



Public Utilities Commission of Nevada

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JOINT INTERIM STANDING COMMITTEE ON
GROWTH AND INFRASTRUCTURE

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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.
- To protect, further, and serve the public interest and provide effective protection for consumers who depend upon utility service.

The PUCN regulates approximately 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 and the Regulatory Operations Staff.

The PUCN has 105 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. \$27.1 million, funded by a mill assessment on utility revenues.

Electric

The PUCN fully regulates the operations of two electric utilities, Nevada Power Company in Southern Nevada and Sierra Pacific Power Company in Northern Nevada, each of which conducts 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 regularly presides over cases involving rate-setting, integrated resource planning, and permitting, as well as cases implementing numerous State policies and programs related to renewable energy development, energy efficiency and conservation, and consumer protection.

Natural Gas

The PUCN regulates two investor-owned natural gas utilities: Southwest Gas Corporation and Sierra Pacific Power Company d/b/a NV Energy. For these utilities, the PUCN holds proceedings to sets rates and to implement legislative policies promoting energy conservation, the use of renewable natural gas, and expansion of natural gas infrastructure to provide service to new areas of the State.

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.

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 service 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.

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.

The PUCN employs inspection personnel in the following disciplines:

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

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 does not regulate long distance telephone service, paging service, Internet service, Voice over Internet Protocol (VoIP), and other telecommunications competitive products and services such as pay phones.

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.

Types of PUCN Proceedings

Contested Cases

Applications

Examples of regularly-filed applications include include:

Rate Cases, Integrated Resource Plans, and

Deferred Energy Accounting Adjustments (DEAA)

Customer Complaints

Show-Cause Proceedings

Rulemakings

Petitions

Investigations

General Rate Case

Cost of Capital

Depreciation

Revenue Requirement

Rate Design

Integrated Resource Plans (IRP)

What is an IRP

Prudence Determinations

Frequency of IRP Filings

IRP Hearing Process

IRP Amendments

Legislation passed during the 2023 Legislative Session

Deferred Energy Accounting Adjustment (DEAA)

Fuel & Purchased Power

Pass-Through Costs with No Profit for Utilities

Recovery Mechanisms

PUCN Review

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 and carbon-emissions reduction goals
- Environmental permitting
- Economic development
- Oversight of incentive programs for distributed energy resources (such as rooftop solar, wind turbines, waterpower systems, and energy storage systems) 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)