

SENATE BILL NO. 281—SENATOR NGUYEN

MARCH 15, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing public utilities. (BDR 58-693)

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

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

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:

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

9 (e) *To the extent the plan includes commercially-available*
10 *nongeologic gas supply options, the plan identifies and considers*
11 *any present and projected changes in greenhouse gas emissions as*
12 *a result of the proposed activities.*

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

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

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

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

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



1 *1. During the 180 days immediately preceding the date on*
2 *which the public utility is required to file a plan pursuant to NRS*
3 *704.991; or*

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

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

7 704.991 *1. To ensure all energy users continue to have*
8 *access to safe, reliable, sustainable and affordable energy*
9 *resources for their homes and businesses, a public utility which*
10 ~~*[supplies] purchases*~~ *natural gas for resale to 10 or more customers*
11 *in this state shall, on or before October 1, 2025, and every third*
12 *year thereafter, file [annually] with the Commission ~~[, in a format~~*
13 ~~*prescribed by the Commission, an informational report which*~~
14 ~~*describes:*~~

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

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

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

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

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

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

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

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

44 ~~*(1) An assessment of supplies of geologic and commercially*~~
45 ~~*available nongeologic gas, including, without limitation,*~~



1 *renewable natural gas, carbon-neutral natural gas and*
2 *responsibly sourced or transported natural gas;*

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

6 (3) *An assessment of the capability and reliability of*
7 *pipelines used for transmission;*

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

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

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

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

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

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

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

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

39 704.992 ~~{1}~~ The Commission shall adopt regulations to
40 establish ~~{methods and programs for a public utility which~~
41 ~~purchases natural gas for resale that remove financial disincentives~~
42 ~~which discourage the public utility from supporting energy~~
43 ~~conservation, including, without limitation:~~

44 ~~—(a) Procedures}~~ *procedures* for a public utility which purchases
45 natural gas for resale *to 10 or more customers in this State* to have



1 a mechanism established during a general rate application filed
2 pursuant to NRS 704.110 to ensure that the costs of the public utility
3 for providing service are recovered without regard to the difference
4 in the quantity of natural gas actually sold by the public utility by
5 taking into account the adjusted and annualized quantity of natural
6 gas sold during a test year and the growth in the number of
7 customers of the public utility. ~~;~~

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

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

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

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

20 704.9925 1. The Commission shall adopt regulations
21 ~~[authorizing]~~ :

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

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

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

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



1 3. As used in this section, “program of economic development”
2 means a program to expand the infrastructure of a public utility
3 which purchases natural gas for resale *to 10 or more customers in*
4 *this State* that is proposed by the public utility and approved by the
5 Commission for one or more of the following purposes:

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

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

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

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

16 (e) Facilitating the implementation of the State Plan for
17 Economic Development developed by the Executive Director of the
18 Office of Economic Development pursuant to subsection 2 of NRS
19 231.053; and

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

22 **Sec. 17.** (Deleted by amendment.)

23 **Sec. 18.** (Deleted by Amendment.)

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

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

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

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

