



Overview of the PUCN & Progress Report on the Implementation of Legislation From the 2019 Session

NOVEMBER 15, 2019

PRESENTATION TO THE INTERIM COMMITTEE ON ENERGY

Agenda Item V (Energy)
Meeting Date: 11-15-19

Overview: Who We are and What We Do

The Public Utilities Commission of Nevada (PUCN) is a regulatory agency that ensures investor-owned utilities comply with laws enacted by the Nevada Legislature. The PUCN's basic regulatory duties, powers, and scope of work are defined by the Legislature and codified in statute. The PUCN's duties include:

- To provide for fair and impartial regulation of public utilities.
- To provide for the safe, economic, efficient, prudent and reliable operation and service of public utilities.
- To balance the interests of customers and shareholders of public utilities by providing public utilities with the opportunity to earn a fair return on their investments while providing customers with just and reasonable rates.

The PUCN regulates approx. 400 utilities in the following categories:

- Energy (electric and gas)
- Water/Wastewater
- Telecom
- Rail

Overview: Organizational Structure

The PUCN is comprised of two distinct parts: the Commission side and the Regulatory Operations Staff side.

The PUCN has 103 employees, including 3 appointed Commissioners, and 15 different divisions comprised of consumer outreach specialists, engineers, accountants, economists, and lawyers.

The PUCN's biennial budget is approx. \$27.3 million, funded by a mill assessment on utility revenues.

Overview: Electric

The PUCN fully regulates the operations of two electric utilities, Nevada Power Company (NPC) in Southern Nevada, and Sierra Pacific Power Company (SPPC) in Northern Nevada, both of which conduct business as NV Energy. The PUCN regulates only the service territory boundaries of cooperative associations that provide electric service to their members.

In the electric sector, the PUCN conducts general rate cases, integrated resource planning cases, and some permitting cases (like Utility Environmental Protection Act permitting). These cases determine the prices Nevadans pay for electricity and the short and long-term planning obligations for utilities to serve customers.

Additionally, in the electric sector, the PUCN implements and promotes many of the State's energy policy objectives, such as renewable energy development, energy efficiency and conservation, and consumer protection.

Overview: Natural Gas

The PUCN regulates two investor-owned natural gas utilities: Southwest Gas Corporation and Sierra Pacific Power Company d/b/a NV Energy.

The PUCN also licenses discretionary suppliers of natural gas, also known as alternative sellers of natural gas. These suppliers provide discretionary gas services to large industrial and commercial users in Nevada.

Additionally, the PUCN oversees gas pipeline safety in partnership with the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration Office of Pipeline Safety.

Overview: Water/Wastewater

The PUCN's primary regulatory activities related to investor-owned water and/or wastewater utilities include: ensuring the delivery of clean, safe and reliable water to customers at reasonable rates; ensuring reliable sewer service to customers at reasonable rates; and monitoring quality of service, environmental compliance and financial performance.

The PUCN fully regulates the rates, service quality, and service territories of 27 investor-owned water and wastewater utilities serving approximately 22,300 customers in Nevada. The PUCN regulates the service territories, but not the rates or service quality, of water and wastewater utilities under the control of certain non-investor-owned governing bodies, such as cooperative associations or homeowners' associations.

Overview: Rail

The PUCN employs federally certified-personnel in specialized disciplines who perform inspections in focused areas of concentration under the Code of Federal Regulations Title 49: Department of Transportation.

Specialized disciplines include:

- Operations Practices Inspector
- Motive Power and Equipment Inspector
- Track Inspector
- Hazardous Materials Inspector

Overview: Telecommunications

The PUCN certifies competitive suppliers of telecommunications and small-scale providers of last resort. While small-scale providers are rate-regulated, the PUCN does not regulate the rates charged by competitive suppliers. There are approximately 322 telecommunications providers in Nevada.

The PUCN's telecommunication regulatory duties include the following: certifying competitive suppliers; licensing wireless providers; reviewing eligible telecommunications carriers' applications to apply for discounted rates for low-income consumers, schools, libraries, and rural health providers; ensuring telecommunication services are available in rural areas at rates comparable to rates in urban areas; and reviewing and approving performance measurement and performance incentive plans.

Overview: Additional Duties

Utility regulation is becoming increasingly complex and has changed from merely traditional rate regulation of electricity, natural gas, investor-owned water and sewer utilities, and telecommunication to include, among other things:

- Consumer Protection
- Integrated resource planning- including distributed resource planning, natural disaster planning, and planning for RPS compliance
- Environmental permitting
- Economic development
- Oversight of incentive programs for rooftop solar, energy storage, and electric vehicle infrastructure
- Pipeline safety enforcement
- Gas infrastructure replacement
- Coordination with federal regulatory authorities such as the Federal Communications Commission, Federal Energy Regulatory Commission, Department of Transportation (Pipeline and Hazardous Materials Safety Administration and Federal Railroad Administration), National Transportation Safety Board, Environmental Protection Agency, and Department of the Interior (Bureau of Land Management).

Legislative Update

The following energy-related bills passed during the 2019 legislative session and are being implemented through PUCN rulemakings:

Senate Bill 547 (PUCN Docket 19-06029)

Assembly Bill 465 (PUCN Docket 19-06028)

Senate Bill 358 (PUCN Docket 19-06010)

Senate Bill 329 (PUCN Docket 19-06009)

Senate Bill 300 (PUCN Docket 19-06008)

Senate Bill 299 (PUCN Docket 19-06007)

Senate Bill 154 (PUCN Docket 19-06006)

SB 547 (PUCN Docket No. 19-06029)

SB 547 relates to NRS Chapter 704B

Rulemaking docket opened in June 2019.

Workshops and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, Caesars, Google, Interwest Energy Alliance, NV Energy, Western Resource Advocates, Tenaska Power Services, the Peppermill, and Shell Energy have participated in workshops and/or filed comments.

Rulemaking is being conducted in three phases, with a workshop scheduled for phases 1 and 2 on November 21, 2019. The three phases cover different portions of SB 547 and require distinct regulations for each phase.

AB 465 (PUCN Docket No. 19-06028)

AB 465 relates to expanded solar access

Rulemaking docket opened in June 2019.

Workshops and comments phase of the rulemaking. Regulatory Operations Staff; Bureau of Consumer Protection; Department of Employment, Training, and Rehabilitation; Sierra Club; NV Energy; Chispa Nevada; Up Lift Foundation of Nevada; Nevada Conservation League; ReNEW Nevada; Faith Organizing Alliance; League of Women Voters; Battle Born Progress; and Bombard Renewable Energy have participated in workshops and/or filed comments.

The rulemaking is proceeding with a series of informal and formal workshops, including workshops held on October 1, October 14, and October 29, and more proposed to be held on November 12, November 19, December 4, December 10, December 17, and January 14.

The participants have stated that their goal for the workshops is to foster a constructive exchange of ideas and develop draft regulations to implement all aspects of AB 465.

SB 358 (PUCN Docket No. 19-06010)

SB 358 relates to Nevada's updated Renewable Portfolio Standard

Rulemaking docket opened in June 2019.

Workshops and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, NV Energy, Bonneville Power Administration, Reno Sparks Chamber of Commerce, Conservatives for Responsible Stewardship, The Western Way, Interwest Energy Alliance, Wells Rural Electric, Nevada Rural Electric Association, Western Resource Advocates, e-centricity, Nevada Conservation League, and Mt. Wheeler Power have participated in workshops and/or filed comments.

Workshop held on September 10, with workshops scheduled for November 7 and December 13. The workshop is proceeding in two phases: phase 1 will address RPS compliance issues, and phase 2 will address the acquisition of renewable energy facilities by a utility as contemplated in SB 358 sections 6 and 7.

SB 329 (PUCN Docket No. 19-06009)

SB 329 relates to wildfire and natural disaster management plans for Nevada.

Rulemaking opened June 2019.

Workshops and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, NV Energy, Tahoe Chamber Board of Directors, IBEW Locals 1245 & 396, AT&T Nevada, CenturyLink, Nevada Rural Electric Association, CTIA, Verizon Wireless, and individual private Nevadans have participated.

Workshops held June 28, August 20, September 9, and September 23.

Draft regulation sent to Legislative Counsel Bureau for review, with proposed revised regulation returned October 29. Procedural Order No. 4 issued with additional potential regulation language due October 31.

Anticipated first natural disaster management plan to be filed with the PUCN on March 1, 2020.

SB 300 (PUCN Docket No. 19-06008)

SB 300 relates to alternative ratemaking mechanisms

Rulemaking opened June 2019.

Workshops and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, NV Energy, Western Resource Advocates, the Gaming Group (consisting of Boyd Gaming, Station Casino, Las Vegas Sands Corp., Golden Entertainment, Penn National Gaming, and the Plaza Hotel and Casino), Switch, Northern Nevada Industrial Electric Users, Caesars, and Wynn Resorts have participated in workshops and/or filed comments.

Workshops held on August 12, September 26, and October 28. At the workshops, the PUCN invited the Regulatory Assistance Project to give educational presentations on various alternative ratemaking mechanisms.

Additional workshops will address objectives, performance metrics, and specific alternative ratemaking proposals tailored to Nevada.

SB 299 (PUCN Docket No. 19-06007)

SB 299 relates to electric school buses

Rulemaking docket opened in June 2019.

Workshop and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, NV Energy, and Western Resource Advocates have participated in a workshop and/or filed comments.

Workshop held September 30. Participants agreed that the PUCN does not need to conduct additional rulemaking proceedings to implement SB 299 because SB 299 itself contains the necessary information for incentive programs to prioritize the purchase of electric school buses and the development of electric vehicle infrastructure at schools.

SB 154 (PUCN Docket No. 19-06006)

SB 154 relates to renewable natural gas

Rulemaking opened June 2019.

Workshop and comments phase of the rulemaking. Regulatory Operations Staff, the Bureau of Consumer Protection, NV Energy, and Southwest Gas participated in a workshop and filed comments.

Workshops held September 24 and October 24. Workshop scheduled for December 11 to discuss proposed draft regulations.