemeanor driving on a suspended license, they are interpreting it to mean that they cannot change the charge. They would have to drop case 123456A [for example] and file a new civil infraction case in order to effectuate the goal of reducing the charges, which of course is a hassle; it's a burden. If you are in a jurisdiction where the prosecuting agency has also decided that they don't participate in the prosecution of civil infractions, it puts the prosecutors in a difficult position. To amend their charges [they would have] to withdraw the charges that are already filed and file a new case of the type that their office supposedly does not handle.

CHAIR NGUYEN:

Sorry to interrupt—you can go through the proposed amendments as you feel comfortable again.

SENATOR SCHEIBLE:

Amendment 8 I think would be acceptable to all of the stakeholders that I have been working with. I don't see why it wouldn't be, but again, I always have to check.

Amendment 9 I am not sure about to be frank. We have a lot of issues with addressing juvenile traffic tickets. Senate Bill 359 intentionally excluded anything about juveniles. So, I will leave it at that.

Amendment 10 I would also think would be acceptable. So that is where we are on the amendments from the NJLJ.

CHAIR NGUYEN:

I appreciate you going through those on the fly. I know that this was presented to the committee early this morning. So, I know you have not had a full opportunity to go back with stakeholders, but I appreciate your expertise in this area because it probably makes it a little bit easier to review those on the fly.

NICHOLAS SHEPACK (Nevada State Director, Fines and Fees Justice Center):

I am someone who is haunted daily by the bond. I think that this bill takes an important step toward moving that bond. At the least, it will allow good actors to ensure that the bonds are set at a reasonable standard in which people can access the court if they believe they are not guilty of the ticket.

Again, of course, as for every session, we would also support a bill to completely remove the bond. But any work we can do in this area is greatly appreciated. The rest of the fixes to the traffic system are also needed. This has been a work in progress since we decriminalized traffic, and we are going to need to continue to make these minor changes to get the system working. We support this legislation with the amendments that she accepted.

CHAIR NGUYEN:

Are you willing to accept a question from Senator Hansen?

SENATOR HANSEN:

Even if you are not, you are stuck, man. Didn't we have the same bill last [session]? I remember you and I talking about it at length about getting rid of the whole bonding concept. I swear it passed, but what happened?

MR. SHEPACK:

If you remember a late night at the Legislature out by the front table in the foyer when we actually passed the last version of this bill toward one of the final days. We did; we removed the provision for the bond. However, it was a much more robust bill. I would have to go back and read the veto message, but for some reason, it was indeed vetoed. But yes, you and I worked on that closely together last session.

SENATOR HANSEN:

Very good, thanks.

CHAIR NGUYEN:

Maybe it was the prosecutorial immunity that was included.

JOHN T. JONES JR. (Chief Deputy District Attorney, Legislative Liaison, Office of the District Attorney, Clark County):

We are in opposition to S.B. 359 as currently drafted. We have had conversations with Senator Scheible, and we do pledge to continue working. I do agree with a lot of what she testified or presented about today. I do think there are issues that we can fix.

One of the concerns that we have is she mentioned the language requiring a civil infraction to be in the same complaint as a misdemeanor. When we passed civil traffic [A.B. No. 116 of the 81st Session] back in 2021—one of the major aspects for us was the fact that a prosecutor could determine for themselves whether or not they were going to handle these in court or if the officer would show up basically by themselves. This would essentially get our offices back into civil traffic, which we are opposed to.

I will point out that a lot of the states that we mirrored this after do not require prosecutors to be in the courtroom. Judges are perfectly capable of handling these minor traffic offenses by themselves without state representation. Our concern is the way this is currently drafted; it could get us back in with that.

CHAIR NGUYEN:

Do you not want the flexibility of being able to go back and forth? Because right now, you do have the option to charge those as criminal and then amend them.

MR. JONES:

Yes, I think we would absolutely support more flexibility. The way I read this, though, is it would require us in certain instances and that is our issue. But as I said, we are happy to work with Senator Scheible on an amendment.

MIKE CATHCART (Senior Financial Analyst, City of Henderson):

We did send recommendations late last week, and we will be continuing to follow up and have some discussions with her [Senator Scheible] about whether we could get those clarifications and a few technical changes into the bill.

KEVIN HIGGINS (Chief Judge, Sparks Township Justice Court, Department 2, Washoe County; Nevada Judges of Limited Jurisdiction):

Sitting here today, I had a bit of a flashback to a prior life. I did legislative work for the Attorney General's Office, and I used to sit here while former Senator Bill Raggio stared at me and asked me why we wanted one more dollar in line 397 of our appropriation bill. So, you seem to be a much friendlier committee today.

We have proffered that set of amendments in [Exhibit D](#) that you've already discussed today. I would like to briefly go through the amendments and explain our reasons for them.

The first amendment cleans up the procedural work. We're asking that if a party wants to have a subpoena issued, they have to go through the court to get it. Otherwise, they can print a subpoena at home and mail it to the officer and the court's not going to know who's been subpoenaed. And it is a procedural problem if people are flooding the system with subpoenas; [this way] at least it comes through the court.

We're also asking that if an interpreter is requested, we get a 15-day notice. An interpreter that is to the satisfaction of the court—I can't even imagine the languages that are heard in the Las Vegas Justice Court—but in Sparks, we lately have had various Micronesian languages, Indian and continental languages. If you walk in the door and say, "I need a Czech interpreter," which we have to find and—we have actually found a Czech interpreter—it is problematical so it would give us notice.

In that same amendment, we are asking that rather than adopting the Administrative Procedure Act (APA) that we use the civil rules of traffic management that were adopted by the [Nevada] Supreme Court in an ADKT [administrative docket] proceeding. There's actually a set of rules now. The Supreme Court requires all the courts to use them when hearing civil infractions. We think that cleans it up. I understand this is open to discussion, and we will be discussing it in further detail.

CHAIR NGUYEN:

When we are talking about that section 1 proposed amendment, do you have a process right now? [How can] people without an attorney of record or the judge issue subpoenas?

JUDGE HIGGINS:

If you are a small claimant and come to the counter and you want to issue a subpoena in a small claims action, our clerk can issue one. Then it goes in the file; it is in the docket. We keep track of it, and we know that you are asking the police department for your records, and then we can keep track of it.

CHAIR NGUYEN:

So, all of the courts have a process for that right now?

JUDGE HIGGINS:

I would hope so, yes.

CHAIR NGUYEN:

Then my second thing is I have had the opportunity to review the ADKT (620), which is the Justice and Municipal Court rules for civil traffic infractions. And if it is not a part of the exhibits in NELIS, I will ask my staff to go ahead and add that in there.

I realize that there are certain traffic rules that are in there. Are those similar or are they different than typical civil practice rules for a small claims action?

JUDGE HIGGINS:

Well, this is probably closer to a small claims action than anything. As you have commented on, this has been a moving target for a couple of sessions now. A lot of our courts are struggling to keep up with what a civil infraction is, who appears, who testifies, and so the Supreme Court codified that process in the ADKT. I think it covers some of the issues that Senator Scheible wanted to have covered in her bill. But it requires remote appearances. What happens if there's a default? What happens with appeals? And it gives a response to a civil infraction. I think there's a place to go rather than adopting the APA.

Amendment 2, [Exhibit D](#), is the one that is probably problematical for us. It requires both a civil infraction and the criminal infraction to be in the same complaint. It is kind of mixing apples and oranges, two separate sets of rules. One's criminal, one's civil—the notice provisions for civil infractions are very different. Our practice in Sparks is just to schedule [both] on the same day in front of the same judge. That would be a way to fix this. Just say that civil and criminal infractions will be scheduled to be heard on the same day, then we will have to coordinate that.

I commonly see people on both at the exact same time. Maybe in Las Vegas, the volume of incarcerated—the volume of tickets they have—might be the way to handle it. With us though, I think it would require us to reprogram our case management system and have half a criminal, half a civil, which notice goes out to who on what date. I think we could work on this and maybe get to where the sponsor would like to go. But requiring that they both be in the same complaint is not going to be easy for us to do.

Amendment 3, we were just trying to coordinate that with the last amendment. [We are] making sure that, if there's a DUI, the other civil infractions will be heard at the same time.

Amendment 4 is the case when they can be dismissed on failure to comply. I do not think I am spilling any beans here, but frankly, I would say 90 percent-plus of any civil infraction hearings are dismissed by default. Either the officer does not appear, or there's no statement from the officer that's on the record.

When we get a civil infraction, we have notification contact points for every law enforcement agency in Northern Nevada. And we say "Trooper Smith, you have an infraction on May 1; please submit your statement" which will be considered in lieu of your appearance. The vast majority of the time, we do not get anything from the law enforcement officer.

CHAIR NGUYEN:

Can I just stop you right there? Right now, you are saying that law enforcement is issuing traffic citations. We knew that there was a problem with them not coming to court. Part of the reason in trying to get these convictions, and ultimately points, that are being reported to the DMV—as we have heard, we have a point-reporting problem here in our State—is they are not even doing the affidavit?

JUDGE HIGGINS:

No, the majority of them, no.

CHAIR NGUYEN:

But the only way you would ever know that for a dismissal is if someone posted a trial bond and contested?

JUDGE HIGGINS:

Yes, if somebody asks for a hearing, we commonly waive the bonds if somebody can't afford it.

CHAIR NGUYEN:

But you have a ton of tickets that people can't afford to fight or do not want to take time out of their day to come in. But if they had, the ticket would likely be dismissed because there's no police officer?

JUDGE HIGGINS:

Right, and that section 4 further allows dismissals if the other requirements aren't met. I do not want to speak out of turn for law enforcement. I suppose based upon how many officers are on the road and the time they have, they take the criminal infractions more seriously than the civil infractions. But I do not think that would be my supposition; I could not tell you that's true.

CHAIR NGUYEN:

Well, I can tell you from the legislative history, part of the reason that we put in the affidavit requirement is because police officers were not showing up. This was an attempt to make sure that they stayed on the road—but were still getting civil infraction convictions. So that's disappointing that they are not even filling out the form either.

JUDGE HIGGINS:

It's a practical matter. The affidavit is not always that helpful because if the officer does not show up and somebody switched a lane without a signal, and that is what my affidavit says. And the defendant shows up and says, "Well, that is not what happened at all. Let me tell you what happened. I got cut off by this truck and I had to slam on my brakes—I had to brake and go around it—I prevented an accident." Well, there's no officer there, and there's no witness on the other side. All you have is a flat affidavit. There's no way to cross-examine that affidavit.

CHAIR NGUYEN:

But the standard of proof is a lot lower for the judges in that circumstance, right?

JUDGE HIGGINS:

Absolutely right.

CHAIR NGUYEN:

Okay, sorry I am going down a wormhole. I will let you keep going on.

JUDGE HIGGINS:

Amendment 5, we're more than happy to fix the language on what the cash bond says. Right now, I promise a bond is a technical term. We accept cash, we would like it just to say cash or bond and an amount up to.

I think some courts have interpreted that to mean you have to file the entire thing. Our court commonly lowers the bond; we have a form to fill out that says you can go forward without posting the bond number. I do that all the time to waive the bond so somebody can come to court and have a witness appear if necessary.

CHAIR NGUYEN:

But that is not a part of the Supreme Court guidance. Is that correct?

JUDGE HIGGINS:

Not that I am aware of it, no.

CHAIR NGUYEN:

I just reviewed it, and I do not see it in there. I was wondering if it was ever considered when promulgating those rules for the courts across the State to consider that?

JUDGE HIGGINS:

I was not part of that process. I couldn't tell you what happened.

On amendment 6, who appears at the hearing, there's some difficulty. As we heard from the Nevada District Attorneys Association, we do not have a prosecutor up here [Northern Nevada]. Some courts have problems with that, saying if there's nobody here to represent the State, why isn't every case a default? We do not let the State go forward in the other case where they do not have to appear. That would make it say it may represent the State if they choose to do so, and I think that is under review.

The problem with striking the language in amendment 7 [is that it] would leave—how things go back and forth between criminal and civil—it the same as they are now. I do not have any problem with cases being reduced to civil, but

then I do not know who appears in court to handle it. The regional district attorney has chosen not to appear on civil infractions. So, generally, it is just me, maybe an affidavit and the defendant.

Amendment 8 talks about and cleans up the language about where the money goes with municipal courts and justice courts to make sure it goes to the city or the county. I understand, and I heard the history on juvenile tickets. It has been problematical in Nevada. In Washoe County, our district court wants all the tickets to go to the juvenile master, and that is where I think they should go. The juvenile master has a lot more leeway with a minor on how to handle a ticket than I do. I do not think I have jurisdiction over minors. And that is why we changed the temporary protection orders here last session or the session before. If there's a minor-versus-minor protective order, that has to go to the family court. I understand there's split opinion perhaps in district court in Vegas about whether they should be in the juvenile court or not, but I think that cleans it up. Maybe this is a red flag for some, I do not know. But that is the way we think we have to do it.

Then the last one [amendment] cleans up a DUI. If the DUI is charged and the civil citation goes with it and if the DUI goes away, then the civil citations go back to being civil citations as they were before.

I know we are getting tight on time as far as the session goes and we are happy to discuss this. We have had half a dozen training classes with the lower court judges. And I should say that NJLJ represents all the municipal and justice courts in Nevada. Over half of our members are lay judges; they're not attorneys. So, it is not always easy for us to go through and parse the legislative history to determine exactly what needs to be done. And a literal reading by two people can lead to two different decisions on these facts. We are more than happy to sit down and work out the language as best we can.

There was a question—I think Chair Nguyen promised was going to ask—I will go ahead and answer it anyway. About the bond, there are other civil procedures in Nevada where you do have to post a bond. If you are going to appeal a small claims conviction or a civil conviction or an eviction to the district court, we can require a bond to be posted. If you are appealing an eviction in my court, I can require you to post the bond in the amount of the rent you have not paid. So, it is not as if we are going to call civil infractions small claims. There are places in the law where you do have to post money to move forward.

CHAIR NGUYEN:

I recognize that for purposes of appeal after a conviction, that there are bond requirements in civil. Are there any that you are aware of where a defendant in a civil action has to contest?

If I was sued in small claims court by plaintiff Julie [Senator Pazina] here, to contest that and ask for a trial, would I have to post anything?

JUDGE HIGGINS:

Generally, the plaintiff has to post a filing fee. Otherwise, of course if it was a criminal action, absolutely not. You do not have to post money to the defendant, but it is no longer a criminal action, it is a civil action. And I think part of the thought process was there's a genuine likelihood, unless we collect something up front, we are never going to see anything as far as the penalty goes. There would be no reason if there was no requirement to post bail, then I do not know why people would even bother to contest this. Enforcement is problematical on civil infractions.

CHAIR NGUYEN:

But it was problematic in criminal infractions as well.

JUDGE HIGGINS:

Well, you would have a warrant issued if you did not take care of it, but not in the civil cases.

CHAIR NGUYEN:

But in a small claims action and in other civil lawsuits, the defendant typically does not have to post anything.

JUDGE HIGGINS:

That's true.

CHAIR NGUYEN:

Thank you, and I hope you will continue to work with Senator Scheible to see if you can come to some agreement and clarity that will also help our courts of limited jurisdiction understand this legislation as we are moving forward and what our intent is going forward.

SENATOR SCHEIBLE:

I want to address a couple of things that we heard in opposition and neutral and to thank Judge Higgins for being here to talk to the NJLJ amendment, [Exhibit D](#). I have had the pleasure of working with Judge Higgins before, and I do think we will be able to come to an agreement on all of the proposed amendments. Like many bills this time of year, it is a matter of time. But I think we will be able to do that as soon as we can sit down and iron it out.

I think one of the reasons that we are seeing a bit of a mismatch is that I had not considered that civil traffic infractions would be analogous to a small claims case. Now that I have heard Judge Higgins say it, it absolutely makes sense, and I do see the similarities. I was thinking of a civil traffic infraction as more similar to an infraction that you would see from our friends at the Department of Business and Industry: when someone at the Taxicab Authority cites a taxicab driver for not having their medallion displayed, when someone at the Cannabis Compliance Board cites a dispensary for not putting the proper label on a cannabis product. I was thinking of how those administrative hearings are conducted, how those rules of evidence apply and the procedure that those go through. But actually, small claims may be a better analogy since they are being heard by judges in those justice and municipal courts as opposed to an administrative law judge. I am sure that we will be able to see eye to eye and come to a conclusion on that.

The other thing that I wanted to address was the District Attorney's concern. Like Judge Higgins, I have had the pleasure of working with John Jones many times over the years, and I think we will be able to get somewhere. But the key provision here is in section 4, subsection 3, which is on page 5 [of [S.B. 359](#)]. This changes the wording about the presence of a prosecuting attorney, but it still does nothing to require them to be in court. I think the [language] "in his or her discretion and as applicable" became confusing because applicable suggested that there were other statutes or other rules that would dictate when a prosecuting attorney would not be in the courtroom.

The other reason for the change from "a city attorney or district attorney" to "a prosecuting attorney may represent the plaintiff," is to suggest that we could develop a different type of prosecuting attorney. It could be an attorney who is solely charged with handling traffic infractions. And I think in other states, that is what we see. There are definitely other states that have civil infractions where the district attorney does not get involved. I am not sure how many of

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those states have nobody involved from the prosecuting side. I think it is simply a different agency that is involved.

CHAIR NGUYEN:

And with that, we will close the hearing on S.B. 359, and I will open the hearing on S.B. 442.

SENATE BILL 442: Requires the Public Utilities Commission of Nevada to establish certain reporting requirements. (BDR 58-429)

SENATOR MELANIE SCHEIBLE (Senatorial District No. 9):

Once again, I will turn it over to my intern.

MS. BOHNER:

I will give a brief overview of S.B. 442, which requires the Public Utilities Commission of Nevada (PUCN) to establish certain reporting requirements. In short, this bill would require public utilities to make public reports on terminations of service. This information is crucial for determining which areas of our State are in need of assistance in securing access to needed services, such as gas, water and electricity. Utility services are necessary for life, and reports on service termination would provide information on how to best serve communities through resource access.

OLIVIA TANAGER (Sierra Club):

Thank you for the opportunity for our presentation ([Exhibit E](#)) on this important piece of legislation today. The bill before you, S.B. 442, seeks to address a growing concern: energy insecurity. As we continue to see rising utility costs associated with more extreme weather and an increasing number of households facing financial difficulties, it is vital that we have the data we need to understand the full scope of this issue and take informed meaningful action.

I was asked to make it clear on the record that this is geared specifically toward public energy utilities, not telecommunication companies that are also regulated by the PUCN.

Each year, thousands of families across our State experience disconnection of their utilities due to nonpayment. These disconnections can have severe consequences, not only leaving individuals and families without essential

services like electricity and heating but also contributing to broader economic and social instability.

However, the current reporting practices for these disconnections are insufficient. Many utilities report disconnection statistics at a broader level without breaking them down regularly by specific factors. Without the data that we are asking for with S.B. 442, it is difficult to understand the full extent of energy insecurity and identify targeted solutions for those most in need of support.

This bill requires public utilities to publicly report the number of monthly disconnections due to nonpayment. The data must be broken down by zip code, providing a more detailed understanding of which communities are most affected by disconnections. This data will be available in a publicly accessible format allowing local governments, advocacy groups and concerned citizens to track trends and advocate for policy changes as necessary.

Of the 50 states and Washington, D.C., 26 have at some point instituted some level of reporting on utility disconnections due to nonpayment. Nevada has not. If the committee has any questions about what this legislation or regulation has looked like in other states, I am happy to share that information with you. But for the sake of brevity, in today's hearing, I will mention that it varies widely from state to state, but the bones of what is required in other states are largely found in our proposed bill here. Data is aggregated by month that includes the number of disconnections and the associated zip codes.

We do have some level of information on current disconnections, and I think that the information that we do have highlights the need for better reporting. Through the PUCN, we get reports in April on the number of disconnections per zip code in the previous year.

The zip code that I live in—89502 is shown on slide 3 of [Exhibit E](#). I pulled it because I am familiar with the zip code. It is estimated across the country that 1 percent of households experience energy disconnections annually. Energy insecurity is also associated with foregoing other necessities such as food and medicine. As our world heats up and weather becomes more erratic, lack of electricity also increases the risk of illness and death for our most vulnerable communities.

Based on the information we do have available, I calculated that the disconnections in my zip code 89502 were at around 5 percent of those who live in the zip code, highlighting a significantly above-average percentage of disconnections.

I also pulled the zip code 89115, which is a zip code in Southern Nevada that covers Sunrise Manor and Nellis Air Force Base to include disconnection information that we have in another part of the State. Again, if anyone on the committee would like information on particular zip codes and disconnections over the years, I am happy to share that information. I also looked at rural zip codes that NV Energy serves, and I will note that the trend of rising disconnections looks different in different zip codes based on existing data, but generally the trend of rising disconnections held true.

Then here on slide 4 of [Exhibit E](#) we have the total number of NV Energy disconnections. And I hate to pick on NV Energy, but it is what we have available. When looking at this graph, which is the only publicly available information I was able to find, as an advocate for folks to keep their lights on, I have a lot of questions that are left unanswered. Now, S.B. 442 would not necessarily help us answer all of those questions, but it might help us start asking better questions about how to collaboratively solve what is evidently a huge problem impacting folks in our State.

What months did most of these disconnections occur? When do folks need information about services that exist to get assistance in keeping their lights on? How do communities in Northern Nevada fare in the winter? How do communities in Southern Nevada fare in the summer? How effective were federal monies and other programming designed to help to weatherize homes and help folk keep their lights on?

And, again, which questions are we not able to ask and not able to answer because we have such limited information available?

In closing, this bill is an essential step toward building a more equitable, transparent and compassionate approach to managing utility services. It empowers communities, protects vulnerable populations and provides policymakers with the data they need, and you all need, to act decisively to combat energy insecurity.

The intent of the bill is to make sure that we have regular information so that we can drive services that exist to help folk to keep their lights on—where they are most needed and when they are most needed. It helps decision-makers respond in a timely manner to disconnections. I did want to note that as of last week, the Low-Income Energy Assistance Program (LIHEAP) that exists at the federal level—all of those folks that administer that program were unfortunately fired. There is some question about the longevity of LIHEAP and how that is going to impact folks.

In 2023, Nevada got \$29 million for LIHEAP funding, and in 2024, we got \$17 million for LIHEAP funding. I believe that goes to about 12,000 families across our State. So now, with the status of LIHEAP in serious jeopardy, that is just one example of why having regular disconnection reporting would be helpful in understanding how this is going to impact families and how we can get services and information to the folks that need it the most, and again, be able to respond in a timely manner.

You'll also note, I believe it is available on NELIS, the amendment ([Exhibit F](#)) that was submitted this morning. Through good-faith negotiations with stakeholders, we did amend the reporting to not be monthly but to be quarterly. The data will still be aggregated by month. So, we can still see the breakdown by month—in which months folks are experiencing the most amount of energy insecurity. We also had a slight language tweak in how the report is made available, making sure that the report will be public, allowing more flexibility in how that report can come to fruition and can be made public.

SENATOR HANSEN:

Actually, I just saw the amendments. The question I had was the demographic part. You guys are striking that out?

MS. TANAGER:

[Nodded yes.]

SENATOR HANSEN:

Okay, good. I do not know if the utility company is supposed to know the race of the person who's buying their services.

The other question is these are all public utilities for the most part; they obviously want to get paid. So don't they already have programs in place to

assist people who are struggling? Because obviously, it is to their total advantage; I mean, the last thing they want to do is shut your power off. What they want to do is leave the power on and then get paid. And if their assistance is available through whatever program—what I do not understand is—there already is a complete motive in place for them to do everything possible to make sure that their customers are assisted because they benefit financially.

What is missing in that? What problem are we trying to solve here? Because if all you are looking for is zip codes, I can tell you right now, the poorer parts of town are going to have more people getting shut off than Incline Village in Washoe County. You know what I mean? It is basic economic principles. Poor people struggle more to make their bills. I do not think that is some great conspiracy on the part of the utility company.

I am just wondering what is the end goal? Are we trying to increase the number of people who can pay their bills? And if that is true, is not that something that they would already be incentivized to do?

MS. TANAGER:

So yes, we do want the utilities to be able to keep folks lights on, and they do indeed have programs in place to help folks do just that. But especially with some of the funding in flux now, the LIHEAP that I mentioned, I anticipate there will be an increased reliance on some other monies that are available to help folks keep their lights on. Some of the examples that I have shared with folks, there are church programs that exist to help folks keep their lights on. If we knew what time of year we needed that money to be distributed, we would be better able to engage with places of faith or other charities that exist to help people keep their lights on.

I have talked with somebody who plants trees. If we knew what time of year folks were being most impacted by utility shutoffs and what zip codes were being most impacted, [it would really show] the scale of the problem. Because that is one of the things we do not know. When the scale is at the greatest, we could help folks plant trees in their yards to help bring their bills down and to make their homes shadier.

There are a million different examples where we could drive services that exist to the people that need it the most, when they need it the most. And without

the publicly available information, it makes us less responsive and less able to do it.

I do agree that we can hypothesize about what communities are most impacted, but we are not certain about when the disconnections are occurring exactly throughout the year, and when the payments would be the most helpful. Any financial assistance that exists is to help folks keep their lights on, while also making sure that the utility is able to make ends meet too.

SENATOR HANSEN:

Okay I got it. But still the most helpful programs would be beneficial to the companies. If you were struggling to pay your plumbing bill and there was some way that I could help you pay the plumbing bill that you have to me, I would be all over that. I would not need any government agencies to say, "Hey, guess what? If you plant trees, it might help your clog" or whatever. I am trying to understand the real intent here.

Originally, it sounded like there was an implied, perhaps racial motive, and so we are going to look at the demographic breakdown to see if minority communities are disproportionately impacted by shutting off their power, but we got rid of that. I just have a hard time seeing where anything in this is going to benefit any customers long term, because the incentive is already there for the power company; they want to get paid. That's all.

MS. TANAGER:

If I could respond briefly, I pulled the information on my zip code, and we are already above average for disconnections, at least in my zip code—I believe statewide as well compared to the national average. I think it is clear that there is an issue with folks' ability to pay their bills as it stands. We are trying to make sure that we are being strategic in the way that we are sending money to the folks that need it the most to help keep lights on because we have a limited amount of services that are available, and it is currently a problem.

I think the intention of the bill is to make sure that we are sending money where and when it is needed the most. Because if folks are struggling to pay their bills in July, but programs are not distributing until December, well, that does not help us very much. I think there are a lot of questions that we still need to answer. I believe that S.B. 442 with its reporting mechanism would help us be able to better answer those questions.

SENATOR HANSEN:

Okay, thank you, I will be looking forward to the utility companies explaining. Do you guys just ignore people when they have methods to pay their bills that you could help them out with? But I would like the utility folks to answer, if they have a chance to testify later.

CHAIR NGUYEN:

I have a quick clarifying question. I know in the conversations that I have had with you all about the need for this bill; it was not so much an attack on the utilities and what kind of services and what kind of things they do try to provide.

In fact, you had mentioned that some organizations do everything that they can to try to help people—often for years and years at a time. [They help] even though they are delinquent in some of their payments of their utility bills.

I also know that our own Governor has purported to get behind a No Wrong Door kind of thing with welfare services and in health and human services with our aging and disability communities. Is this the kind of information that would help organizations within our own State make sure that we are not doing duplicative services and that we are getting to some of those communities that are maybe at risk?

MS. TANAGER:

Yes, that is exactly right. And that is exactly why I brought this bill forward in the interim because I was hearing from a lot of different folks who are really interested in helping folks keep their lights on. But without understanding what the scale of the problem is—and again, when it is at its peak, it makes it hard for us to properly distribute services when and where they are needed.

CHAIR NGUYEN:

Would this also help in obtaining grants and other private grants from our corporate philanthropy as well as any federal grants? Having this more specific data about what the need is in our community.

MS. TANAGER:

Yes, I believe it would. I believe if there are community organizations out there that have the ability to apply for grants and then distribute money to help

people keep their lights on, we are going to be able to more efficiently and more effectively distribute that money, again, when and where it is needed.

LESLIE VEGA (Progressive Leadership Alliance of Nevada):

This bill would provide something that should already be standard, and that is clear accessible data on who is being disconnected from power and where. The absence of this information keeps communities in the dark, both literally and figuratively. Households across Nevada are forced to make impossible choices between electricity, food and medicine. I work closely with Nevadans from all walks of life and have seen how energy insecurity shows up differently across the State.

In Clark County, a utility shutoff can quickly become a medical emergency during extreme heat. In Washoe County, growing housing instability and rising temperatures makes electricity more of a public health necessity than a convenience. And in Elko County, rural isolation compounds the risk when services are out of reach and residents have limited options for assistance. I urge you to support this bill, S.B. 442.

MR. SHEPACK:

The more data points we have on economics, the better we can measure everything. I can overlay shutoffs for my own work, fines and fees data, and we can infer something. If we build a new housing project or make an investment in this body, we can then see if there is a reduction in energy shutoffs as well as other financial data points. The more data we have, the better decisions we make, the better legislation we write, and we [Fines, Fees and Justice Center] support this.

ROSS KINSON (Northern Nevada Central Labor Council):

From the perspective of labor, we advocate for our members and any data points that we can use to help advocate for them—and possibly help them if they are in a situation where they need that help—makes it so we can do our job better. For those reasons, we support the bill.

CAITLIN GATCHALIAN (Nevada Representative, Southwest Energy Efficiency Project):

We appreciate the opportunity to submit testimony and are in strong support of S.B. 442, which would establish the mandatory disconnection reporting

requirements. But essentially, we support this bill. You can read my testimony ([Exhibit G](#)) online. I am not going to take up too much of your time.

JERMAREON WILLIAMS (Government Affairs Manager, Western Resource Advocates):

In interest of time, I'll just ditto what we heard earlier. We are in strong support of this bill.

JULIA HUBBARD (Nevada Program Director, Solar United Neighbors):

As you heard earlier, we help people go solar, but we also believe in a fair energy system where consumers are educated and protected, and utilities are held accountable. We represent the needs and interests of almost 125,000 solar owners. Senate Bill 442 is about transparency. As we heard, this disconnection data should be available to us so that we can use it to focus on preventative solutions.

California, North Carolina, Michigan, Illinois, Missouri, Georgia and Hawaii all require utilities to report disconnection. Nevada should join the ranks. As an organization that believes in building an equitable energy system, we strongly support this bill and urge you to do the same.

ROB BASTIEN:

I am a private citizen, and I am here to testify on my own behalf. Energy prices are not going down nor have food prices. The cost of living is not going down and now it certainly appears it will be getting much worse.

As a result, people are suffering. I am fortunate that I can weather the current trend, but many people cannot. I have recently been involved with both NV Energy and the PUCN, usually about the request by NV Energy to raise customer rates.

At every PUCN consumer session or hearing I have attended, there are individuals who are pleading with NV Energy not to increase the rates. Many of these folk have to choose between paying energy bills and cutting back on food or medicine or both, and many have their power cut off.

NV Energy needs to let the PUCN know what it is doing to these Nevadans, when it is doing it and the reason why. Not paying for electricity as a reason to disconnect service is too general and vague. There are extenuating

circumstances that come into play. Monthly reporting on customer disconnect service by NV Energy to the PUCN is a good start in addressing this problem. Maybe from this, the owner of NV Energy can be made aware of what his company is doing to the people of Nevada and actually become more philanthropic. I am in support of S.B. 442 and would like to see it pass.

PAUL LARSON (Director, Lutheran Engagement and Advocacy in Nevada):
On behalf of Lutherans across Nevada, we support S.B. 442.

CHRISTI CABRERA-GEORGESON (Deputy Director, Nevada Conservation League):
We are here in support of S.B. 442 and would just like to ditto all the comments previously made.

NOÉ OROSCO (Make the Road Nevada):
We also just want to add our voice all to the support and for all the reasons that were previously mentioned.

ERNEST FIGUEROA (Chief Deputy Attorney General, Bureau of Consumer Protection, Attorney General's Office):
I hereby testify in support of this bill for all the reasons previously stated.

HENRY ROSAS (External Affairs Manager, United Way of Southern Nevada):
Chair, to your point, this bill would absolutely support on the philanthropic side. United Way of Southern Nevada is one of the principal administrators of the Emergency Food and Shelter Program, which is federally funded by FEMA, the Federal Emergency Management Agency. We do rental and utility assistance for communities across the country. Clark County was allocated \$1.2 million for this program, but those funds have been put on an indefinite hold. We, on the philanthropic side, think of fundraising as a way to fill those gaps with continued reductions in funding and services. This is beneficial to make sure we can meet the most immediate urgent needs in a timely fashion. So United Way is here in support and urges the community to do so as well.

HECTOR ARREOLA (Policy Fellow, Nevada Environmental Justice Coalition):
We are a community-based organization coalition, fighting for sustainability, justice, equity in all levels of government decision-making. And together we build people power through grassroots organizing and policy. And we are here in full support of S.B. 442.

When individuals lose access to utility services, their lives are put at serious risk. Yet without accurate and comprehensive data, we can't know who is being affected the most nor can we take meaningful steps to address this issue. This is why accurate transparent data collection is vital in making informed decisions. It allows lawmakers to understand the scope of the problem and take targeted action to protect our most vulnerable population.

This bill is fundamentally about transparency, but most importantly, it is about helping save lives. If we fail to measure the problem, we fail to protect our community.

KERRY ROHRMEIER (The Nature Conservancy):

We support S.B. 442 on the belief that tracking and reporting information about disconnections and terminations of service will help us all understand the equity impacts of unaffordable energy costs in Nevada.

MARY WANGER (Moms Clean Air Force):

We are a community of parents and caregivers who believe every child deserves clean air, a safe home and a healthy future. We are in strong support of S.B. 442. Transparency and disconnection data is not just about numbers, it is about people. This bill will help us understand when families are most at risk of losing essential services like heat, electricity and hot water. It would also allow our organization and other community groups and individuals to step in and provide support when it is needed the most.

Our children should never have to worry about whether they can stay warm in the winter or take a hot shower after school. Unfortunately, in uncertain times like these, many safety net programs are being reduced or eliminated. We must do everything we can to ensure Nevada families are not left in the dark, literally and figuratively. We urge your support for this important bill.

RUTH FLACK:

I am calling in support of S.B. 442. For all the reasons previously stated, we need accurate real-time data reporting from NV Energy in order to ensure that the needs of our at-risk citizens are met and being able to pay their utility bills.

PAULETTE HENRIOD (Advocacy Director, Mormon Women for Ethical Government):
Mormon Women for Ethical Government is a grassroots organization that is concerned about the health and economic impact of energy availability and affordability on individuals and families in our State, and we support S.B. 442.

AUDREY PERAL (Chispa Nevada):
On behalf of Chispa Nevada, a program of conservation voters that builds the power of low-income Latina families to achieve climate justice, community, health and environmental protection, we are in strong support of S.B. 442.

For years, our communities have spent a disproportionate share of our income on electric, gas and water bills. And in times of economic hardship or extreme weather, a utility shutoff can be devastating, especially for families with young children, elderly residents or those with health conditions. This kind of transparency is essential. It helps ensure that utility shutoffs are not happening without oversight and that resources can be targeted where they are needed most.

Senate Bill 442 reflects a fair data-informed approach to utility regulation that prioritizes public health community stability and equity. We urge support.

LISA ORTEGA (Master Arborist, Nevada Plants):
We are a statewide tree-planting nonprofit. We plant trees with communities, but we also give quite a few of them away to residential [areas]. We would use this data to plant trees where possible in these zip codes so we can do the best. In Southern Nevada, south- and west-facing windows need shade, and evergreens on the north side block the winter winds in Northern Nevada. We promise to use this data to plant trees.

CYRUS HOJJATY:
I want to call in support of this bill. I like the transparency. We appreciate the sponsor and the committee for allowing us to speak. And the previous bill was pretty good too. Ditto, yield.

DENISE HEREDIA (Associate Director, Return Strong NV!):
We fight for the rights and dignity of incarcerated people and their families. And we strongly support S.B. 442.

As a working mother, I know what it is like to juggle bills, rent and rising costs, and still come up short. Like many families impacted by incarceration, one income often is not enough and many of us work multiple jobs just to get by. Senate Bill 442 brings needed transparency. It helps us understand who's being impacted and why, so we can push for real change and protect vulnerable families, and we urge your support.

NICHOLAS SCHNEIDER (Director of Government Affairs, Vegas Chamber):
Here in soft opposition to S.B. 442. We did have concerns regarding the frequency of the reporting as well as the scope of the demographic data that was being collected. That is all being covered by the amendment. So, we look forward to moving to neutral, should that be adopted.

DYLAN KEITH (Senior Manager of Governmental Affairs, Southwest Gas):
We would like to thank the Senator as well as the Sierra Club for coming to the table with us and finding a neutral middle ground at Southwest Gas. We are proud to, on average, only disconnect about 5 percent of the people that are eligible for disconnection. That is because during that time, we are walking them through steps where we can get them either on deferred payment plans, assistance from the State or assistance from our nonprofits. It generally goes through our Energy Share Program, which would include Help of Southern Nevada, the United Labor Agency of Nevada (ULAN) as well as Friends in Service Helping, or FISH, in Northern Nevada.

We're very proud of the robust portfolio that we have available, and we are always looking for assistance. So, we are happy to partner with them and whenever we are out in the community, we would love to see them there.

CHAIR NGUYEN:

You heard some of the testimony and some of my questions about whether or not this data would be helpful for nonprofit partners that you indicate you work with. Do you think getting some of those bills paid—there is assistance for some of those bills being paid; if you are not able to provide that assistance, which it sounds like you do in 95 percent of the cases—[would providing this information further help?].

MR. KEITH:

When folks are looking for assistance or when they are becoming close to delinquency, we are sending them mail as well as phone calls. So, they are

made aware of what assistance is available, and we do our best to make sure that it is available as well.

We are especially sensitive to this when we are experiencing extremely high bills because of national and international events that were outside of our control. For that reason, we sent out messages to every local elected official, the caucus directors for both the Senate and Assembly, to the Governor's Office and to our Congressional and [U.S.] Senators to make sure that we were getting the word out as much as possible.

We attended senior care events at senior facilities. We went to churches to speak to the community. There was nowhere we would not go if we were asked. We do the best we can to get the word out. Currently, I am not quite sure how to answer that.

CHAIR NGUYEN:

No, I think you did, and I think Senator Hansen also has a follow-up, and I am sure this will apply to NV Energy. So, when you speak, if you can answer those questions as well.

SENATOR HANSEN:

It will be for both of you [Southwest Gas and NV Energy]. Okay right now Ira Hansen falls behind on his gas bill, and you guys are going to shut off my gas meter. What's the time frame?

I am behind, I have been making payments, and I lose my job. I miss one 30-day window. How many opportunities do I have before you guys literally come out and lock off my meter?

MR. KEITH:

To be eligible for a turnoff with Southwest Gas, that would be 60 days if you owe more than \$500, which is quite a substantial amount of gas. Other than that, it would be 90 days below \$500. And at that point, we began reaching out to those customers and trying to figure out solutions.

SENATOR HANSEN:

Okay. Well, that was my next question. Obviously, if I have assistance out there that can help people pay my plumbing bills, I am going to be quite anxious to say, "Hey Catholic Services are available, the Salvation Army, whatever." Don't

you guys already have a public relations (PR) department that would direct customers who can't pay their bill to somebody that can assist them?

Obviously, it is totally to your advantage. Last thing you guys want is to shut off your customers. Once you shut your customer off, there's no money being made for you guys, but all of the costs are still there for maintaining piping and so forth.

I am trying to figure out, don't you do all these sorts of things already? You try to maximize the payments to your companies? I just do not see where you are just going out locking up people [saying], "Hey, I do not give a damn if you can pay your bill or not, goodbye."

MR. KEITH:

We do currently offer programs. As we looked over the last year especially, we would include it in [something] called the Bucks Slip, where we are including that in the bill with additional information. We are also including it across our PR side and through our social media programs. We are including it in emails. We want customers to know; we are not hiding the fact that we have that assistance available.

SENATOR HANSEN:

The last question: by what you already said, you are collecting this data currently, right? You mentioned that only 5 percent of the people that are eligible to have their power disconnected actually end up being disconnected.

I know there's a mandatory quarterly report that you guys have to provide the PUCN. But you guys are already analyzing these types of data on a monthly basis? So if in fact, they did make this a requirement, what is going to change for you guys if anything?

MR. KEITH:

Our billing department generally oversees that. I had that information from our director of customer technical support. This would change it from that side of the company over to a regulatory side, more than likely, where we would also begin reporting that out.

So currently the PUCN could ask for this data. There is nothing preventing them from doing so, but as you will hear in a bill later today, we are generally trying

to free up their time as much as possible to reduce any burden that the PUCN may have.

SENATOR HANSEN:

Good. Well, my question is a little premature, I apologize, I am hoping the PUCN will get up in neutral, and I know NV Energy is here right now. So, I look forward to hearing what you guys have to say and maybe follow up with some additional questions.

SENATOR BUCK:

I was wondering about privacy requirements—if I am late on paying my bill a couple of months, but yet I am going to be paying it. Having your information released, is there any concerns with that?

MR. KEITH:

Yes, there is. That is one of the reasons we wanted to work with the sponsor of this legislation to tailor it down better. Our customer's data is one of the largest concerns that we have. Data security is taken very seriously at Southwest Gas. It is one of the top safety concerns that we have because people are actively looking for it. We do everything in our ability to make sure that our customers are safe and that we are trusted.

CHAIR NGUYEN:

This bill as amended does not require you to post any names or addresses or anything of the people that they are seeking to get data on. Is that correct?

MR. KEITH:

No Madam Chair. This would include just the number of individuals that are disconnected by zip code per month.

CHAIR NGUYEN:

So all that personal information is protected the way that this is drafted in the proposed amendment?

MR. KEITH:

Yes Chair, and we would keep that as locked as possible.

CHAIR NGUYEN:

To go back to this, I know that there's some question on why this bill is needed. But you mentioned yourself a couple of organizations, including State agencies, as well as nonprofit partners, like ULAN that you partner with right now, to help people get energy assistance in those situations where you are not able to do it internally. If they are saying that they need that kind of information in order to get grants, corporate sponsorships and other philanthropic donations, that would only help you all get your bills paid. Is that correct?

MR. KEITH:

Yes, it could. For the most part, our Energy Share programs are put forward through our actual customers. Our customers are generous in their billing cycles. We take that money, and we distribute it out to the nonprofits which give us assistance. The additional dollars would not hurt. We're always happy to make sure our customers are taken care of. Beyond that, our deferred payment programs are in-house, and any state program would be through a separate discussion.

ANTHONY RUIZ (NV Energy):

We're here, testifying in a neutral capacity on S.B. 442 and the amendment. NV Energy shares the goal of ensuring that our vulnerable Nevadan customers have access to the support they need to help keep their energy service connected.

We don't collect income data directly from customers, but we do use some current zip code analysis to try to prevent and identify which customers may be vulnerable. We could see what programs they are already participating with NV Energy and other partnerships. As mentioned earlier by United Way, we do that to begin to try to identify and find support for our low-income customers to better understand where we could deploy our resources. These programs like Project Reach, Project Safe and FlexPay have helped tens of thousands of customers help manage and pay their energy bills. Just in the last three years, we provided more than \$2.8 million in direct financial assistance through Project Reach and Project Safe programs alone.

And then we have also proposed a new low-income rate in our upcoming general rate case for Southern Nevada that would help qualifying customers receive a full discount on their basic service charge every month in their bill. We just appreciate the intent of S.B. 442 and look forward to working with the

[PUCN] Commission. If need be, [we will] align any new reporting requirements with our existing capabilities and the privacy protections as well that mentioned.

SENATOR HANSEN:

So, you gave up \$2.8 million and it came right back to who?

MR. RUIZ:

These funds, [which are] about a million dollars a year, go directly to low-income customers who are eligible. They have to be a senior citizen as well as demonstrate [they are] in need of assistance on their bill. They would apply through United Way on their website to receive that assistance, and it goes to them.

The funds that I mentioned, \$2.8 million, are from NV Energy, and then there's some additional support from United Way. They could send that data, if needed.

SENATOR HANSEN:

Okay, no, and my point was ultimately it's to get your bills paid, right? So, you guys get the money, whether it is through United Way or whatever. You give all these assistance programs, but the assistance is to make sure their utility bills are paid, and they are paid to you guys [NV Energy]. It is a circular thing which I am fine with, and I get it.

But that is the whole point. It is totally to your advantage to have all these programs in place, and they are already in place because you guys want to get paid. Obviously, you do not want to shut senior citizens power off and so forth. Ultimately, for your stockholders and just good business practice, you do not provide a service without expecting some level of payment. And for people who struggle, you also have programs in place right now to help them pay you.

I got it and I am fine with that. We are acting like you guys are just running around shutting everybody's power off when, in fact, it is totally 100 percent to your advantage to keep everybody's power on. And if somebody else can assist them in paying their bill, fine. Ultimately, that is what it boils down to—you guys are getting paid from whatever source the money is, good for you. And that is all these assistance programs are designed to do anyway, correct?

MR. RUIZ:

I appreciate the point, the question and the comments. I think you are right in that it is to our benefit and the customers benefit to keep them connected. There are some data that we could follow up on. If the customer falls behind and continues to fall behind, the greater that burden is, the more likely they are to be disconnected.

And so, you are right, early intervention to the customer's support keeps them connected. It prevents the problem from getting larger. That is certainly within our interest, and that is aligned with the customer's full interest.

SENATOR HANSEN:
Okay.

MS. TANAGER:

As you just heard, this really is a win-win, right? It is a win for advocates to know where and when to distribute the money. It is a win for the utilities because we are helping folks pay their bills and keep their lights on. And certainly, it is a win for service providers, who want to help folks keep their lights on at the times that they need help the most.

CHAIR NGUYEN:

We will close the hearing on S.B. 442, and I will open the hearing on S.B. 417.

SENATE BILL 417: Revises provisions relating to natural gas utilities. (BDR 58-1106)

SCOTT LEEDOM (Director of Regulation and Public Affairs, Southwest Gas):

Alternative ratemaking (ARM) involves adjusting traditional methods of setting rates in a number of different ways, which I will go over here shortly. In Nevada, ARM for utilities was first considered by this body during the 2019 Legislative Session—when former Senator Chris Brooks sponsored S.B. No. 300 of the 80th Session. That bill allowed only electric utilities to apply for an ARM plan with the PUCN. Senate Bill No. 300 of the 80th Session passed unanimously through both Houses without opposition and without fiscal impacts. We present S.B. 417 as a near mirror to that legislation to afford natural gas utilities the same opportunity to apply for an ARM plan with the PUCN.

First, I want to explain what this bill does not do. This bill does not set energy policy. This bill does not expand natural gas infrastructure throughout the State. It does not contemplate the determination of a natural gas utility and natural gas utilities investments. That is done in our resource planning process, established last session with Madam Chair's [Senator Nguyen] bill, S.B. No. 281 of the 82nd Session. It also does not allow any natural gas utility to arbitrarily raise prices on its customers as you may have read online. This bill maintains full and complete authority of the PUCN over all rates charged to utility customers.

What the bill does allow is for natural gas utilities to apply to the PUCN for an ARM plan in the same way the electric utilities can. Alternative ratemaking creates more predictable rate changes and lowers administrative costs for the PUCN, the Bureau of Consumer Protection, our own internal resources, as well as for your constituents; those cost savings are then passed on to customers. This is important because ARM has the potential to avoid future costs and gain efficiencies for us, the PUCN and other stakeholders involved by alleviating the need for frequent general rate case filings with the PUCN.

For constituents, this would mean that potentially our price changes would no longer have the cumulative stair-step increases to reflect the cost of providing service and rates. Instead, these adjustments would be smoother and incrementally smaller. This means more predictable bills for Nevadans and savings from reduced administrative costs.

Our costs of providing service are separate from gas use costs. We acquire the lowest-cost gas portfolio on behalf of our customers—the average price over the past 12 months of what we currently are allowed to recover through gas use cost on a customer's bill. This bill will not change anything about that.

Senate Bill 417 does have the potential to benefit customers by avoiding rate shocks, encouraging gradualism and achieving a more stable rate-making process that makes prices more predictable. It gives us the same tools in our toolbox that the electric utilities have—to propose different rate-making processes to the PUCN for their consideration.

Now I will walk through the bill and the proposed amendment ([Exhibit H](#)) that was posted online concurrently. I would like to point out that we proactively reached out to many stakeholders throughout this process, and this amendment reflects many of the concerns and feedback we have received on this bill. I also

want to say that we are open to continued feedback and changes from stakeholders going forward. This amendment reflects where we are today in our discussions.

Sections 3 through 10 include definitions used throughout the bill, but there are a few I would like to highlight for you. The "earnings-sharing mechanism" is another significant benefit for our customers in this bill. This mechanism allows customers to share in the utility's earnings if it over earns, and it authorizes the rate of return established by the PUCN. We currently do not have the ability to do this.

"Formula rates" are rates based on a formula established by the PUCN to determine the rates utilities can charge customers—ensuring utilities recover costs and earn a fairer return, while also considering customer affordability and financial stability. "Performance-based rates" are the approach to utility regulation that ties utility revenue and profits to specific performance goals, rather than solely relying on the traditional cost-of-service models. Many groups and stakeholders in this process have publicly supported performance-based rates for electric utilities.

Section 11 requires the PUCN to adopt regulations to allow ARM applications for natural gas utilities and outlines the requirements of an ARM plan, including the mechanisms and customer education requirements. Additionally, the PUCN may require the natural gas utility to provide cost-of-service studies, as well as a comparison of charge rates versus revenue in both an ARM plan and under the existing rate-making process established by NRS—to ensure that customers of the utility are charged just and reasonable rates and benefit from lower regulatory administrative costs. Because balancing the interests of customers and shareholders is already contemplated in NRS, the PUCN suggested striking the lines [38-40] in section 11, subsection 1, paragraph (c) in the amendment, [Exhibit H](#).

Section 11 also clarifies that the PUCN is not required to accept applications to establish an ARM plan if it determines the plan is not consistent with the established criteria. So again, it maintains full control and authority over the process.

In the amendment, the language at the end of section 11, subsection 1, paragraph (c) was changed to state that the PUCN will determine how long the

utility has to file a general rate case, rather than setting that number specifically in statute as drafted. There were also two NRS references in section 11, subsection 1, paragraphs (e) and (f) that were changed in the amendment.

Also in the amendment, section 11, subsection 1, paragraph (h) is language from the original bill that was just moved from section 12 into section 11. Again, this was based on a suggestion from the PUCN that this subsection fit better in section 11.

Section 12 allows the PUCN to make a determination of the plan submitted by the utility. Going to the amendment, section 12, subsection 1 states a utility may apply for an ARM plan but clarifies that it is not required to do so, based on a suggestion by the other gas utility and the State.

Another change in the amendment is in section 12, subsection 1, paragraph (a) that states a utility can file an ARM plan either during a general [rate] case or within six months after we receive a rate case order by the PUCN.

An amendment was supposed to be added to include a new subsection 3, [paragraph] (a) to section 12, to require utilities to hold multiple consumer sessions if it serves more than one major geographical area in the State. We made this change based on the suggestion by the Bureau of Consumer Protection; however, it was inadvertently excluded when we submitted a new version of the amendment. We apologize for that, but we want it to be on the record that it will be added back in.

The amendment also adds a subsection 8 to section 12, that was requested by the other gas utility in the State, that says if a natural gas utility receives a revised order from the PUCN on an ARM plan, the utility is not required to go forward with the plan.

The rest of section 12 requires the PUCN to only accept a plan that is in the public interest, results in just and reasonable rates, protects the interests of customers and includes a customer education plan. It also outlines the criteria to be included, such as the earnings sharing mechanisms and considerations for capital expenditures and annual adjustments.

Lastly, this section authorizes the Commission at any time to investigate any of the rates, charges, rules, regulations, practices or services related to the ARM

plan. Section 13 clarifies that the bill does not limit the Commission's existing rate-making authority.

That is an overview of the bill in the amendment. Before I go to questions, I want to reemphasize a few points. As you can see clearly in the language, nothing in this bill removes any of the PUCN authority over a rate-making process. It does not issue Southwest Gas or any other natural gas utility a blank check to raise rates on its customers. It also closely mirrors S.B. No. 300 of the 80th Session that was passed in 2019. That bill was passed nearly six years ago and has not resulted in any of the things that are being posted online about this bill. All the bill does is allow us to apply to the PUCN for an ARM plan as part of a general rate case or within six months from when rates become effective. And again, it allows the PUCN to determine how those rates are charged to customers. They can approve, modify or outright deny the ARM plan if it is not in the best interests of our customers, as this bill requires it must be.

Finally, you may hear testimony that they desire natural gas utilities go through the resource planning process required by S.B. No. 281 of the 82nd Session before considering the ARM process for gas utilities. However, due to the timing of when we must file our first resource plan, which is October 1, 2025, and the timing of the PUCN adopting regulations for this bill, an ARM plan could not realistically be filed for approximately six months to a year after we file our first resource plan. This is so there is ample time for that process to play out prior to an ARM plan being filed and considered by the PUCN.

CHAIR NGUYEN:

I have a question when it comes to what you said. Is the only proposed amendment that did not make its way into this amendment language—does it have to do with section 12 and the notice in public hearings?

MR. LEEDOM:

Yes, that is correct. It would have been a new subsection 3 [, paragraph] (a) under section 12 that would have said if a natural gas utility serves more than one geographical area in the State, it would hold a consumer session in each of those major geographical areas.

MR. SCHNEIDER:

[I am] here in strong support of S.B. 417 as this would streamline the rate-making process; it saves administrative dollars. It also allows for more

predictable pricing for our ratepayers as well as allows for improved service. And for those reasons, we do ask for your support.

TERRY GRAVES (Nevada Manufacturers Association):

Manufacturers use considerable natural gas, both for facility heating and in the manufacturing processing. So, we are encouraged that some cost savings could be realized from this. The consistency of regulation is also an important interest to us. So, for that, we [Vegas Chamber] do support S.B. 417.

PAUL ENOS (CEO, Nevada Trucking Association):

I would like to echo the comments from the previous testimony in support. We do think there's a cost savings. We do appreciate the predictability. Not only do we use natural gas to heat our facilities, but we also use it to run our trucks. Nevada has been a leader in natural gas trucks being on the road. In 2009, down in Southern Nevada, President Obama was here celebrating a national fleet employing the package vans. We do appreciate the potential cost savings and the predictability with this measure.

CHLOE CHISM (NV Energy):

[I am] here in support of S.B. 417. As amended, S.B. 417 provides natural gas utilities with the optional ability to pursue creative methods of rate-setting, while maintaining consumer protection and transparency. We believe ARM making can be a helpful tool for utilities to plan for the future and continue providing safe, affordable and reliable service to our customers. And we are happy to support.

JOSEPH HILL (Policy Analyst, Retail Association of Nevada):

The Retail Association of Nevada supports S.B. 417, which modernizes how natural gas rates are set in Nevada. This bill helps make pricing more stable and predictable for businesses and consumers alike. Alternative ratemaking gives utilities more flexibility to manage costs without relying solely on rate hikes. It encourages energy efficiency, improves customer service and reduces the need for frequent rate cases. All of these help lower costs that are passed on to consumers, including our retail members. We respectfully urge your support for S.B. 417.

PETER SABA (Senior Government Affairs Manager, Nevada Restaurant Association):

Restaurants are energy-intensive businesses. We depend on natural gas for everything from cooking to heating. Predictable and stable utility costs are essential for us to operate efficiently, plan budgets and stay competitive, especially in the challenging economic climate. This is particularly critical for small businesses like ours that operate on tight margins. We also value the bill's emphasis on customer education protections, ensuring that any new rate structure serves the public interest and goes through a transparent approval process. Senate Bill 417 offers a modern flexible approach to managing utility rates while preserving strong oversight by the PUCN.

TIA SMITH (Policy Attorney, American Civil Liberties Union of Nevada):
We support this bill, and we urge the committee to support it as well.

EMILY OSTERBERG (Director of Government Affairs, Henderson Chamber of Commerce):

With over 2,000 members, we are here to express our support for S.B. 417. This legislation represents a forward-thinking and much-needed modernization of Nevada's regulatory framework for natural gas utilities. Under the traditional rate-making model, utilities are constrained to infrequent, costly and often reactive general rate cases. Senate Bill 417 offers a solution by authorizing the Commission to approve alternative mechanisms that allow utilities to set rates based on forward-looking plans that make pricing more predictable while ensuring oversight, accountability and consumer protection. For these reasons, we support S.B. 417.

CHANDLER COOKS (Urban Chamber of Commerce):

Predictability is everything in business, and we support S.B. 417 because it offers a pathway and more stable, transparent utility costs, which is a critical factor for Nevada small businesses. We also believe that this will improve cost predictability, and we urge for your support.

MR. FIGUEROA:

I am here to testify in opposition to S.B. 417, and the reason why is because it is not a mirror of S.B. No. 300 of the 80th Session. There are some significant differences that cause me some concern. I am just going to lay them out for your edification.

First, for example, the amendment that was discussed for section 11, subsection 1, paragraph (g) excludes the phrase 'aligns an economically viable utility model with state public policy goals.' That was included in S.B. No 300 of the 80th Session. It is conveniently absent in this bill.

In addition, this [amendment to] S.B. 417 contains section 11, subsection 1, paragraph (h) and section 12, subsection 1, paragraph (a). All of these provisions basically have to do with additional criteria for formula rates that were not included in S.B. No. 300 of the 80th Session. And it is my belief that this inclusion unfairly tips the scales in the utility's favor to the detriment of the ratepayer.

If there are additional amendments that could be considered for the benefit of the ratepayer to help tilt the scale back, perhaps that would remove my opposition to the bill. But at this point, I remain in opposition, and I look forward to further discussions with the bill sponsor to see if we can come to a consensus.

MS. CABRERA-GEORGESON:

The Nevada Conservation League is here in opposition to S.B. 417. The formula rates and multiyear rate plans proposed in this bill are typically a bad deal for customers as they remove oversight from utility rates and incentivize utilities to overinvest in their systems.

In 2023, the Legislature passed S.B. No 208 of the 82nd Session to establish an integrated resource plan or IRP for gas utilities. As you have heard, Southwest Gas will file its first gas IRP this summer, a significant step toward long-term transparency and planning. We should allow that process to fully play out and be evaluated before even considering an ARM mechanism as proposed in this bill.

Additionally, there have been some conversations about how this is similar to S.B. No. 300 of the 80th Session. It is not a parallel or equivalent to that bill as you just heard. The structure, purpose and context of the two bills differ significantly, and gas utilities are fundamentally different from electric utilities in their decarbonization, energy efficiency and affordability pathways. Senate Bill No. 300 of the 80th Session intentionally did not include gas because of those reasons. It is just not a one-size-fits-all model.

Additionally, S.B. No. 300 of the 80th Session maintained strong regulatory guardrails, including annual cost reviews, consumer sessions and a narrow scope focused on performance-based clean energy outcomes. Senate Bill 417 would allow major rate changes outside of general rate cases, weakening oversight and reducing opportunities for stakeholder and public input. Decision-makers must prioritize affordability and strong oversight in any utility rate reform and reject efforts to expand regulatory flexibility for gas utilities without clear enforceable consumer benefits.

This is not the time to give utilities more tools to raise rates with less scrutiny. Nevadans need protection from higher energy costs and meaningful progress toward a cleaner, more affordable energy future. We urge the committee to oppose this bill.

MR. WILLIAMS:

Western Resource Advocates (WRA) is a nonprofit conservation group that works for commonsense solutions that protect our land, air and water resources. [Our group] also intervenes in general rate cases and integrated resource planning proceedings for both gas and electric utilities at the Commission, representing and advocating for the interests of everyday Nevadans.

The WRA opposes S.B. 417, primarily because it removes Commission oversight from natural gas utilities and would allow the utility to add investments that may not be warranted or in the best interests of Nevadans into the general rate base that customers eventually pay via their bills.

General rate cases are structured to act as safeguards for customers and shelter them from unneeded investments. The utility may choose to pursue increasing their profits. In general rate cases, the Commission looks at actual utility expenses in a 12-month period to base rates on [input from] interveners, as well as regulatory staff in the Bureau of Consumer Protection, to have the opportunity to dispute those costs, question if they are warranted and argue that customers should not be responsible if the utility acted improperly.

Implementing an ARM plan and specifically one that included any possibility of formula rates removes the ability of the Commission and interveners to examine if the utility is truly making needs in prudent investments to serve their customers.

Under this bill, an ARM plan would preclude a gas utility from needing to file a general rate case for an extended period of time. This is a long time for rate structures and costs-of-service allocations of who pays what to remain unchanged and unexamined for fairness. The WRA urges members to oppose S.B. 417.

Ms. GATCHALIAN:

Southwest Energy Efficiency Project respectfully opposes S.B. 417 and urges a no vote on this bill. This bill would allow gas utilities to pursue ARM mechanisms such as formula rates before the gas IRP process established by this Legislature in 2023 has even had the chance to begin. The first gas IRPs are due October 1, 2025, and they will provide the PUCN with the necessary framework to assess future gas usage and ensure utility investments align with Nevada's policy goals.

Authorizing ARM before this foundational process plays out could result in premature or misaligned utility investments, especially as gas usage declines and electrification and efficiency improve. Unlike its electric counterparts, S.B. 417 lacks important consumer safeguards and criteria to ensure alignment with State energy policy.

For these reasons, the Southwest Energy Efficiency Project (SWEET) urges your opposition. For more information, SWEET has also provided a technical letter ([Exhibit I](#)).

Ms. HUBBARD:

While we [Solar United Neighbors] help people go solar, we also believe in a fair energy system where consumers are educated and protected, and utilities are held accountable. We represent the needs and interests of almost 125,000 solar owners. We respectfully oppose S.B. 417 as it does not represent the needs of ratepayers.

This bill seeks to fast-track planning and bypass the PUCN and consumer advocates' review. From the last session, S.B. No. 281 of the 82nd Session aims to improve transparency and establish a planning process for gas utilities. The first IRP will be filed this fall.

The State and public need time for this process to take effect. Long-term planning on gas infrastructure will have an impact on the ratemaking across the

board. In other states, like Maryland and Arizona, we have already seen negative impacts of similar policies. Studies show these policies resulted in increased rates for consumers, not savings for ratepayers.

I will also echo the remarks that S.B. No. 300 of the 80th Session had guardrails, so this is not a one-to-one comparison. At a time when costs are already sky high and uncertainty is all around us, we should be focusing our efforts on lowering utility bills, not removing critical oversight processes that protect consumers and ensure that utility spending is checked.

MS. TANAGER:

We're the largest grassroots environmental organization in the great State of Nevada. My colleagues have eloquently outlined a couple of the points that I wanted to make. So, I am going to ditto, but you heard that multiyear rate plans in other states are linked with increasing costs. And then you heard about the differences between S.B. No. 300 of the 80th Session in 2019 and this bill now, importantly including the guardrails that existed in that 2019 bill that do not exist in this bill in its current iteration or with any of the proposed amendments. So, with that, the Sierra Club is in opposition and urges a no vote on this bill.

MR. ARREOLA:

I want to ditto everything that everyone has mentioned and also emphasize that Nevadans are already facing skyrocketing utility costs, and our communities cannot afford this bill to be passed. We [Nevada Environment Justice Coalition] just urge the committee to prioritize the people of Nevada and vote no.

MR. HOJJATY:

I stand in opposition. I ditto the previous callers. There's a lot of good things I like about this bill, but I just feel like there's too much risk and potential concern. So please make some changes.

BARRY LEVINSON:

I am a resident of Reno and a volunteer member of an energy coalition that works to support good energy regulations at the PUCN and at local municipalities. I am speaking today in strong opposition to S.B. 417. Our energy coalition has been working with a consummate energy expert, Jon Wellingshoff, who is opposed to this bill. Jon had many decades of experience with energy policy, including being Nevada's first consumer advocate in the Attorney

General's Office. He was general counsel to the PUCN, and he served seven years as a Commissioner on the Federal Energy Regulatory Commission, or FERC, five of those years as chairman. He is also the author of numerous articles on Nevada utility legislation, including the Integrated Resource Plan and the deferred energy statute. Unfortunately, Jon is unable to testify today, so I am bringing you his comments as follows. It is Jon's opinion that:

Giving Southwest Gas the right to have their rates set on a future test year with estimates of cost used to set rates charged to customers, rather than using actual known and experienced expenses, will definitely drive up costs for consumers. It will also set a dangerous precedent for future legislative proposals by NV Energy to do the same thing. We do not want our rates to skyrocket like they have in California.

He also feels that if the Legislature wants to consider real utility rate reform, then it should put some teeth in the performance-based regulation legislation, S.B. No. 300 of the 80th Session, and make it mandatory rather than voluntary on the part of the utility. I join with Jon Wellinghoff in opposing this bad bill and hope that the committee declines to pass it.

ARIEL SANTIAGO (Conservatives for Responsible Stewardship):

Conservatives for Responsible Stewardship has members in Nevada that have consistently seen Southwest Gas rate hikes year over year, even when the utility has exceeded profit projections.

In fact, this monopoly utility is one of the most aggressive at raising customer rates. Last year, it saw and was granted a record \$59 million rate hike on its Nevada customers, despite the company reporting a record 12-month operating margin.

A proposal similar to S.B. 417 is being implemented in Arizona, and Southwest Gas customers there are facing the consequence. An independent economist testified before the Arizona Corporation Commission and noted that historically, "Formula rate plans have resulted in large rate increases with very few rate decreases and no measurable improvement in reliability of service."

This bill removes needed PUCN oversight from gas utility rates and incentivizes Southwest Gas to overinvest in their systems because they can more easily

pass that cost directly to ratepayers. So, while Nevadans will keep getting hammered by higher and higher gas bills, Southwest Gas officers and shareholders, most of whom reside outside of Nevada, will keep getting richer and richer on the backs of Nevada customers. On behalf of our Nevada members and in accordance with our organization's free market beliefs, I urge this committee to oppose S.B. 417.

Ms. HENRIOD:

Our organization [Mormon Women for Ethical Government] respectfully opposes S.B. 417. It's unnecessary and potentially detrimental to ratepayers in Nevada. We are aware of negative effects that similar formulary policies have had in other states like Maryland and Ohio. And we have worked on this issue in Arizona and have seen the evidence that these formula rate plans have resulted in large rate increases. So, we encourage you to oppose S.B. 417.

Ms. WANGER:

I am here in strong opposition to S.B. 417. Nevada families are facing an affordability crisis. The cost of living continues to rise, especially when it comes to our utility bills. Our budgets are stretched thin, and we are working harder than ever to make every dollar count.

Now is not the time to make it easier for Southwest Gas to raise rates with less oversight. Every dollar matters; every bill matters; every essential need matters. Utility decisions must be reviewed with care to ensure that consumers are not being asked to pay more than what is fair. We [Moms Clean Air Force] respectfully urge lawmakers to reject S.B. 417. Please put the affordability and stability of Nevada families first; reject policies that reduce oversight and increase the risk of higher bills.

Ms. PERAL:

We [Chispa Nevada] are in strong opposition to S.B. 417. Nevada families are struggling with unaffordable utility bills. This is one of the top issues we hear about from our community regularly. Utility bills have risen too high, become unpredictable and are causing families to go without food or medicine to maintain basic services.

We hear these stories from our members every week. We do not understand why Southwest Gas is proposing that the Legislature, instead of the PUCN, adopt alternative rate structures. What we really need is immediate relief to

lower our gas bills. Chispa Nevada has conducted official polls of Southern and Northern Nevada, as well as surveys of our members across the State, and it is clear that lower utility bills are one of the community's highest priorities.

What we see in this bill makes the rate-making process less transparent, allowing utilities to get approval for major expenses without community input at the PUCN. It is already hard enough for our community members to understand what is happening with our rate; this bill would make it even harder. Under this bill, instead of having to defend any quarterly or annual increases before the PUCN, Southwest Gas would be allowed to fast-track plans for years to come. This locks us into more pollution, worse air quality and higher gas rates for years to [come].

Of course, utilities want to get immediate approval for infrastructure upgrades, but that does not mean that it is the best interests of their customers who do not have a choice in their gas or electricity provider. Senate Bill 417 goes against what Nevada wants and needs: more transparency in ratemaking, more accountability for corporate utilities raising our rates and lower bills for our families. Please reject this bill.

SHAUNDA JOHNSON (Faith in Action Nevada):

We oppose S.B. 417. As elected leaders, you must first ask yourself how this impacts your constituents. Everyday Nevadans can't shop around for a better gas company. We're stuck with a monopoly, and that is exactly why we have the PUCN. It is the job of the PUCN to scrutinize utility spending, determine prudence and protect the public from unjustified rate hikes. But it is the Legislature's job to ensure the regulatory oversight is strong and that utilities do not sidestep accountability. Senate Bill 417 would allow Southwest Gas to bypass the full scrutiny of general rate cases just because it is more favorable to them and instead pursue rate-setting through mechanisms that reduce transparency and limit public input. That's not accountability; that is giving a profit-driven monopoly more power while working families foot the bill. Please reject S.B. 417.

PETER GUZMAN (Latin Chamber of Commerce):

I was the one having phone problems. I would like to be in support of this bill. We are in full support here at the Latin Chamber of Commerce because we [don't] believe in just raising prices when costs go up. This approach allows utilities to use different tools to make pricing more predictable. It also can help

utilities focus on things like improving service and encouraging energy efficiency rather than just covering costs. It also gives utilities more flexibility while still protecting customers. For those reasons and many more, we are in full support here at the Latin Chamber of Commerce of S.B. 417.

GARRET WEIR (General Counsel, Public Utilities Commission of Nevada):

I would briefly like to express the PUCN's appreciation for the early and consistent outreach from Southwest Gas and for the incorporation of the Commission's feedback into the language of the bill. I would like to make myself available to answer any questions that the committee may have regarding implementation of the bill, including what the bill does or does not do.

CHAIR NGUYEN:

We heard a lot about comparisons to S.B. No. 300 of the 80th Session, as similarly situated types of things were in play for the other utility. I am curious, in your conversations and your reading of this bill with the amended language, if you believe this bill lacks the guardrails that exist in [the 2019 bill]?

MR. WEIR:

I am not sure exactly what the reference is to guardrails. I think that folks might be referring to guardrails that were implemented via regulation by the Commission for S.B. No. 300 of the 80th Session, which provides ARM for electric utilities. There are robust regulations that were adopted by the Commission via rulemaking. And it took quite some time for S.B. No. 300 of the 80th Session to anticipate that similar regulations that mirror and have similar guardrails would be established by the Commission.

It is also worth noting this legislation does not contemplate approving or granting authority to gas utilities to immediately start using an ARM plan. It merely allows those utilities to apply for permission from the Commission to establish a plan. There would still be a contested proceeding in the regulations established by the Commission. For S.B. No. 300 of the 80th Session, it more explicitly contemplates this. Even the language in this bill describes simultaneously filing a general rate case—or soon thereafter filing—to be in close time proximity to when they are filed, so that the Commission can compare the traditional cost-of-service-based general rate case outcomes to the outcome of the proposed ARM plan.

This is something that the Commission would have full authority to approve, not approve or modify. But ultimately, the Commission would still have the obligation to ensure that any rates adopted pursuant to this statute are just and reasonable and in the public interest.

CHAIR NGUYEN:

So those comments that we heard during the opposition testimony about how some of the things that are in there—they were never in statute, they were promulgated through rulemaking through the PUCN?

MR. WEIR:

So, the consumer advocate who spoke previously did identify a couple of distinctions where there are differences. One being, this bill does not contain the requirement for the plan to—I think something along the lines of—advance the policies of the State, I think language to that effect. That would be one distinction.

I think a lot of the focus for the inclusion of that in the language of S.B. No. 300 of the 80th Session, was related to renewable portfolio standards—things associated with the goals of decarbonizing the electric generation fleet, but that is a difference that exists.

Also, there is language that is more explicit in contemplating one of the possible methodologies for formula rates. Again, my interpretation is that it is merely illustrative. It does not require the Commission to adopt it. It is one of countless numbers of methodologies that could be considered.

CHAIR NGUYEN:

The distinction that you just made would make sense because our electric utilities have more options to include in their portfolio, whereas with natural gas, there aren't other options; is that correct? You would not have a similar language when it came to natural gas, or is there something I am not aware of?

MR. WEIR:

There are public policy programs associated with natural gas service, renewable natural gas, conservation and energy-efficiency programs. But there are certainly far more programs associated with electric utility service.

SENATOR HANSEN:

Is there anything in this bill that allows a utility company to either bypass you guys [the PUCN] in any way, shape or form or allow them like a veto over any decisions that the PUCN makes?

MR. WEIR:

It allows the utility to apply for certain things that would reduce the frequency of having to come in for a full cost-of-service-based auditing and setting of rates. I think it certainly would not bypass the Commission's authority. The Commission could, at any time, adjust the rates to bring them in line with cost-of-service-based ratemaking. The regulations that were adopted for S.B. No. 300 of the 80th Session contemplate a lot of scenarios where the Commission or other entities could trigger the need to compare the ARM plan or the results of it to what would occur under the traditional cost-of-service-based rate making. So, ultimately, the Commission would have authority to make sure that those rates are not harming customers.

SENATOR HANSEN:

Okay. Now, that was the impression I got from here; especially opposition testimony was that this almost [always] allows a bypass process or allows the energy company to come up with a unique alternative, so you guys have to live with the alternative rather than look at everything.

So, what you just said, that is not accurate. You guys always still have full oversight over any cost increases or anything like that proposed by a utilities company, correct?

MR. WEIR:

That is our interpretation, that this in no way infringes upon the Commission's plenary rate-making authority for utility companies. If we thought otherwise, we would not be in the neutral position; we'd be opposed to this bill.

SENATOR HANSEN:

All right, good.

MR. LEEDOM:

I will be brief to clarify some of the questions that have been asked. This bill does not seek for any kind of fast-tracking of an ARM plan. It is the same process set up for the electric utilities in S.B. No. 300 of the 80th Session.

Again, [I am] unsure of where people think the lack of guardrails are in this oversight. Again, [we are] following the same process as set up by S.B. No. 300 of the 80th Session.

There's a mention of formula rates being applied for in Arizona. We are the largest gas utility in Arizona. We have not filed an alternative agreement plan or formula rates in Arizona. So, I am not sure where that is coming from. Also, there's no future test year proposed in this bill; it is not defined in this bill.

And finally, as you have heard from Mr. Weir and others, nothing in this bill takes any authority away from the PUCN to make any decisions on any current ratemaking or ARM plan if it is part of a general case or otherwise.

CHAIR NGUYEN:

There was opposition testimony that talked about—and you had alluded to—the Arizona model or the law that is in place. You indicated you are the largest natural gas utility in Arizona. Can you describe is this the same model? Is this a similar bill or is this different, or can you make that distinction between how this differs from what exists in Arizona?

MR. LEEDOM:

Arizona is set up quite a bit differently than Nevada in terms of the way it regulates utilities. It does have a public utilities commission although it is called the Arizona Corporation Commission (ACC). It is an elected body, not appointed. They set and implement energy policy in Arizona. Here, the Nevada Legislature sets energy policy, and the PUCN implements it. In Arizona, they both set energy policy and implement it; some call them the fourth branch of government. I do not know if that is a joke or what, but they are the ones that set energy policy. They recently set or made a policy decision to allow utilities to do formula rates.

Again, that was not a bill; that was not legislation; that is something that the ACC decided to do on their own. They have the ability for one of the ARM mechanisms to exist in Arizona now. But again, we have not filed a formula rate plan in Arizona. And I am not aware of any other utility that has done so yet either. I hope that answers your question.

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CHAIR NGUYEN:

At this time, I will close the hearing on S.B. 417 and that brings us to our last item in the agenda, which is public comment. [Seeing none], I will close public comment, and this meeting is adjourned at 6:32 p.m.

RESPECTFULLY SUBMITTED:

Joseph Huene,
Committee Secretary

APPROVED BY:

Senator Rochelle T. Nguyen, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
S.B. 194	C	9	Soraia Bohner	Conceptual Amendment: Senator Melanie Scheible
S.B. 359	D	17	Senator Rochelle Nguyen	Proposed Amendment: Nevada Judges of Limited Jurisdiction
S.B. 442	E	30	Olivia Tanager	Presentation
S.B. 442	F	33	Olivia Tanager	Proposed Amendment
S.B. 442	G	38	Caitlin Gatchalian	Support Testimony
S.B. 417	H	49	Scott Leedom / Southwest Gas	Proposed Amendment: Southwest Gas
S.B. 417	I	57	Catlin Gatchalian	Opposition Letter