

Senate Bill No. 281–Senator Nguyen

CHAPTER.....

AN ACT relating to public utilities; requiring certain public utilities to file with the Public Utilities Commission of Nevada a triennial plan designed to meet the current and future demand for natural gas at the lowest reasonable cost to the public utility and its customers; prohibiting certain public utilities from filing a general rate application under certain circumstances; revising provisions governing certain regulations the Commission is required to adopt with respect to certain public utilities; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law requires a utility which supplies natural gas in this State to file annually with the Public Utilities Commission of Nevada an informational report describing certain information regarding the demand for natural gas, certain costs related to the provision of gas service and sources of planned acquisitions of natural gas. (NRS 704.991) **Section 14** of this bill replaces the requirement to file an annual informational report with a requirement for a public utility which purchases natural gas for resale to 10 or more customers in this State to file with the Commission, on or before October 1, 2025, and on or before October 1 of every third year thereafter, a plan designed to meet the current and future needs for natural gas at the lowest reasonable cost to the public utility and its customers. **Section 14** requires the plan to include certain information related to the provision of gas service by the utility, including certain expenses of the utility and certain activities and programs that the utility plans to engage in. **Section 14** requires the Commission to require each public utility to meet with personnel from the Commission and the Bureau of Consumer Protection in the Office of the Attorney General and any other interested persons at least 4 months before filing the plan or within a reasonable period before filing an amendment to an existing plan to provide an overview of the plan or amendment.

**Sections 2-10** of this bill define terms related to the plan required to be filed by a public utility.

**Section 11** of this bill requires the Commission to convene a public hearing on the adequacy of the plan and establishes certain determinations regarding the plan that the Commission is required to make following such a hearing.

**Section 12** of this bill requires the Commission to issue an order accepting or modifying the plan, and any amendment to the plan, within a certain period of time and authorizes the public utility to respond to any modifications to the plan made by the Commission. **Section 12** provides that a plan or an amendment to a plan that is accepted by the Commission shall be deemed prudent and a public utility is authorized to recover all prudently incurred costs for the reasonable implementation of such a plan or amendment.

**Section 13** of this bill prohibits a public utility which purchases natural gas for resale to 10 or more customers in this State from filing a general rate application within 180 days before or after the filing of a plan.

Existing law requires the Commission to adopt regulations authorizing a public utility which purchases natural gas for resale to expand the infrastructure of the public utility in a manner consistent with a program of economic development.



(NRS 704.9925) **Section 16** of this bill instead requires the Commission to adopt regulations authorizing a public utility which purchases natural gas for resale to 10 or more customers in this State to include in the plan required to be filed by the public utility a proposal to expand its infrastructure in a manner consistent with a program of economic development.

**Section 15** of this bill removes the existing requirement for the Commission to adopt certain regulations establishing methods and programs that remove financial disincentives which discourage a public utility which purchases natural gas for resale from supporting energy conservation.

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

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

**Section 1.** Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this act.

**Sec. 2.** *As used in NRS 704.991, 704.992 and 704.9925, and sections 3 to 13, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Carbon capture, use and storage” means the capture of greenhouse gas emissions, including, without limitation, through direct air capture, that would otherwise be released into the atmosphere.*

**Sec. 4.** *“Carbon-neutral natural gas” means natural gas accompanied by offsetting measures to balance greenhouse gas emissions generated when natural gas is combusted.*

**Sec. 5.** *“Carbon offset” means a reduction in greenhouse gas emissions or an increase in carbon capture, use and storage used to compensate for greenhouse gas emissions that occur elsewhere.*

**Sec. 6.** *“Energy efficiency and conservation” means a reduction in energy intensity or energy consumption.*

**Sec. 6.5.** *“Greenhouse gas” has the meaning ascribed to it in NRS 445B.137.*

**Sec. 7.** *“Load management” means the practice of adjusting or reshaping energy usage from one period to another.*

**Sec. 8.** (Deleted by amendment.)

**Sec. 9.** *“Responsibly sourced or transported natural gas” means geologic natural gas that is produced or transported with methane emission intensity levels that are below a certain threshold and using processes that demonstrate best practices for production and transportation.*



**Sec. 10.** *“Significant operational or capital requirements” means the construction of a new transmission, distribution, compression or storage facility or the rehabilitation, replacement, modification, upgrade, uprate or update of existing facilities, or any planned series of such activities addressing the same need, in which the anticipated cost exceeds the threshold established by the Commission pursuant to subsection 3 of NRS 704.991.*

**Sec. 11.** *1. After a public utility has filed its plan pursuant to NRS 704.991, the Commission shall convene a public hearing on the adequacy of the plan.*

*2. The Commission shall determine the parties to the public hearing on the adequacy of the plan. A person or governmental entity may petition the Commission for leave to intervene as a party. The Commission must grant a petition to intervene as a party in the hearing if the person or entity has relevant material evidence to provide concerning the adequacy of the plan. The Commission may limit participation of an intervener in the hearing to avoid duplication and may prohibit continued participation in the hearing by an intervener if the Commission determines that continued participation will unduly broaden the issues, will not provide additional relevant material evidence or is not necessary to further the public interest.*

*3. In addition to any party to the hearing, any interested person may make comments to the Commission regarding the contents and adequacy of the plan.*

*4. After the hearing, the Commission shall determine whether:*

*(a) The forecast requirements of the public utility are based on substantially accurate data and an adequate method of forecasting.*

*(b) The plan identifies and takes into account any present and projected changes in the demand for natural gas.*

*(c) The plan adequately demonstrates the need for and cost-effectiveness of the proposed activities and investments, as applicable.*

*(d) The plan identifies the mix of geologic and commercially-available nongeologic gas supply, energy efficiency and conservation programs and activities and investments designed to meet the current and future needs for natural gas at the lowest reasonable cost to the public utility and its customers.*

*(e) To the extent the plan includes commercially-available nongeologic gas supply options, the plan identifies and considers*



*any present and projected changes in greenhouse gas emissions as a result of the proposed activities.*

*(f) The plan adequately mitigates adverse impacts on low-income and historically underserved communities.*

**Sec. 12. 1.** *After a public utility has filed the plan required pursuant to NRS 704.991, the Commission shall issue an order accepting or modifying the plan or specifying any portions of the plan it deems to be inadequate within 210 days. If the Commission issues an order modifying the plan, the public utility may consent to or reject some or all of the modifications by filing with the Commission a notice to that effect. Any such notice must be filed not later than 30 days after the date of issuance of the order.*

*2. If a public utility files an amendment to a plan, the Commission shall issue an order accepting or modifying the amendment or specifying any portions of the amendment it deems to be inadequate within 180 days after the filing of the amendment. If the Commission issues an order modifying the amendment, the public utility may consent to or reject some or all of the modifications by filing with the Commission a notice to that effect. Any such notice must be filed not later than 30 days after the date of issuance of the order.*

*3. Except as otherwise provided by this chapter, a plan filed pursuant to NRS 704.991 or an amendment to such a plan that is accepted by the Commission shall be deemed to be prudent and the public utility shall recover all prudently incurred costs for the reasonable implementation of such a plan or amendment. For the purposes of this subsection, a plan or amendment shall be deemed accepted by the Commission only as to that portion of the plan or amendment accepted as filed or modified with the consent of the public utility pursuant to subsection 1 or 2.*

**Sec. 13.** *A public utility which purchases natural gas for resale to 10 or more customers in this State shall not file a general rate application:*

*1. During the 180 days immediately preceding the date on which the public utility is required to file a plan pursuant to NRS 704.991; or*

*2. Within 180 days after any date on which the public utility files a plan pursuant to NRS 704.991.*

**Sec. 14.** NRS 704.991 is hereby amended to read as follows:

704.991 *1. To ensure all energy users continue to have access to safe, reliable, sustainable and affordable energy resources for their homes and businesses, a public utility which [supplies] purchases natural gas for resale to 10 or more customers*



in this state shall, *on or before October 1, 2025, and every third year thereafter*, file ~~[annually]~~ with the Commission ~~[, in a format prescribed by the Commission, an informational report which describes:~~

~~—1.] a plan designed to meet the current and future needs for natural gas at the lowest reasonable cost to the public utility and its customers. The Commission shall prescribe by regulation the contents of such a plan, including, without limitation:~~

~~(a) The anticipated demand for natural gas made on [its] the system of the public utility by its customers;~~

~~[2.] (b) The estimated cost of supplying natural gas sufficient to meet the demand and the means by which the public utility proposes to minimize that cost;~~

~~[3.] (c) The sources of planned acquisitions of natural gas, including an estimate of the cost and quantity of the acquisitions to be made from each source and an assessment of the reliability of the source; and~~

~~—4.] (d) Significant operational or capital requirements of the public utility related to its provision of gas service in this state [ ] that the public utility plans to implement within the 3 years immediately following the date on which the plan is filed with the Commission;~~

~~(e) Activities and programs that will be implemented by the public utility to promote energy efficiency and conservation;~~

~~(f) Renewable natural gas activities described in subsection 3 of NRS 704.9997 that will be engaged in by the public utility and any other proposed activities or expenses of the public utility related to commercially-available nongeologic gas supplies, carbon offsets, load management or carbon capture, use and storage;~~

~~(g) An analysis in support of the plan based on information available at the time the plan is filed, including, without limitation:~~

~~(1) An assessment of supplies of geologic and commercially available nongeologic gas, including, without limitation, renewable natural gas, carbon-neutral natural gas and responsibly sourced or transported natural gas;~~

~~(2) An assessment of opportunities for gas storage, including, without limitation, contracted storage and storage owned by the public utility;~~

~~(3) An assessment of the capability and reliability of pipelines used for transmission;~~



*(4) An analysis of the greenhouse gas emissions reasonably expected to be avoided or reduced through the plan, including, without limitation:*

*(I) An explanation of the methodology used by the public utility to calculate the greenhouse gas emissions that are expected from the use of natural gas by customers of the public utility; and*

*(II) An estimate of the reductions in greenhouse gas emissions attributable to specific activities or investments of the public utility;*

*(5) A comparative evaluation of the cost of supply purchasing strategies, storage options, delivery resources and improvements in energy efficiency, conservation and load management using generally accepted methods for calculating cost effectiveness; and*

*(6) An analysis of the estimated impact of the investments and activities planned by the public utility on the rates charged to customers.*

*2. The Commission shall require each public utility, not less than 4 months before filing a plan required pursuant to this section, or within a reasonable period before filing an amendment to such a plan pursuant to section 12 of this act, to meet with personnel from the Commission and the Bureau of Consumer Protection in the Office of the Attorney General and any other interested persons to provide an overview of the anticipated filing or amendment.*

*3. The Commission shall prescribe by regulation a cost threshold above which a project is considered a significant operational or capital requirement required to be included in a plan pursuant to paragraph (d) of subsection 1.*

**Sec. 15.** NRS 704.992 is hereby amended to read as follows:

704.992 ~~1.~~ The Commission shall adopt regulations to establish ~~{methods and programs for a public utility which purchases natural gas for resale that remove financial disincentives which discourage the public utility from supporting energy conservation, including, without limitation:~~

~~—(a) Procedures}~~ *procedures* for a public utility which purchases natural gas for resale *to 10 or more customers in this State* to have a mechanism established during a general rate application filed pursuant to NRS 704.110 to ensure that the costs of the public utility for providing service are recovered without regard to the difference in the quantity of natural gas actually sold by the public utility by taking into account the adjusted and annualized quantity of natural



gas sold during a test year and the growth in the number of customers of the public utility . ~~;~~

~~—(b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity relating to increasing energy efficiency or energy conservation; and~~

~~—(c) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for the recovery of costs associated with an activity approved by the Commission pursuant to paragraph (b).~~

~~—2. The regulations adopted pursuant to subsection 1 must ensure that the methods and programs consider the recovery of costs, stabilization of revenue and any reduction of risk for the public utility which purchases natural gas for resale.]~~

**Sec. 16.** NRS 704.9925 is hereby amended to read as follows:

704.9925 1. The Commission shall adopt regulations ~~[authorizing]~~ :

(a) *Authorizing* a public utility which purchases natural gas for resale to **10 or more customers in this State to include in a plan filed pursuant to NRS 704.991 a proposal to** expand the infrastructure of the public utility in a manner consistent with a program of economic development ; ~~[-including, without limitation:~~

~~—(a) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of an activity relating to the expansion of the infrastructure of the public utility in a manner consistent with a program of economic development;]~~ and

(b) ~~[Procedures]~~ *Establishing procedures* for a public utility which purchases natural gas for resale to **10 or more customers in this State to** apply to the Commission for the recovery of costs associated with an activity approved by the Commission ~~[pursuant to paragraph (a).] as part of a plan filed pursuant to NRS 704.991.~~

2. The regulations adopted pursuant to subsection 1 must ensure the timely recovery by the public utility ~~[which purchases natural gas for resale]~~ of all prudent and reasonable costs associated with the expansion of the infrastructure of the public utility in a manner consistent with a program of economic development through the development of alternative cost-recovery methodologies that balance the interests of persons receiving direct benefits and persons receiving indirect benefits from the expansion of the infrastructure of the public utility.

3. As used in this section, “program of economic development” means a program to expand the infrastructure of a public utility which purchases natural gas for resale **to 10 or more customers in**



*this State* that is proposed by the public utility and approved by the Commission for one or more of the following purposes:

(a) Providing natural gas service to unserved and underserved areas within this State;

(b) Accommodating the expansion of existing business customers of the public utility;

(c) Attracting and retaining residential and business customers of the public utility;

(d) Attracting to this State new and diverse businesses and industries which use natural gas and which would otherwise locate or expand their business or industry within this State but for the absence of adequate natural gas infrastructure;

(e) Facilitating the implementation of the State Plan for Economic Development developed by the Executive Director of the Office of Economic Development pursuant to subsection 2 of NRS 231.053; and

(f) Facilitating any policy of the Legislature with respect to economic development in this State.

**Secs. 17 and 18.** (Deleted by amendment.)

**Sec. 19.** 1. This section becomes effective upon passage and approval.

2. Sections 1 to 18, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting any regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On January 1, 2024, for all other purposes.

