



NEVADA LEGISLATURE JOINT INTERIM STANDING COMMITTEE ON GROWTH AND INFRASTRUCTURE

(Nevada Revised Statutes [NRS] 218E.320)

DRAFT MINUTES

January 24, 2024

The first meeting of the Joint Interim Standing Committee on Growth and Infrastructure for the 2023–2024 Interim was held on Wednesday, January 24, 2024, at 9 a.m. in Room 4401, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3138, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The agenda, minutes, meeting materials, and audio or video recording of the meeting are available on the Committee's meeting page. The audio or video recording may also be found at <https://www.leg.state.nv.us/Video/>. Copies of the audio or video record can be obtained through the Publications Office of the Legislative Counsel Bureau (LCB) (publications@lcb.state.nv.us or 775/684-6835).

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Senator Dallas Harris, Chair
Assemblyman Howard Watts, Vice Chair
Senator Carrie A. Buck
Assemblywoman Tracy Brown-May
Assemblyman Max Carter

COMMITTEE MEMBER PRESENT IN CARSON CITY:

Senator Skip Daly

COMMITTEE MEMBERS ATTENDING REMOTELY:

Assemblywoman Jill Dickman
Assemblywoman Danielle Gallant

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Kristin Rossiter, Senior Policy Analyst, Research Division
Jann Stinnesbeck, Principal Policy Analyst, Research Division

Julianne King, Assistant Manager of Research Policy Assistants, Research Division
Cameron Newton, Deputy Legislative Counsel, Legal Division
Jessica Dummer, Senior Principal Deputy Legislative Counsel, Legal Division
Julie Waller, Principal Deputy Fiscal Analyst, Fiscal Analysis Division

*Items taken out of sequence during the meeting have been placed in agenda order.
[Indicate a summary of comments.]*

AGENDA ITEM I—CALL TO ORDER AND OPENING REMARKS

[Chair Harris called the meeting to order. She welcomed members, presenters, and the public to the first meeting of the Joint Interim Standing Committee on Growth and Infrastructure.]

Chair Harris:

At this time, I want to go ahead and take a few minutes to allow all of the Members to introduce themselves, since it is our very first meeting. If the members would please include the district that you represent as well as any goals you might have for the Committee during this interim. If we could start with our Vice Chair, Assemblyman Watts.

Vice Chair Watts:

I represent Assembly District 15 right here in the heart of Clark County. I am in my third term, and this is my second time serving on the Joint Interim Committee on Growth and Infrastructure. I had the honor of chairing the Assembly Committee, and I look forward to continuing to dive into the issues that we were looking at during the session, including clean energy, broadband, and our transportation system.

Senator Buck:

I represent Senate District 5 in Henderson. With Senator Hammond's resignation, I was appointed to this Committee. I am looking forward to serving with you all and learning all about all things infrastructure.

Senator Daly:

I represent Senate District 13, which is in Washoe County in Northern Nevada. It is my first time on this interim Committee. I have never served on Growth and Infrastructure, or Transportation, before it was renamed. I did have four bills in the Growth and Infrastructure Committee last session, and I am familiar with many of the issues. I look forward to working with the rest of you in this Committee.

Assemblywoman Brown-May:

I represent Assembly District 42 in the heart of Las Vegas, Spring Valley, Chinatown, Koreatown; we have a lot of really important infrastructure issues to consider. I had the honor of serving as Vice Chair on the Assembly Committee on Growth and Infrastructure during session, and I have served on this Committee for two sessions. It is my first interim. I am excited to be a part of this Committee. I am looking forward to us talking about the diversification and sustainability of energy as we move through this interim.

Assemblyman Carter:

I represent Assembly District 12, which is the far east side of the Las Vegas Valley—Sunrise Mountain basically. My goals are to make sure that we keep moving forward with modernization and embracing new technologies and trends but also ensuring that we keep doing it in a way that benefits all Nevadans and does not let communities like mine—with

the worst air quality in the Valley—get ignored, because it is easy to prey on these lower socioeconomic communities.

Assemblywoman Dickman:

I am glad to be on this Committee again. I represent District 31, which is in Washoe County, parts of Sparks, parts of the North Valleys, and Spanish Springs. I am in my third term, and I served in 2015 on this Committee when it was called “Transportation,” and then last session. This would be my second term on Growth and Infrastructure, and I look forward to continuing the work we started during last session.

Assemblywoman Gallant:

I represent Assembly District 23. I have one of the largest districts in Clark County and also one of the districts that has probably some of the most growth and development going on. I am super excited to be part of the Interim Committee. I ended up enjoying Growth way more than I expected, so I am excited about continuing all the good work we did last Session.

Senator Harris:

I am the State Senator in District 11. This is my second interim on this Committee, so I have been on it about as long as it has existed. I was Vice Chair last interim, and I have the honor of chairing this Committee this interim as the Chair of the Standing Committee and in the Senate during session. It is my hope that this Committee will be conducted in a way where everyone is treated with fairness. I expect everyone to treat each other and witnesses with courtesy and respect. I hope that all Members and those who are watching will be open to all ideas as we explore what can be, at times, sensitive topics. There is nothing quite gut wrenching like a high power bill, so sometimes these things can be touchy, although it does not seem like it might be on its face.

I want to introduce our staff members for the Committee. We have Ms. Kristin Rossiter and Mr. Jann Stinnesbeck. They are our Committee Policy Analysts. We have Cameron Newton and Jessica Dummer as our Legal Counsel. Julie Waller is our Fiscal Analyst, and Julianne King is our Committee Secretary.

[Chair Harris provided additional housekeeping remarks.]

AGENDA ITEM II—PUBLIC COMMENT

Chair Harris:

With that, we can open it up to Agenda Item II, which is public comment. [Chair Harris reviewed public testimony guidelines.] Let us start here in Las Vegas. Is there anyone here in Las Vegas who would like to provide public comment today? Welcome, Sir.

Tony Simmons, Private Citizen:

Good morning. I came down to express my admiration for the Legal Division's efforts over the past 20 years to get things right. I am a real fan of your work. I know most people do not understand it, but you guys are doing a great job. There is no need to change your style or anything else. It is understood by those who need to understand it. Thank you. (Agenda Item II)

Jermareon Williams, Private Citizen:

Good morning, Chair Harris and members of the Committee. I am the Government Affairs Manager for Western Resource Advocates. We are a regional nonprofit organization fighting climate change and its impacts to sustain the environment. I have a few comments. I am here today to share our strong beliefs in the importance of prioritizing clean energy, affordability, reliability, and transparency in utility resource planning. The decisions made in this regard have significant implications for our State, environment, and the well-being of Nevadans. Utility resource plans determine the mix of energy sources used to generate electricity. Prioritizing clean and renewable energy sources, such as solar, contributes to sustainability and helps mitigate the environmental impacts of energy production. This is essential for addressing climate change and reducing greenhouse gas (GHG) emissions. The transition to renewable energy is not only essential for combating the effects of climate change but also for promoting a sustainable and resilient future. By investing in clean energy technologies, our utilities can contribute to a cleaner and healthier environment. Affordability is another crucial factor that directly impacts the well-being of Nevadans. Nevadans are paying record-high energy bills and struggling financially because of this. The cost of energy directly affects consumers and businesses. Balancing the cost-effective technologies and considering the long-term economic impacts ensures that energy remains accessible without placing undue financial burdens on consumers. Exploring cost-effective solutions, offering incentives for energy efficiency, and transparent pricing structures are needed to assist Nevadans. I look forward to hearing today's presentations and to seeing Nevada's utilities take the steps required to align their resource plans with these principles. Thank you.

Mercedes McKinley, Nevada Field Organizer, Moms Clean Air Force/Ecomadres:

We are a community of 1.5 million moms and dads united against air pollution to protect our children's health. We fight for equitable solutions addressing air pollution and climate change. I am a proud Nevadan and a former longtime resident of East Las Vegas and North Las Vegas. I am a mother and a former elementary school teacher. My experiences here have deeply rooted me in my community's fight for cleaner air and affordable energy. Today, I stand before you to highlight the urgent need for Nevada to transition from fossil fuels—particularly methane gas—to cleaner, more affordable energy resources. Methane gas is a key contributor to air pollution and not only has harmed the health of our children and our families, but it has burdened us with unpredictable costs. This past year alone, soaring gas prices have hit Nevada families especially hard during the winter. It is cheaper for me to bring my toddler into my one bedroom and run a space heater than it is to heat an entire three-bedroom apartment in a heavily methane-reliant building. I talk to families who often share with me that their bills from NV Energy and Southwest Gas are often the second highest bill they pay monthly after their rent and their mortgages, overshadowing car notes. These energy bills are reducing the quality of life for Nevadans. I urge you to develop policies for the 2025 Session that hold utilities accountable to hardworking families and collaborate with the Public Utilities Commission of Nevada (PUCN). These actions will ensure no Nevada family is left behind in our clean energy transition. The future of Nevada and our children depends on the choices we make today. I thank you for your time and earnest request to your commitment to a cleaner, healthier, and more affordable energy future for all of us.

Chair Harris:

Is there anyone else in Las Vegas wanting to provide public comment? Seeing none, is there anyone in Carson City who would like to provide public comment today?

Senator Daly:

There is no one here.

Chair Harris:

Broadcast and Production Services (BPS), is there anyone on the phone lines who would like to provide public comment?

BPS:

To provide public comment, please press *9 to take your place in the queue. You are unmuted on our end. Please go ahead.

Christi Cabrera-Georgeson, Deputy Director, Nevada Conservation League:

Nevada is a national leader in clean renewable energy. The State is ranked second in the nation for geothermal generation and first for solar generating potential. Our booming clean energy economy is a direct result of bipartisan leadership in our State Legislature who understand the vital role clean energy plays in our economy, communities, and the fight against the climate crisis. Through their joint efforts, Nevada has adopted important legislation that set critical GHG reduction goals, increased our renewable portfolio standards (RPS), and expanded transportation electrification. While our clean energy economy is growing, we still have a long way to go. The latest statewide GHG emissions report shows Nevada is still not on track to meet our climate goals, and we continue to be over-reliant on fossil fuels, including methane gas. In addition to contributing to climate change, burning fossil fuels poses a direct threat to our health. Gas appliances in our home emit the same pollutants as car exhaust, increasing the risk of asthma and respiratory problems. Moreover, the volatile nature of the cost of fossil fuels leaves families vulnerable to price spikes. Calling on the need for investment in homegrown renewable energy as well as energy efficiency programs. Thankfully, historic federal investments from the Inflation Reduction Act (H.R. 5376, 117th Congress) and Infrastructure Investment and Jobs Act (H.R. 3684, 117th Congress) have given us every reason to make clean energy affordable to everyday Nevadans. Taken together as the Clean Energy Plan, these investments make available tax credits, upfront discounts, and rebates to offset the upfront cost of clean energy technologies, such as installing rooftop solar, upgrading insulation, and purchasing a heat pump or an electric vehicle. Our state and local governments, alongside our utilities, play a crucial role in ensuring we maximize the potential of the Clean Energy Plan, so Nevadans in every corner of our State can reap the benefits. We cannot fight the climate crisis without the Legislature's continued leadership and dedication to Nevada's climate goals. We look forward to continuing to work with this Committee to advance clean energy solutions. Thank you for your time.

BPS:

Chair, the public line is open and working, but we have no additional callers at this time.

AGENDA ITEM III—OVERVIEW OF THE JOINT INTERIM STANDING COMMITTEE ON GROWTH AND INFRASTRUCTURE

Chair Harris:

We will go ahead and move on to the next agenda item, which is an overview of the Joint Interim Standing Committee on Growth and Infrastructure, which will be given by our lovely Policy Analyst, Kristin Rossiter.

Ms. Rossiter:

Good morning. This interim, I will be serving as the Policy Analyst for the Committee. Before I begin, I would like to note that as nonpartisan staff, we are here to serve the Committee and its members, but we do not advocate in favor of or in opposition to any issue considered by the Committee.

The Committee Brief (Agenda Item III) is available on our Committee web page and provides each Member with useful historical information as well as a summary of the wide range of topics related to transportation, infrastructure, and energy that may be considered by the Committee during the Legislative interim, including highways; roads and bridges; mass transit projects; motor carriers; motor vehicles—including motorcycles and off-highway vehicles; traffic safety and laws, including bicycles and pedestrian issues; energy policy; public utilities; and renewable energy policy and programs. Inside the document, you will find information on the Committee and its membership, meeting dates, relevant reports, as well as staff contact information.

This interim, areas of focus for the Committee are expected to include policies, programs, and initiatives that enhance affordability and reliability of resources and services for Nevadans, including energy-related issues; transportation planning, policy, and infrastructure; renewable energy, infrastructure, and funding; traffic safety and pedestrian safety; and the study of hydrogen. With respect to the study of hydrogen, Senate Bill 451, which passed during the last Legislative Session, directs the Committee to conduct a study during the interim concerning hydrogen as a potential energy resource, as well as development of hydrogen technologies in Nevada. The Committee is required to submit the study results to the Director of the LCB for transmittal to the next Legislative Session, including any recommendations for possible legislation. As you may know, the Legislative Commission has authorized six meetings in total for the Committee, and the Committee may request up to ten bill draft requests. The work of the Committee must conclude by August 31, 2024. Thank you for this opportunity to present the Committee Brief. I look forward to supporting the work of the Committee during this legislative interim.

Chair Harris:

Committee Members, do we have any questions? [There were none.] Job well done.

AGENDA ITEM IV—OVERVIEW OF THE PUBLIC UTILITIES COMMISSION OF NEVADA, INCLUDING UPDATES AND INTEGRATED RESOURCE PLAN REVIEW

Chair Harris:

We will go ahead and move on to Agenda Item IV, which is an overview of the PUCN, including updates and integrated resource plan review. We have a couple of representatives from the PUCN presenting from Carson City. Welcome.

Stephanie Mullen, Executive Director, PUCN:

Good morning, with me is our General Counsel, Garrett Weir. Today we are going to share a brief overview of the Agency's structure and operations (Agenda Item IV). The PUCN is a regulatory agency that ensures investor-owned utilities comply with laws enacted by the Nevada Legislature. The basic regulatory duties, powers, and scope of work are defined by the Legislature and codified in statute. The PUCN regulates approximately 400 investor-

owned utilities, is engaged in natural gas, electric, telecommunications, water and wastewater service, gas and electric master meter services at mobile home parks, and some propane systems. The Agency is also involved in monitoring gas pipeline safety, which includes monitoring the design, construction, operation, and maintenance of gas systems and underground excavation near substation installations. Additionally, the Rail Safety Division monitors four disciplines within the State. They are hazardous materials, operation practices, mode of power, and equipment and track. The continuous involvement in the monitoring and oversight of these safety programs helps ensure our safe infrastructure in Nevada.

I am going to move on to the organizational structure, which plays an important role in meeting the requirements set forth by the Agency. The 105 full-time employees are contained in two distinct parts within the Agency. There is the Commission and the regulatory operations staff. The Commission is a quasi-judicial, three-person panel appointed by the Governor and have staggered four-year terms. Our current Commissioners: Chair Hayley Williamson; Commissioner Tammy Cordova; and Commissioner Randy Brown preside over contested cases and make decisions regarding the operations of public utilities. The regulatory operations staff, often referred to as staff, is an independent Division that investigates and audits utility operations and participates as a party in all proceedings before the Commission. Careful attention is given to ensure the independence of staff, and the Commission is prohibited from communicating with staff in any manner that undermines the due process rights of other parties; however, because the Commission and staff are housed within the same State agency, they share certain administrative support for matters unrelated to their respective roles as decision maker and litigant in contested cases. Finally, it is important to know that the PUCN is funded through an annual regulatory assessment or mill assessment and does not compete for General Funds or money. The mill assessment is an annual calculation that is made based on the revenues for utilities that operate in the State of Nevada. Using reported revenues from the utilities and the PUCN-anticipated expenditures, we are able to determine what the mill assessment needs to be set at in order to meet the needs of the agency and keep the agency within optimum reserve range. With that, I will pass it on to Mr. Weir.

Garrett Weir, General Counsel, PUCN:

Good morning, Chair Harris and Members of the Committee. It is great to be here. I am going to walk through the types of utilities that the PUCN regulates. I am going to provide details regarding the electric and gas sectors. We included, in our slides, some of the other types of utilities, but I will not go into the same level of detail for those. I will then spend time talking about the types of proceedings that the Commission presides over.

For electric service, the Commission primarily regulates two electric utilities in the State that provide retail electric service. Those utilities are Nevada Power Company in the south and Sierra Power Company in the north, and they both do business under the name NV Energy. For the rural cooperative associations that provide electric service within the State, the Commission's regulatory jurisdiction is limited to their service territory boundaries. The policy reason for the Commission not having oversight of the terms and conditions of a co-op's electric service is that the co-op is ultimately accountable to its members. There is a political mechanism through which the leadership of a co-op can be unelected if members are unhappy with management decisions and the resulting service and pricing. In the electric sector, the PUCN regularly presides over cases involving rate making, integrated resource planning, and permitting. As previously mentioned, there are many cases implementing numerous State policies and programs related to things like renewable energy development, energy efficiency, and consumer protection. These cases affect the prices that

Nevadans pay for electricity as well as the short- and long-term planning obligations for utilities who serve Nevadans. The rates charged to customers of electric service consist of various components intended to recover particular costs. The largest component, which appears as electric consumption on your bill, includes fuel and purchase power costs and other general costs of operating utility not specifically collected by another rate. Other rate components recover costs associated with legislatively mandated programs related to renewable energy, energy efficiency, natural disaster protection, and low-income assistance. The rates set by the PUCN allow for recovery of only prudent and reasonably incurred costs plus revenue sufficient to provide utilities with an opportunity for a reasonable return on capital investments. Notably, the PUCN does not allow NV Energy or other utilities in the State to earn a profit on fuel and purchased power costs, such as renewable energy power purchase agreements or on the operations and maintenance expenses, such as employees' salaries.

Finally, it is important for customers and policymakers to recognize that rate-making issues are generally zero sum in nature. There are rarely win-win outcomes when parties are arguing about who should pay for costs that were incurred by a utility. Allocating fewer costs to one party will result in allocating greater costs to another. Inevitably, the losers in the decision-making process will be unhappy with the results and causing unhappiness for nearly every interested stakeholder at some time or another. For parties who believe that a Commission decision is inequitable or unlawful, though, there are processes in place to seek an appeal, first at the administrative agency level through reconsideration or rehearing of a matter, and subsequently through judicial review by the State's courts.

For natural gas service, the PUCN regulates two investor-owned utilities: Southwest Gas Corporation and Sierra Pacific Power Company, which, in addition to providing electric service throughout Northern Nevada, offers gas service in the Reno area. For these utilities, the PUCN holds proceedings that set rates and implement legislative policies, such as the promotion of energy conservation and the use of renewable natural gas. The PUCN also licenses alternative sellers of natural gas who provide service to large industrial and commercial users in the State. Finally, the PUCN oversees gas pipeline safety in partnership with the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration. As with electric utilities, natural gas utilities recover the costs of purchased fuel, that is the natural gas that they sell to customers on a dollar-for-dollar basis. They are not allowed to mark up the cost of the natural gas that they sell. The return is on the investments that they have made in infrastructure to deliver the natural gas.

As I mentioned, I am not going to walk through the specifics of water, wastewater service, rail, or telecommunication. I am sure we will have opportunities in the future to discuss those sectors in more detail. I will proceed to the types of PUCN proceedings. As Ms. Mullen mentioned, the PUCN is quasi-judicial in nature. It is an Executive Branch Agency, but it performs a quasi-judicial function in presiding over contested cases. It also performs quasi-legislative functions in adopting regulations. Most of the contested cases at the PUCN are applications submitted by utilities. The most prominent of which are rate cases and requests related to resource planning. Resource planning is a process through which the Commission determines future needs for utility service and approves a prudent course of action for ensuring that utilities will be prepared to satisfy those needs. In a rate case, the Commission determines the cost of providing safe, reliable service to customers and sets appropriate rates for the utility to recover those prudently and reasonably incurred costs. Other types of contested cases are customer complaints and proceedings in which the Commission investigates whether regulated entities should be subject to administrative penalties for misconduct. Rule makings are where the Commission adopts regulations, generally following legislative sessions to implement legislation. The Commission also

occasionally conducts rulemaking pursuant to its general authority to adopt regulations necessary to carry out its duties. The ability to file a petition with the PUCN provides an opportunity for people to request general relief in the form of advisory opinions or declaratory orders regarding matters within the jurisdiction of the Commission. Finally, the Commission regularly conducts investigations to examine matters related to utility service.

For general rate cases, I give a general overview of each phase of a general rate case. There are four general components to a general rate case. That is the cost of capital phase, the depreciation phase, the revenue requirement phase, and the rate design phase. For cost of capital, that is the stage of the case where the Commission looks at what sort of return is necessary to attract capital in the form of either debt that the utilities rely on to fund capital projects or equity investments made by shareholders of the utility. Basically, the Commission determines the macroeconomic factors, and it compares the relative risk of the utilities to other investments to ultimately come up with a number as to what the return needs to be for those investments. The return on equity is generally the number that you would hear about on the return provided to shareholders of the utility for those investments. Again, it reflects testimony provided by economists representing all sorts of different stakeholders and compares the relative risk of different investments and the similarities and differences between utilities with different returns. Depreciation is basically something that does not occur in every regularly scheduled rate case. It is every other rate case that the Commission reexamines the timelines for recovery of the costs of different assets. Basically, there is a review of what the useful lives should be of those facilities. Sometimes it looks like we can extend the lives of projects. That means we can recover the cost over a longer period of time, which would ultimately have downward pressure on the rates for customers for those particular costs because they would be spread out over a longer period of time. Sometimes we would have to do the opposite and shorten the time period for recovery, especially if we are going to accelerate retirement of a facility. We would then have to recover those costs over a shorter period of time, and that would result in upward pressure on rates.

The next component, the revenue requirement component, is where we examine all of the costs of business that the utility had for providing safe and reliable service. We start with looking at the historic expenditures, and there can be an adjustment based on known changes in circumstances, expected changes in circumstances that are known and measurable, but we start with the historic spending and look at the prudence of those costs and the reasonableness of them to come up with a number which is termed "the revenue requirement." That is the amount of money that the utility should be recovering to provide not just the service, but to also have an appropriate return on its investment.

Finally, the rate design phase is where once we have determined the amount of revenue requirement that the utility needs to recover, we design rates to make sure that they recover it. There is an examination of the cost of providing service to different customer classes. Based on that cost of service, different rates are designed for different customer classes to ultimately recover that revenue requirement. That is a phase where you tend to have the different customers arguing about what the rate design should be because once there is a revenue requirement determined, the utility is theoretically going to be made whole. It is an argument about who should pay to ensure that they recover those costs. Those are the general phases of a general rate case.

I will go ahead and talk about a couple of other types of proceedings, beginning with integrated resource planning (IRP). An IRP is the utility's long-term, 20-year plan to meet demand for gas, water, wastewater, and electric services in an efficient, reliable, and sustainable manner at the lowest reasonable cost to customers. The 20-year IRP includes

an immediate three-year plan, and I will get into the timelines for following those in a moment. Utility expenditures for plant generation, transmission, and distribution are scrutinized and approved by the PUCN before the facilities are acquired or constructed. A determination is made by the PUCN and an IRP that a specific facility is a prudent investment, and the utility should proceed with its plan for the facility. The IRP process is thorough and analyzes and assesses many different ways to meet forecasted demand, including conservation and renewable energy resources. Once approved in an IRP, a project is deemed prudent, and there is essentially a presumption of recovery of all reasonably incurred costs associated with the project in a future rate case. Even though IRPs cover a 20-year period, the Legislature requires electric and certain water and wastewater utilities to submit an IRP at least once every three years to the PUCN. This schedule allows utilities to address continuing changes in consumer needs, such as the necessity to build facilities to meet increasing demand for electricity or sewer and water services. However, construction predicted in a utility's IRP to be necessary many years in the future may or may not come to fruition, as the utility's IRP changes with each three-year filing due to customer demand growing or slowing. Integrated Resource Plans must go through the PUCN hearing process to determine whether the utility's plans to meet future demand are efficient, reliable, and sustainable and will be achieved at the lowest possible cost to customers. The receipt of an electric utility's IRP filing by the PUCN initiates a process that must, by Nevada law, be completed within 210 days. The law requires the PUCN to accept, deem inadequate, or modify as appropriate the plan contained in the IRP filing within that period of time, with the exception of the energy supply plan portion of the electric utilities IRP filing, which must be accepted or deemed inadequate within 135 days. Electric utility IRP proceedings are typically contested cases involving many parties to the proceeding, conducting discovery and presenting evidence at a hearing. For more information about the PUCN'S processes and procedures, I will provide a few details.

Integrated Resource Plan hearings are typically divided into phases. The energy supply plan is the subject of one of the parts of the hearing, and other issues may be heard in one or more separate phases, as necessary. The PUCN typically issues a procedural order in the IRP docket, determining which issues will be addressed in each phase of the proceeding and setting a procedural schedule for things such as testimony and discovery in the separate phases. The PUCN is not required to conduct a consumer session when an IRP application is filed but may and often does conduct consumer sessions for IRP filings. Consumer sessions offer a forum for the public to voice opinions directly to PUCN Commissioners. What I was going to say is that AB 524 from last session notably requires the electric utilities to conduct a consumer session in advance of its IRP filings. For IRP amendments, if a utility needs to change its IRP prior to the utilities required filing every three years, it may file an application with the PUCN to amend its IRP. Integrated Resources Planning amendments are typically treated as contested cases in which parties participate in discovery and evidence is presented at hearing. The PUCN must take action on IRP amendments in 165 days rather than 210 days.

I will provide a quick update regarding recent changes from the last Legislative Session to the resource planning processes for gas and electric utilities. Gas resource planning is being instituted pursuant to SB 281 from last session, and the PUCN docket where that implementation is occurring is docket number 23-07024. Most recently, we received draft language for regulations from Southwest Gas and Sierra Pacific Power Company, who work together to make that submission. Those draft regulations will be discussed at a workshop scheduled for February 7th.

For electric resource planning, which was addressed in AB 524 (2023), there will be a workshop held on February 21st to address a handful of issues, including timing and

limitations for amendments to IRPs as well as requirements for pre-filing meetings with stakeholders and consumer sessions, and is intended to increase transparency and provide for interested parties to obtain detailed information and provide meaningful input. Other IRP-related issues will be addressed in docket number 23-05013. The investigation related to examining process modeling and analytical improvements to NV Energy's IRP. Some of those topics include a two-step IRP process that has been proposed to include separating the determination of need from the resource selection and a modification to the request for proposals process, use of an independent monitor in the IRP or request for proposals process, and whether a master data request should be incorporated into the IRP.

The next type of case that I am going to discuss is the last of these major cases that I think is helpful to provide background on, is the deferred energy accounting adjustment mechanism. This is a mechanism that provides for recovery of fuel and purchase power costs. Those are the costs of the natural gas purchased for a gas utility. It is the cost of the actual natural gas that it purchases for delivery to customers for their use, as well as the interstate pipeline service used to obtain the natural gas. Natural gas utilities' fuel costs might reasonably be expected to account for a third of a customer's bill in Southern Nevada and 55 percent or so in Northern Nevada, depending on market conditions.

For electric utilities, fuel costs include the cost of coal and natural gas to generate electricity at power plants. Electric utilities also incur purchased power costs when they buy electricity in the wholesale market, including renewable energy. Electric utilities' fuel and purchase power costs could be expected to account for approximately a third of customers' bills, again depending on market conditions. Fuel and purchase power costs are passed on to ratepayers on a dollar-for-dollar basis without providing any profit to the utilities. The rates charged to retail customers consist of two components to recover those costs: the base tariff energy charge (BTER), and the deferred energy accounting adjustment (DEAA). The BTER is set to collect from ratepayers the estimated cost of fuel and purchase power. It is updated each quarter to reflect the average cost of fuel and purchase power for the previous 12 months. The DEAA rate eliminates the difference between the BTER revenues and the utility's actual costs of fuel and purchase power, so that in the end ratepayers only reimburse the utility for its actual costs. If the BTER was set too high, customers receive a credit in the DEAA. If the BTER was too low, the utility collects the difference. Both rates are updated each quarter, according to Nevada law. These quarterly rate adjustments are not subject to the requirements for notice and a hearing as other types of rate adjustments, because these costs are subject to review and adjustment in an annual filing in which they are reviewed for prudence and subject to possible disallowance. For those proceedings, on an annual basis, electric and gas utilities apply to the PUCN for a determination that their fuel and purchase power costs for the previous calendar year were prudent.

In general, electric utilities make a filing called a DEAA application, and gas utilities make a filing called an annual rate adjustment application. The PUCN examines the fuel and purchase power costs presented in these applications to determine whether utilities prudently incurred them. These applications may also include a request to set other rates, such as renewable energy program rates for electric utilities and shrinkage rates for gas utilities. Decoupling adjustments also occur for gas utilities. The receipt of a utility's application initiates a process that must, by Nevada law, be completed within 210 days. If it is not completed within that period of time, the rate adjustment request by the utility would be deemed approved in its entirety.

The PUCN is required to conduct a consumer session when an application to recover fuel and purchase power costs requests an increase of a certain amount specified in statute. Consumer sessions offer a forum for the public to voice opinions on these applications

directly to PUCN and Commissioners. The law requires that the PUCN disallow imprudently incurred costs. For example, the PUCN finds that the utility did not manage its procurement of fuel and purchase power prudently. The DEAA rate is adjusted to reflect any disallowance by the PUCN.

Finally, I will discuss additional duties that the PUCN has taken on recently, as the scope of duties does seem to increase with every legislative session and technologies change. Utility regulation continues to evolve with the development of new technologies and ambitious public policies to advance the safety and reliability of service, as well as conservation, environmental protection, and economic development. As a result, the PUCN's duties expand every year, and the issues before the Commission continue to grow in complexity. We are constantly addressing exciting, nuanced issues that affect all of Nevada's residents and visitors. As I mentioned, it is often difficult for the PUCN to arrive at outcomes that please everyone, but the people and processes at the Agency are focused on achieving evidence-based decisions that equitably balance the interests of utilities and consumers. The PUCN embraces its changing role, which now includes facilitating innovation where appropriate to advance the public interest. Increasingly, the Commission is faced with unprecedented proposals that require problem solving and thoughtful consideration of costs, benefits, and risks to advance public policy while protecting ratepayers. We are available to answer any questions.

Chair Harris:

We will start here in Las Vegas with Vice Chair Watts.

Vice Chair Watts:

Thank you for the presentation. I know that the Commission gets a lot of feedback from consumers through the consumer sessions as well as through stakeholders throughout its dockets and processes. This is a little bit of a broad question, but what are some of the things that the Commission is seeing through those proceedings and through those consumer sessions? If there are any high-level summaries of the concerns or complaints that you get or issues that are being brought up in those proceedings, I think that would be helpful for us to know.

Mr. Weir:

I will start with general consumer feedback that we see at consumer sessions. Probably the largest concern that we have heard expressed to us, and also through complaints that are received informally by our Consumer Complaint Resolution Division at the Agency, is that people are concerned about rising utility rates for electric and gas service. It is boiling down mostly to those fuel and purchase power costs that I discussed and not fully understanding the way that cost recovery occurs. With significant increases to the cost of natural gas recently, there have been adjustments that do not go through the normal proceedings for recovery of other types of costs, but that are automatic on a quarterly basis to make up the difference between what we had forecasted as the cost of fuel and purchase power and what the actual costs were, which were higher than anticipated. Those adjustments reflect the market conditions for natural gas as a commodity. Those costs are now going back down, but it is going to take a while. There is a lag. Eventually, the customers should see some relief in the BTER and DEAA component of bills.

That is the primary concern that we have heard raised by folks, and then a general concern about making sure to scrutinize utility expenditures. We concluded a general rate case in

Southern Nevada for Nevada Power Company. The Commission, in that case, heard from consumers a desire for rates to remain affordable. As far as other types of concerns that have been raised, I am sure you are aware of some of the issues that have been raised within the context of resource planning proceedings. A lot of those issues have been brought forward for a decision with the Commission within the context of rulemakings and investigations related to resource planning, but then also the contested proceedings themselves. I want to be careful to not talk about some of those issues that are pending before the Commission right now, but there are general concerns about the transparency of the process and the ways that the process could be modified to provide for more meaningful engagement from stakeholders. I will conclude with that, and I can provide additional information if necessary.

Assemblywoman Brown-May:

My question is relative to some of the things that you touched on, and I appreciate the detail. The cost of energy versus the revenue for the utility that is producing the energy—my constituents in Assembly District 42 are concerned about there being the revenue for billionaires to get richer as opposed to paying for energy for their homes and trying to feed their families. My question for the PUCN is how can our constituents be assured that the PUCN is working to mitigate the costs associated with energy here in Nevada to help them make sure their homes are sustainable?

Mr. Weir:

I think if anyone were to pay attention to the lengthy processes that the PUCN goes through to scrutinize costs, they would become more confident in the extent to which the Commission is protecting customers' interests. In addition to large customer interests that are represented explicitly by participants in the process, we do have residential customer interests represented specifically by the Bureau of Consumer Protection (BCP) for the State housed in the Office of the Attorney General. To give an example, in the most recent rate case that I have mentioned in Southern Nevada, you are talking about a request for the utility to recover—again, it is prudently incurred costs at some point, the utilities have to recover. They are by law required to be able to recover their prudently incurred costs of providing service. It costs money, and sometimes those costs increase, to provide utility service, and the utility is entitled to recovering it. The job of the Commission is to make sure that there is not excessive recovery. To give some context, in Southern Nevada, for NV Energy's most recent rate case, there was a request that came into the Commission for \$90-plus million of additional revenues. Ultimately, the Commission only approved in the \$30 to \$35 million range of additional costs. That is a significant adjustment, and that reflects the process that scrutinized the request and ultimately was looking out for the interests of customers but also balancing the interests of the utility. Something that sometimes people do not recognize is that the PUCN has a statutory duty to balance those interests of the ratepayers and the shareholders of the utility.

Assemblywoman Brown-May:

I appreciate having that information on the record. I would also follow up with one quick question. What can we, as legislators, do to help alleviate some of the burden on our constituents?

Mr. Weir:

I think when there are policy proposals that come before you during the next legislative session, be mindful of the potential cost implications of policies. There are sometimes costs

associated with policies, and if it is something that departs from the normal course of vetting that occurs in these processes that I have discussed that the Commission has for vetting costs, look at those with heightened scrutiny because it may be the type of thing that imposes additional costs on customers of the electric utility or gas utility or whichever kind of utility the policy is associated with.

Chair Harris:

Do we have any questions in Carson City or online?

[There were none.]

We will thank Mr. Weir and Ms. Mullen for their presentation and move on to our next agenda item, which is an overview of NV Energy, including updates on programs and plans.

AGENDA ITEM V—OVERVIEW OF NV ENERGY, INCLUDING UPDATES ON PROGRAMS AND PLANS

Chair Harris:

We have Mr. Ryan Bellows, Ms. Janet Wells, and Mr. Ryan Atkins from NV Energy here in Las Vegas. Welcome. Please go ahead and begin whenever you are ready.

Ryan Bellows, Vice President, Government and External Relations, NV Energy:

Chair Harris, Vice Chair Watts, and Members of the Committee, we are grateful for the opportunity to present here before the Joint Interim Standing Committee on Growth and Infrastructure. I have here with me today two of my colleagues: Janet Wells, who is our Vice President of Regulatory, and next to her is Ryan Atkins, our Vice President of Resource Optimization. I will start by saying over the last few legislative sessions, both the Senate and Assembly Growth and Infrastructure Committees have done a great job driving Nevada's clean energy economy and adopting policies that have made an impact for Nevadans. It is a great Committee and an honor to be here today. We are going to highlight many of the programs that have come out of these recent policies that have been adopted and come through this Committee, and also the role that NV Energy has played in carrying out a lot of these pieces of legislation.

I will briefly cover the company overview (Agenda Item V). NV Energy has the honor and privilege of providing electric service to over 90 percent of the State's population. We also provide gas service to customers in the Reno/Sparks area. We have almost 2,500 employees statewide. Over half of those are represented by IBEW Local 1245 in Northern Nevada and IBEW Local 396 in Southern Nevada. We are grateful for IBEW's partnership with us. We have been in business for a long time.

I will not take a deep dive into how we generate, transmit, and distribute electricity, but I wanted to dive into some of the policies that have come out of this Committee, starting with the RPS. Even before that RPS was adopted back in 1987, NV Energy signed its first renewable contract, a geothermal contract. We have long recognized the importance of renewable energy, and that RPS, which was last modified in 2019, requires NV Energy to provide 50 percent renewable energy by the year 2030. The last full year that data has been tracked was 2022, and we are pleased to report that we are at 36.7 percent, which is far above what was required for that year, which was 29 percent. We are well on our way to achieving that 50 percent by 2030, and making progress towards the carbon reduction goals

that were set in that same bill, which are to be achieved by 2050. Our current portfolio of renewable projects is 57 large-scale projects throughout the State, various resource types. We are always looking to expand that portfolio and grow that.

At this point, I will turn the presentation over to Janet Wells. Janet is going to cover NV Energy's rate history, and then she will turn the presentation over to Ryan Atkins, who will provide us with updates on the western energy market, NV Energy's forecasts and loads, and the efforts that we have taken to pursue a regional market. When he concludes, I will cover a few additional programs that have come out of recent legislation. I will turn it over to Janet.

Janet Wells, Vice President, Regulatory, NV Energy:

Good morning, Chair Harris, Vice Chair Watts, and Members of the Committee. I appreciate the opportunity to be with you today. I wanted to talk generally about rates. Even hearing from you this morning, I do understand that the discussion of rates can be something that is challenging to explain to all of our customers. I have a graph in front of you. I find pictures really are worth a thousand words, and I wanted to walk through this picture of a history of our rates. What is represented here is something that we call an effective rate. You heard Mr. Weir talk about the different components of a bill that an NV Energy customer may see. But, at the end of the day, what our customers are experiencing is the total amount of their bill. This graph shows you that if you looked at a total amount of a customer's bill, and you divided it by how much energy they use, this is effectively the rate that they are paying per kilowatt hour. When you look at the last little over a decade that is represented on the graph here, you see variation. I am going to point back to Mr. Weir's presentation as well because he discussed the different components of rates—what we call base rates—which deal more with the investment into infrastructure of the utility and the generating of resources that provide the energy. Those are largely our general operations costs. Those are the base rates. On top of that are fuel rates—fuel and purchase power—that Mr. Weir talked about earlier. You put those two rates together as well as a few small adders on top that are more the public program costs, and essentially you get to a total rate, or an effective rate. When you look at the variation on this chart and how it has changed over time, I do need to first clarify that we have taken into account the fact that there is inflation. It is important to understand that a dollar for a customer has a different value at different times in history versus today. This has taken into account inflation. Over this time period until around 2022, both Nevada Power and Sierra Pacific had no change to their base rates, those rates that are addressing investments made and operations costs. Where this variation came from over the past decade or so was the fuel rates, both fuel and purchase power. That decade or so of no change to base rates, and at times actually declines in base rates, are reflected here. You are going to see in 2023 there is quite a peak, and that was what all of our customers have experienced in the last year. That was driven by increases in fuel costs as well as purchase power, so that market energy that we need to buy, particularly over the summer when the NV Energy-owned generation assets do not provide enough power for us to serve our customers. You are also going to see on the graph that there is a decline showing in 2024. Obviously, that is a forecast, and that is a forecast that—

Chair Harris:

Can I pause here. We have a whole section where we are going to discuss rising energy costs, and we can take all the time we want on this slide. I think we might want to get through other topics related to the company here, and then we can take as deep of a dive

on what is causing the increase in the rates, how rates are calculated, all of that, under Agenda Item VII. I hope that does not throw you all off too much.

Ms. Wells:

No, not at all. I am happy to discuss it when it works best for all of you.

Ryan Atkins, Vice President, Resource Optimization:

My goal this morning is to talk about resource adequacy and our planning and to do so in a way that is easy to digest, because it can be a complex topic and difficult to grasp some of the things that we are dealing with as a company. Resource adequacy—I am sure you have heard the term or seen the term in our recent filings. What is it? It is as simple as having enough energy supply to meet the demands of the electric system at any given time. We have been talking about this more in recent years, and this has become more of a challenge, not only for the State of Nevada, but for the entire western region over the past four summers, especially. There was a real exclamation point on that in August of 2020, when California experienced rolling blackouts throughout the State, and we, in Nevada, came very close to experiencing those same conditions. I will provide background on how the West got to this place. Over the past decade, there has been approximately 18,000 megawatts of retirements of coal and natural gas power plants. From a sustainability perspective, to meet sustainability goals, that is a good thing, but those are firm, dispatchable resources. Those are resources that can be moved up and down and turned on and off when they are needed. Most of that capacity has been replaced with what we call variable energy resources, namely solar and wind. As you are aware, solar produces when the sun is up, and wind only produces when the wind is blowing. Again, while that has been a major step forward for sustainability goals, it has introduced a level of new challenges related to reliability to the western power grid.

In addition to those resource retirements, there has been rapidly growing load—new demand on the system—economic growth in the West, electrification, things like electric heating in homes, electric vehicles, and a lot of new types of customers, like data centers, who use a lot of energy. Plus, we have seen extreme conditions, record-level temperatures, record-level wildfires throughout the West, and extreme drought. All of these conditions have been growing over the past decade, and that is what we have been seeing in the last several summers as far as resource adequacy concerns. That is some of the background on how the West has gotten here.

To highlight the loads that we have been seeing in Nevada. All our top-ten highest load hours have occurred since 2021, and four of those occurred in July of 2023. We are seeing this higher demand here and now. To meet those critical peak hours in the summer, NV Energy has historically and still does rely on market purchases from other states and other utilities to supply our needs. We could buy energy from Arizona, or Washington, or British Columbia, wherever it may be. That energy will flow down large transmission lines and ultimately arrive for the State of Nevada. Because of these resource adequacy challenges, that energy has become less available, more expensive, and less reliable. We have seen the last four summers during those critical hours, large curtailments of that energy. That means that the suppliers we purchased from no longer had the supply, no longer had the availability on transmission lines to flow that to Nevada, whatever it may be. That energy is not showing up at the same rate into Nevada. There are real challenges associated with relying on other states and other utilities to serve our critical summer peak needs. To try to mitigate those risks that are occurring, we will be filing a triennial integrated resource plan by June 1st of this year. In that filing, we will be working to highlight some of this rapid load

growth that we are seeing. You can look around Las Vegas, look around Reno, look all over the State, [and see] there is rapid growth occurring. But, as I mentioned, one of the new major potential industries that is looking to the State is the data center industry. It is a potentially very large opportunity if they can come to Nevada, and the energy infrastructure can be in place to serve their needs. That will be highlighted in this upcoming filing. We also need to ensure that we are going to meet the State's sustainability goals, most notably, the RPS requirement that was previously referenced. That requirement is currently set at 34 percent, but will be rising to 42 percent in 2027 and 50 percent in 2030. As a part of this filing, we are going to have to identify a diverse mix of resources that can provide the reliability that we need to serve our customers in the summer, but also ensure that we are meeting the sustainability goals that the State has set forth. That is going to be a combination, and I do not have specific projects to give you, but we are evaluating all technologies, like solar, batteries, geothermal, and wind. We are looking at all these options, so we can put forth the best portfolio that is going to be reliable, affordable, and sustainable for our customers.

Looking beyond that filing, we are also looking at the development and participation in future energy markets. As a part of SB 448 that was passed in 2021, NV Energy is required to join a regional transmission organization (RTO) by 2030. There are provisions that can be waived or delayed if that market is not available or if there are other conditions that arise, but I thought it would be helpful to briefly give an explanation of what an RTO is and why the State is looking at that. The West is very unique from an electric grid perspective. Outside of California, every utility is planning for themselves. NV Energy plans for our customers; Idaho Power plans for Idaho's customers; and so on. In an organized market like an RTO, there is a centralized operator that pools a large regional footprint and does the planning, looks at what transmission is needed, and does the dispatch of all the resources for this broader footprint, so everybody can be pooled together, and there are going to be sufficient resources for the entire region. What has happened in the West is every state, such as Nevada, has said, "We are going to plan for our customers. If something arises like record temperatures, for example, we will just rely on the market and go buy some energy from somewhere else." The problem is when everybody does that, and you have a prolonged record-breaking heat wave across a large region, all of a sudden, there is nothing left because everybody assumed their neighbor was going to be able to help out. Those are some of the benefits of looking to join a broader market and pool resources across a larger footprint. We are continuing to look at the actions that would be needed to join an RTO in the future. In the interim, the West has focused on more incremental steps to get there. There are two markets that the companies are currently participating in and helping to design. One is focused purely on reliability. That is called the Western Resource Adequacy program. This is actually a huge step forward for the West. Nearly every major entity outside of California is participating, and has agreed to a new standardized metric that everyone must meet for the amount of resources to participate in this program. If you do not do that, there can be significant financial penalties levied to the utility that does not have sufficient resources. This is, in theory, going to be a huge boost. We are going to start participating in the binding phase in the winter of 2027. The hope is that this is going to increase reliability for the entire western region.

In conjunction, we are also looking at joining a day-ahead market. This is more focused on the optimization of our assets. We are currently in what is called the Western Energy Imbalance Market that is operated by the California Independent System Operator (ISO); that is an hourly market. Every hour, we can allow this market operator to move our resources up and down based on different price thresholds. If we want to sell a megawatt of energy at a certain price, we submit that signal, and the market will do that if those signals are met. This would be extending that concept to a longer timeframe, which should

introduce more economic benefits for our customers. We will be working on the economic market and the reliability market all while having an eye towards the future RTO. With that, I will hand it back to Mr. Ryan Bellows.

Mr. Bellows:

I want to highlight additional policies Mr. Atkins talked about, like SB 448, and the commitment to join an RTO. Another big component of that bill was the Greenlink Nevada Transmission Initiative that we are in the process of designing and eventually building. This Greenlink is going to be the key to being able to bring on these additional renewable resources that Mr. Atkins described. Along the dotted lines on the west side of the State is Greenlink West, which is in the engineering phase right now. There are colored ovals and shapes along the lines of those dotted transmission lines that are going to be constructed. Those colored shapes represent areas that have been designated as resource rich for renewable energy projects, whether that is a solar project, or a geothermal project, or a wind project. Right now, it is not economically viable or feasible for those projects to be built and to come online because they do not have transmission to tie into. This is going to step up Nevada's efforts to be a leader in clean energy as these transmission lines are built. It is going to allow access for these resources to be built. It is going to generate a lot of economic activity for the State. The projection is up to approximately \$700 million in economic activity and a lot of resource and tax revenue for the counties that lie along the lines there. These lines will create 4,000 high-paying jobs and are necessary for us to be able to import and export the energy that is needed to serve customers.

The next slide is the schedule. What you need to know now is that we are in the engineering and review phases for both of these lines, Greenlink West is going to be first, and the Bureau of Land Management (BLM) has been the agency leading the charge on reviewing the environmental impact statements. We expect a record of decision from the BLM by June of this year on Greenlink West and hope to have a notice to proceed in hand by the end of the year, so we can begin construction on that line at the beginning of 2025. Greenlink North will then follow suit after Greenlink West, with a record of decision by September of this year with a notice to proceed in February 2025. The in-service dates for those two lines are Greenlink West by May 2027 and Greenlink North by December 2028. We are looking forward to having those lines in place. I will mention one last thing on Greenlink. In addition to allowing us to bring on more renewable resources, it also provides critical redundancy efforts and security for the grid. It is going to be a great project.

Following the theme of legislation that came out of this Committee is a 2019 bill, AB 465, which created Nevada's expanded solar access program. The driving component of that is the community-based solar resources that come with that. To date, we have constructed and completed three of those projects: Mojave High School, Freedom Park in Las Vegas, and the Moana Springs Center, a swim center facility in Reno. These projects have been built with worksite agreements with the IBEW. They have also been built in conjunction with certified workers from Nevada's Department of Employment, Training and Rehabilitation. It has been a great program; one that we have seen take off. We hope to bring on more projects soon. One of the difficulties in bringing more on at a quicker pace is that it needs to be processed with a city, county, or governmental entity, typically to drive the program. A lot of times that entails a lot of review, permitting, lease permits, and contracts that go before city councils and commissions for approvals. We are certainly hoping to move quicker and bring more projects on.

The next slide is to show the three categories of customers who are eligible to obtain the benefits of those community solar-based resources. The first bucket is the low-income

eligible customers, who receive a discounted guaranteed lower rate from taking the energy off of those projects. The other bucket is a disadvantaged business or nonprofit organizations who have applied to take service from those resources. Last is an eligible premise customer. This would be a customer who is unable to provide or place solar resources on where they live. It could be a lease or rent option or a customer who is leasing or renting a place. I am happy to report that each year, our applications have gone up. We are trending upward on that and getting the word out on this project and continuing to increase the enrollment in all three categories, and we are looking to continue that trend as we go forward.

Another bill that came out of the 2019 Session was SB 329. We heard comments about this from the PUCN. This is our natural disaster protection plan. What the bill did was required the utility to file a plan with the PUCN. It is on a three-year basis. The first plan was filed covering 2021, 2022, and 2023 to supercharge our efforts to go after those high-wildfire areas to provide mitigation efforts, and not only wildfire, but to plan for monsoons and other types of natural disasters that could impact our infrastructure. In that first three-year plan that we submitted and have now completed, we are able to put in and address various things. We put in 65 weather stations and 11 wildfire alert cameras, which are accessible to the public and used by other agencies in the State. We stepped up our vegetation management efforts, clearing over 2,000 miles near our infrastructure and over 70,000 unhealthy trees have now been addressed. We stepped up the inspections and patrols in those tier-three, high-wildfire areas and also embarked on several system hardening projects, whether that is removing copper wire or putting in covered conductor. Even underground, we have embarked on all forms of system hardening. We sought approval and have obtained that approval for the next triennial plan, which covers 2024, 2025, and 2026. That has been a great program and a success for us.

The last thing we will address is the federal grants that are available to NV Energy. We know that there are a lot of grants available through the Infrastructure Investment and Jobs Act and also tax credits available through the Inflation Reduction Act. We know that we want to aggressively pursue every single dollar that we can through these federal grant opportunities because we know that every dollar that we obtain there is a dollar saved for our customers. We have had success on a smaller scale, obtaining a \$2 million award to advance our technology around transmission capacity. We partnered with Washoe County and the town of Gerlach, and it looks small, it is a \$100,000 grant, but that is just phase one. In phase two, we have the opportunity to compete for tens of millions of dollars to come up with a creative solution to make the town of Gerlach carbon-free and carbon-zero. It is a neat program that we have partnered with the County on and several other supporting partners. As we have looked at these opportunities and as we have applied for some, we know that these agencies want to see a lot of collaborative efforts amongst regional agencies. We have tried to, in our recent applications, step up our game with our contact and collaboration, whether that be with Nevada's Department of Transportation (NDOT), or with the Governor's Office of Energy, or Nevada Clean Energy Fund. We have been co-applicants or supporters on some of their applications that could bring significant funding to the State. I will highlight one, which is our partnership with the Nevada Clean Energy Fund, who is the lead applicant on potential grant of \$250 million under a solar-for-all low-income program. That is something that we look forward to. We are also a key partner on the award of almost \$8 million from the Environmental Protection Agency (EPA) on an electric school bus grant. We are diligently reviewing and reporting out progress to the PUCN on the ones we are going after, and we are still awaiting some guidance from the State. There are block grants that are designated for the State, and those are guaranteed grants to the tune of about \$10 million for 2023 and 2024, which we will apply for and hope to receive funding under that as well that will go to strengthen our grid. We are going to

continue to work with stakeholders on all those federal funds. With that, we will end our formal presentation. I am happy to answer any questions that the Committee may have.

Chair Harris:

We have a few questions from Committee members. We will start with Vice Chair Watts.

Vice Chair Watts:

I have a couple of questions. First, I wanted to ask about the upcoming IRP that you mentioned. As you know, we had some legislation, and there were comments earlier around stakeholder and ratepayer participation in that process. Can you give an update on what the stakeholder engagement and customer outreach process to get feedback and participate in the upcoming IRP is going to be?

Mr. Atkins:

We held a consumer session earlier this month that was focused on the IRP planning process. That requirement came out of AB 524 (2023). We will be holding a stakeholder briefing at the end of this month, I believe, which is standard for all of our IRPs where stakeholders can ask more specific questions about the plan and where we stand in that process. Beyond that, we are still working to understand how to better incorporate stakeholder feedback in the future. Obviously, IRP planning starts very far in advance. This can be a 9- to 12-month process. Some of the new AB 524 (2023) rules that are coming out have come late in the process for this specific IRP. Commissioner Cordova mentioned that in the workshop back in November. Certainly, we are trying to incorporate as much of that as possible as soon as possible.

Vice Chair Watts:

As you conduct the next stakeholder engagement session this month, gathering any feedback from stakeholders about how they can continue to be involved leading up to the submission, take that feedback into consideration. I noted on the slide that it says that the next IRP will be primarily renewable resources. Again, we heard about the impacts that customers have seen to their rates over the last year or two, primarily from the rise in gas prices. Is there going to be additional gas generation brought forward in the next IRP?

Mr. Atkins:

I think at this time, it is too early to say. We are still evaluating through our model all potential projects. We will collect the pool of available projects that can be brought online that we have confidence in, and then we will input our RPS requirements, our capacity needs, and determine what the most balanced approach is with all of those projects. At this point, we do not have that exact mix determined yet. I think it is too early to give a concrete answer to that.

Vice Chair Watts:

As you figure that out and when things get to that point, I know you do provide an overview. If you can provide that high-level overview to the Committee once that is ready, I think that would be useful to us. Along that line, you mentioned the very high load that we are seeing, especially with the increasing heat and things. Is the IRP going to include new strategies to try and shave or shift that load, so that we do not see that degree of burden on our grid during those peak usage days?

Mr. Atkins:

We will have a full demand side management component of that filing focused on demand response programs, growing our existing programs, implementing new ones, and energy efficiency measures. That will be a large component of that filing.

Vice Chair Watts:

Changing gears, you mentioned federal funding. I appreciate the updates on all of that, including solar-for-all. I think one of the key things for that is, as you mentioned, making sure that we get access to the benefits of clean energy to all customers. I appreciate the information on the expanded solar access program, which I am very familiar with. It was passed in my first session in the Legislature. I appreciate a lot of the progress that has been made, particularly with low-income customers. While I see that there has been growth in some of those other categories, when you look at the growth trajectory and where those programs are at, the current pace that we are looking at, it could be over a decade before we get that capacity subscribed. We are lagging behind in Northern Nevada for customers across all those categories. We have a very low percentage of the set aside capacity for the disadvantaged businesses, nonprofits, and the eligible premises. I think there was something like ten projects; I forget the exact number of projects that were originally discussed and envisioned. We have those three that you mentioned deployed. At a high level, what is the plan to get that program moving forward so that we are not looking at—I do not think the Legislature envisioned that as something that was going to take over a decade to reach its potential. What is the status of additional community-based resources? Because again, frankly, I do not think the Legislature envisioned us having three projects for the community-based resources. If you can, please tell us what your vision is for that program moving forward.

Mr. Bellows:

To your point, we have three projects completed, which is the minimal requirement statutorily. Certainly, we want to be in a higher spot. I think it has proven difficult for us to recruit, frankly, a lot of these government partners who want to have those projects on site and deal with and process all the things that go along with that, as far as easements and construction and all of that. It has proven more difficult than we originally thought. The other impediment has been a lot of the structures that have been planned are typically parking structures, which tend to be expensive to build. To really drive the benefits and the cost benefits, we think the key to both accelerating the projects and making them even more affordable is federal funding. We are trying to supercharge our efforts to target any of the applications that are available to earmark that funding specifically for this program.

Vice Chair Watts:

I appreciate that, and I look forward to continuing those conversations to figure out how we can accelerate the deployment of these projects and get those community-based resources in all of our communities so that folks can see them and get the benefits to the customers that were envisioned under the original bill under the guidelines of the solar-for-all program. I know workforce development was part of that too. We want to get those projects on the ground so that we can create those workforce opportunities across all of our different communities.

Assemblyman Carter:

I also have a couple of questions. My first concern is that I am hearing a lot from my constituents. We have all heard about how the fuel-based rising rates of the purchase of natural gas and purchase of power on the wholesale market from other areas in the country, especially in July. Like we saw, that is what is driving the rates up. And then, my constituents see a shift from proposed renewable energy projects that have a stable rate based in them that do not fluctuate a lot, to all of a sudden, now we see two gas plants being proposed and approved and a refit of a legacy plant to move it to natural gas. This seems counterproductive. What forces are driving this shift towards legacy natural gas instead of fostering the move to renewable energy projects?

Mr. Atkins:

I think there are multiple factors at play. The first gas plant that you referenced; those were some peaking units at our Silver Hawk location that were approved in our fourth amendment to our 2021 IRP. I would note in that filing, we did also propose a battery system that was denied by the Commission. We were trying to put forth additional resources that would help the system. The driving force is reliability. We have had more than 1,200 megawatts of renewable projects that have been canceled over the past one to two years. Those are from third-party developers that, for a number of reasons, like if they could not get panels, could not get materials for batteries, could not get the land, or simply because of inflationary impacts, it no longer was an economic project for them, and they walked away. We have had a large amount. To put that on scale, our peak load in July is in that low 8,000 number. Over 1,200 megawatts of canceled projects that we had approved and were moving forward with has been a huge driving factor for the need of additional natural gas resources. The second gas plant that you referenced, the refuel, I would say, is the Valmy location in Northern Nevada. It is the company's final coal plant. We are committed to getting out of coal by the end of 2025, which is well ahead of a lot of states around us. The refuel to natural gas was by far the cheapest option for customers. In that same filing, we put forth a 400-megawatt solar and 400-megawatt battery project along with that to try to bring forth a balanced approach of renewables and reliability and low cost for customers. It is a number of factors. The upcoming filing will be the majority of resources—I cannot give an exact number—will be renewable based.

Assemblyman Carter:

What I heard there is that we have an issue with investors/developers backing out of projects that they are already contracted for. Has it been explored to be able to take that variable out of the mix, to where we can—if we have three projects like you explained that we are counting on—make it more certain that those projects get built rather than, at the whim of a developer, canceled?

Mr. Atkins:

As a part of our fifth amendment to our 2021 IRP that included the refuel of the Valmy coal plant and that solar and battery resource that I referenced—it is proposed to be a company-owned project. The company would lead the development of that project to take more control, and in our mind, bring more certainty to the completion of that resource.

Assemblyman Carter:

Dropping down to what my colleague, Assemblyman Watts, brought up in talking about community solar—I was involved in the regulations on that, and the vision that I had

interpreted was to try to address the inequity of the net metering program that tends to shift towards more affluent customers at the expense of my community in a lower socioeconomic area, either not being able to afford to put rooftop solar in or reduce the potential of exploitation that we have seen rampantly, and that the Legislature has addressed, by unregulated utilities coming in and falsely selling my constituents' power purchase agreements and rooftop leases. What efforts are being made to potentially bring the same stability and reliability we were talking about to leverage these rooftops and residential properties in a way that does not exploit my constituents and also does not tilt as regressive in shifting higher rates to lower socioeconomic areas to compensate for projects being put in more affluent areas?

Mr. Bellows:

As you mentioned, back in 2019, other states took on different community solar models. Some were more like the net metering approach you described. That is why we were happy to support AB 465 and the way that Nevada decided to implement that method. We think expanding that is part of the solution. We think that solar-for-all program could be a way to provide funding, and models that are different than the current net metering structure could provide that access to folks.

Assemblywoman Brown-May:

I have a couple of questions related to Greenlink and the progress that you have made there. Can you speak to the current scheduling? Are we in alignment with what was in the original bill that was passed? I believe it was SB 448 in the 2021 Session. What are the costs associated if we are not currently on time track, or even if we are? Are there changing costs associated with the construction of that project?

Ms. Wells:

The current schedule is delayed by five months. There are a lot of challenges to permitting transmission. It is largely due to that, and we did provide an update of that schedule in the recently filed IRP, the fifth amendment to that. There has been some upward pressure on the costs as well. When you think of when the project was originally proposed, it was pre-COVID and pre-inflationary pressure prices that fed the estimate. An update was provided to the Commission through the IRP process of the current status of that project, and we continue to and will plan to do that as well in the filing that is completed in June.

Assemblywoman Brown-May:

Just for clarity, do you have an estimate that you are able to state today? What are the cost overruns? And then, secondarily, besides inflation, what is the driving force? Is it cost of materials? Is it delivery of materials? Is it labor? What is the driver of the increased cost?

Ms. Wells:

This is from my memory, so I may need to correct it. Close to \$500 million is what was provided in the filing, so that is publicly available. All the measures that you explained were part of the updates to cost, so supplies, materials, labor; all of it is contributing to the increases in costs.

Assemblywoman Brown-May:

Do we anticipate we are going to remain at five months delayed, or do we see a growing delay associated with whatever economic condition exists?

Ms. Wells:

That is a great question. As we move further in the process, the team focuses on securing the parts of the project that can be secured. As we get further along, the confidence grows. I would say the team is confident today of that five-month delay, but we will continue to provide updates to the Commission through the formal filings to make sure that, as we learn of things and see anything we want to notify, we provide that.

Senator Daly:

I had a couple of questions regarding the RTO and for edification on my part, how is that going to work? We have touched on various states having different processes on the rooftop solar and renewable portfolios, et cetera. Does each state or each area have a similar PUCN review process? Maybe, maybe not. Are they all the same and as robust as the stuff we have in Nevada? How would that work? I know it is all about availability or adequacy of the supply. It seems to me that we should try, regardless of what method you go forward with. We have a renewable portfolio goal. We are trying to get to that. We should try to be as independent as possible, so we do not have to go to that secondary market to purchase power, but I understand we want to have it available. It is necessary. It seems to me, if you did not have some of the safeguards in place, or you had a PUCN that is more willing, and businesses being in business to make money—if I was in a state where I had different dynamics, a lower portfolio standard, and I could get the public utilities commission to approve infrastructure and reimbursements, so I could be the go-to state to provide that extra power and maybe save prices for their customers and shift that on to us, and do that through cheaper production. Maybe they have renewable or hydro, but maybe they are using coal or even natural gas. How does that really work? Where are the safeguards to make sure that you are following the portfolio standard as much as you can, and those other states are at least fairly parallel with the programs we expect from power companies that sell power in the State, and then protecting our consumers?

Mr. Atkins:

There were a lot of questions in there. I will try to address what I can and then go back for any follow up.

Senator Daly:

Do the best you can. I understand there were a lot. I was trying to explain my concerns on that. Do the best you can to address as much of it as possible.

Mr. Atkins:

Absolutely. Later in your statement, you mentioned your thoughts on our State becoming independent and not needing to rely on other states or a broader market. I certainly agree. Our company agrees. That is what we are pursuing. That is why we are trying to bring forth additional generating assets. That way, we can be independent from an energy perspective. That is something that the companies are working towards.

Regarding the RTO question, to give some comparison of where other states stand on different approvals or mandates—Nevada is a bit unique in having a mandate to join an RTO. Colorado also does, but I believe at this time, we are the only two states. There is ample discussion throughout the West of different states and what their future policies would be. I think the concerns for some utilities are ultimately giving up more control. Some utilities, some states, are not as in favor of joining an RTO, but certainly, there is the benefit of renewable integration as more and more states put in place more aggressive RPS requirements. Again, the reliability component is absolutely huge. To give an example, I think you brought up PUCN approval for some of this. For the day-ahead market decision, I will give that because that is the next decision in line. Again, we are unique that we are expected to produce a filing and seek approval from the PUCN for whatever day-ahead market that we will join. I am not aware of any other state that the utility is required to do that. They will simply present an informational filing, host public workshops, and gather feedback, as we are going to do, but they are not required to receive PUCN approval on that. I think there are a lot of protections in place in the State of Nevada. Is there anything I did not hit on or any follow up from you?

Senator Daly:

Yes. Some of what you said is that the requirement is unique to us and Colorado. If I remember the map, only half of Colorado was in your potential organization. Obviously, we have a goal to do that by 2030. There could be extensions I see on some of the material that is here. I was curious on what you have to go through in order to do this. If we were in this RTO, it sounds like Nevada might be at a disadvantage to some other states because you have to go through additional processes and various things to make those purchases. I was curious how that is going to work. You mentioned one thing, and I left that out of my question, which is, who is going to be the top dog in this organization? What is the hierarchy? Everybody is going to have competing concerns. Are there other RTOs in the country? How have they worked? How have they been structured? I think independence for Nevada is the key, so we do not have to go to that secondary market. If nobody else wants to join one, then I do not know how we can.

Mr. Atkins:

Those are all good questions. The discussions are still in their infancy. I think bringing it back to the day-ahead market discussion is relevant. To your point of asking who the top dog is and how that will work, for our day-ahead market decision, we are working with the California ISO and the Southwest Power Pool, so we are looking both directions, geographically east and west, at different options to run the market. What does that design look like? What does the governance look like to ensure that Nevada has a fair say in the rules that are implemented? A lot of the same work that is going into these day-ahead markets, this design, will have to go into an ultimate RTO decision. The vast majority of other entities in the West are only interested in that day-ahead market decision now, and that is where the focus is lying—to get that decision made to get that designed correctly—and then working with other entities to build the support for a broader RTO footprint, and then focusing in on what that is going to look like.

Senator Daly:

I do not have any other questions on that. I wanted to try to start to understand where we are at. Forge ahead on independence for Nevada.

Chair Harris:

Do we have any questions from our Members online? I am not seeing any. We will go ahead and move to Southwest Gas, and we will invite you back up after Southwest Gas. We will have both utilities discuss utility rate increases.

AGENDA ITEM VI—OVERVIEW OF SOUTHWEST GAS, INCLUDING UPDATES ON PROGRAMS AND PLANS

Chair Harris:

Let us move on to an overview of Southwest Gas, including updates on programs and plans. We have Mr. Scott Leedom and Mr. Christopher Brown from Southwest Gas. Go ahead and begin your presentation whenever you are ready.

Scott Leedom, Director, Public Affairs, Southwest Gas:

Good morning, Chair Harris, Vice Chair Watts, and Members of the Committee, with me is Mr. Chris Brown, Director of Regulatory for Southwest Gas. We appreciate the opportunity to be here with you this morning. We will provide an overview of the regulatory issues and how we are regulated as a utility (Agenda Item VI). We have information on gas costs and bills, but we will skip over those and provide those at the next agenda item. I have updates on projects that we are working on and proactive steps we are taking with our customers on high bills and rising energy costs. We will go over a few of those today. We will end with a brief discussion on legislative policy that was passed at the end of last session. With that, I will turn it over to Mr. Brown.

Christopher Brown, Director, Regulatory, Southwest Gas:

In light of Mr. Weir's discussion on various items and the overview he had provided, I can go through many of the items quickly. I appreciate the opportunity to speak today. Also, in light of Chair Harris's recommendation, as Scott mentioned, we will be moving some of that material to the next agenda item. With that, Scott, would you like to start out with an overview of the company?

Mr. Leedom:

Southwest Gas is a natural gas LDC (a local distribution company). We are unlike NV Energy. We are not a vertically integrated company that owns production and transmission. We simply purchase gas on the open market, and we deliver it to our customers. We have a little over 2 million customers across our three-state service territory and about 800,000 customers here in Nevada. We serve all the areas in the State that have natural gas service other than Reno and Sparks, which you have heard is served by Sierra Pacific up North. We serve all of Clark County, and then we serve all along the I-80 Corridor from Carson City on the west side of the State, all the way to Elko on the east side of the State. We are focused in on providing our customers the best possible service.

Mr. Brown:

I will highlight the things that our Company focuses on and the items that we have been able to accomplish. In terms of recognition—notwithstanding the recent gas costs and bill-related items—we have received very good satisfaction ratings from our customers. Obviously, one of the things that Scott mentioned, and we continuously discuss, is our focus on safety. In terms of safety and different things we are doing from a pipeline safety

perspective, as many of you may be aware, there was a recent initiative here in Nevada to do an annual leak survey, which was supported by our Company and the PUCN regulatory staff. We did implement that and had a successful first year in which we are able to accomplish that. In turn, you can see some of the information here with respect to responding of call times as well as replacement of early vintage plastic pipe.

I think from a rate-making perspective, we can talk a lot about this from the high bill discussion. I believe Mr. Weir did talk quite a bit about this, but from a regulated utility perspective. Initially, in order for us to offer service, we would seek to get exclusive access so that we could provide that service to people. Through that, we would then have the obligation to serve customers within that service territory, through which we would ultimately be approved to provide service for. In the event we get a customer who is outside that service territory, if we were to pursue that, then ultimately, we would have to make a filing through an application and seek to expand that service territory. As previously discussed by Mr. Weir and Ms. Mullen in terms of the regulatory construct and basic framework, utilities have to file applications to make adjustments to our rates, including profits and things of that nature through the various types of filings, which I will get briefly into. As far as any reasonable profit, we are allowed but not guaranteed. From that perspective, I will talk about the different filings that these different areas are more subject of.

The first category in terms of cost recovery categories and filings, I think many of us have already heard this morning with respect to gas costs. We will save that one, but that is filed quarterly, and we can get into the details of that for Agenda Item VII. With respect to surcharges, these are updated on an annual basis through our annual rate application. Through that, what you are attempting to do is align revenues with previously authorized programs, whether it be conservation, energy efficiency rates, decoupling rates, or things of that nature. That can go up and that can go down depending on the nature of how the revenues are aligning with those programs. Southwest Gas recently filed its 2023 annual rate adjustment (ARA) in the middle of November, and we are looking to decrease rates for this upcoming year. Those rates would take effect in July of 2024.

Lastly, cost of service—we discussed the general rate case proceeding, but I will give a high-level overview of the application process as well. We can leave this slide as well as the next slide for the discussion on the high bills because when it comes to the overall side of the bill increases, it is primarily driven by gas costs. I think we have heard that throughout the morning, so I can say that. To highlight the ARA application, I mentioned the various items that we are seeking approval to adjust in terms of rates. Essentially, it is to align those previously approved programs with revenues. In addition to that, we are also making adjustments, if needed, to the infrastructure expansion rates. I can talk about the two projects that we have already approved and pursued.

In terms of the cost of service, this is more of the information that Mr. Weir had discussed earlier. I do not think I need to get too into the weeds on this, but again, through a general rate case process, we would be filing and seeking authority to change our cost of service or base rates. There are primarily four categories or elements of those filings, whether it be the cost of capital—that is, looking to see what we would be authorized to receive in terms of our return on debt; equity depreciation, which relates to the assets and what life are we looking at in terms of what we are looking to recover for the cost of those assets over a specific life; the revenue requirement, which is the amount that is necessary to cover the utility's costs and operate the utility in a safe and efficient manner; and then the cost of service and rate design and what you are doing there. As previously discussed, it is how those costs are ultimately allocated to the various rate categories or rate schedules.

At the bottom, it does provide an overview of the process. As Mr. Weir mentioned, it is a 210-day application process. There is an extensive process for discovery through data requests and information we provide to the various interveners, including PUCN staff as well as the BCP, and then there is the public hearing process where there is the ability for various people from the public to voice their concerns.

Decoupling—I think I can speak to this one more from the rate-making side when we get into that for the next agenda item as well.

As far as gas infrastructure expansion projects, in 2015, the Legislature passed SB 151, which authorized the public utility that purchases natural gas for resale to expand its infrastructure to unserved or underserved areas. Many of you are probably familiar with that particular Senate bill, but Southwest Gas has filed applications and did receive approval to pursue two such projects, one of which is in Southern Nevada. In May 2018, we did get approval to expand our service territory to Mesquite. In December 2019, we did get approval in Northern Nevada to expand service to the Spring Creek area. Both of those projects are ongoing. In fact, from a Mesquite perspective, most of the facilities that we had initially anticipated to be the backbone are primarily installed at this point.

The next initiative we will provide an update on is with respect to renewable natural gas (RNG). Through SB 154 (2019), utilities were given authorization to be involved in RNG activities. One item in 2021, we did seek approval from the Commission, and we did receive that approval to make RNG purchases on behalf of the Regional Transportation Commission (RTC). That RNG that is purchased is solely for their use in their buses. Ultimately, we did seek an amendment to that agreement where RTC was looking to increase its RNG capability. We did increase our purchase authority through that particular filing. In addition to that, through SB 154, there are targets with respect to the amounts of RNG that you can incorporate into the supply portfolio. You see the dates between 2025, not less than 1 percent; January 2030, not less than 2 percent; and then by 2035, not less than 3 percent.

Lastly, in terms of recent programs, we did recently file an application and we did get approval in 2021 to offer a carbon offset program, which is now available to customers. Essentially, this enables customers to voluntarily participate in this program to purchase offset blocks through our program, which would then enable them to offset GHG emissions that result from their combustion-related usage of natural gas. In this program as we have it standing up now, there are two projects in which we are participating. One is a landfill project; one is a wetlands project. Those are the two projects which generate those carbon offset credits in which we actually purchase, and we retire on customers' behalf who are participating in that program.

With that, I will turn it back over to Scott to provide an overview of customer-related programs and things that we offer our customers.

Mr. Leedom:

We will again, Chair, talk more about gas bills and gas costs. I want to take time to talk about the proactive approaches we have taken with our customers as we have seen high bills on the horizon. A lot of it has been trying to take a proactive approach to make sure that customers are aware, that customers know where to go for information, and that customers know where to go for help and assistance. We know not all customers communicate the same or get their information the same. We have tried several different platforms to make sure that they are made aware—traditional media like press releases and media outreach. We have paid for social media boost to drive customers to our website and

to the resources. Digital advertising—every time we have a customer touchpoint on a call or when they call in or on an outbound call, we try to provide that information as well. It is driven towards driving them to the resources that will help them manage their bill—to our energy efficiency programs, to our conservation, to the awareness on the bill and how their bills are structured and where the increases are coming from, and to educate them through a number of different channels to make sure that they know that lower temperatures can mean higher energy bills and what is driving those costs.

This is an overview of what our website looks like; resources on how to manage their bill, on how to get assistance, and on our energy efficiency programs. A lot of our efforts have been at driving people to our website, so they can get the most accurate and up-to-date information and make sure they hear the message from us and maybe not from others. We have several customer assistance programs that people can take advantage of, and customers do take advantage of on a daily basis. One is our Energy Share Program. This is a program that is funded by our customers. Customers can choose to donate additional dollars on their bills to help people who are struggling, and they do so at a very good rate. I want to mention that qualifying for our Energy Share Program is very easy. It is not like some of our federal assistance programs where you have to be below a certain income limit. Anyone who is experiencing any financial hardship can qualify for our Energy Share Program, whether that is a loss of job or even being out of work for a certain period of time, we can help and plug those people into that program to get assistance on their gas bills.

We have an equal payment program where, if you do not like the fluctuation of gas prices or your gas bill between summer and winter, you can have that averaged out over the years so you can budget your bills a little better. We have a new program called Third Party Notification Program, which could be helpful for someone taking care of an elderly parent or a new college student who is out on their own. If someone gets behind on their bill, you can designate someone as a third party to be notified that they are behind on their bill. You can then ensure that person reaches out and makes their payment, so they are not subject to shut off.

We have a deferred payment program. It is never our goal to shut off our customers, so we want to make sure that if people need help in deferring payments, they have the ability to do so. We offer deferred payment programs to our customers all the time to help them catch up if they fall behind a little bit.

Finally, weatherization assistance, similar to the electric utilities and others. We provide, free of cost, going in and helping customers figure out how to weatherize their house, seal it better, and make sure it is not losing heat in the winter. We have several energy efficiency programs that are designed for our customers to take advantage of. We have less than we would like, obviously.

I will talk about how we are trained to improve those programs. Every couple years, we submit our energy efficiency programs at the PUCN. They use a cost test to see if those programs reduce energy usage. If they do, we can offer them to customers. Right now, we have a tankless water heater program and others that customers can take advantage of to help use their gas appliances more efficiently and help lower their bills.

Senate Bill 281 (2023) was mentioned by Mr. Weir earlier. It is a piece of legislation that we worked on last session in conjunction with NV Energy and several stakeholders. It, for the first time, puts us in a planning process similar to the IRP that electric utilities go through. Every three years, we are required to submit a plan with our major investments that include some of the things you heard of today—RNG or hydrogen projects, natural gas expansion

projects, pipeline replacement projects—any major expenditure will be submitted as part of this three-year plan to the PUCN. Our first plan will be required to be filed towards the end of next year. One of the things I mentioned in particular with energy efficiency, this bill helps us to have the PUCN consider additional cost tests on our energy efficiency programs to help more of those get approved and offered to our customers. It also provides protections for customers by requiring us to provide service at the lowest reasonable cost. It also has protections in there for historically underserved neighborhoods to make sure they are protected as well, and it gives our customers and stakeholders an opportunity to have our major investments submitted to the PUCN and have people weigh in on them before they are made, rather than after they are made in a general rate case. We think that helps provide additional transparency to our customers, and an opportunity for them again to weigh in before major investments are made by either gas or utility in the State.

Finally, our commitments do not stop at our customers. We are committed to making sure our communities are better and are proud of our employees who participate in our employee giving program. Approximately 80 percent of our employees give directly to nonprofits through their paychecks and are proud of that. At our employee volunteer program, over 3,500 hours last year were spent on sustainability, environmental, and beautification projects—primarily tree planting projects throughout our service territory. Again, 3,500 hours were donated by our employees across 31 different projects, and there are 35 different nonprofits that we worked with. Thank you for your indulgence in allowing us to brag about our employees a little bit. With that, we are happy to answer any questions that you have.

Chair Harris:

Committee Members, do we have any questions? Vice Chair Watts.

Vice Chair Watts:

You noted the sustainability initiatives you are working on. I know in the past, there have been questions about that. In the past, you have provided information on your own sustainability goals for your operations. Could you share information about your internal operations goals? Secondly, where is the conversation at in the overall system? Do you have any goals for reducing emissions throughout your entire operation, including for system operation, whether that is efficiency and reducing usage or finding cleaner fuels?

Mr. Leedom:

We have several internal goals in driving down our own emissions. We had a goal to reduce our own company's GHG footprint by 25 percent by 2030, I believe. However, we found that we are outpacing that by quite a bit. We are in the process of refreshing that goal to see how we can stretch and do better than 25 percent by 2030.

To answer your other question, we are continuing to invest in projects that take the natural gas system, the emissions that are created by it, and continue to reduce them. Renewable natural gas is one of those that we have several projects in the process right now that, once completed, will reduce emissions from the displacement of traditional natural gas sources and then converting those to RNG sources. We are also continuing a study that we have ongoing with the University of Nevada, Las Vegas on incorporating hydrogen into our system. We have a study that is aimed at figuring out how much hydrogen we can blend into our system without having a negative impact on end uses. That study is ongoing with not only them but with Arizona State University as well. Once completed, we will be looking

at other phases, not only that study, but looking at how to incorporate those hydrogen resources into our system. Where can we get them from? Where can we source them? How can we get them through our system without having any impacts on end-use appliances on the back end of them?

Vice Chair Watts:

Do you see yourself, coming out of that additional research, setting system-wide goals for emissions reductions at some point?

Mr. Leedom:

Absolutely, that is something that we talk about often, and we want to make sure that when we do establish those goals, they are achievable, measurable, and attainable; and that we are not throwing out goals that are pie in the sky and do not have any real plans on how to achieve them.

Assemblywoman Brown-May:

It is great to see you here today. I did not have a question until you mentioned hydrogen. I am interested in continuing our conversations from the last legislative session about how we are exploring hydrogen as an energy source. I am curious to know, have you hired in-house at Southwest Gas, a hydrogen expert outside of who you are utilizing at the universities? Are we looking at green hydrogen versus clean hydrogen? Where does that interplay in your current exploration?

Mr. Leedom:

Yes, we have internal experts at Southwest Gas who are primary focused on these resources. It is a group called Emergent Technologies and Innovations Group. These are engineers who are familiar with these types of resources and who are involved in discussions at the national level to figure out where these resources are and how we can access them. I want to mention, and I am glad you brought this up, hydrogen—there was a bill, SB 451 (2023) that was sponsored by Senator Spearman last time. This Committee will take a deep dive at some point during the interim on hydrogen resources. We hope to be a part of that discussion. We hope to be a resource and have our experts weigh in and provide their expertise as part of that.

Assemblywoman Gallant:

Mr. Brown, you made a statement that the rates were primarily driven by gas costs. I am curious, can you give us some historical perspective on what the price of natural gas, in terms of Southwest Gas costs, say three or four years ago versus today? I would assume they have gone up. And then, maybe educate us on what factors have caused the gas prices to go up.

Mr. Brown:

From a historical perspective, if you were to go back to 2005, 2006, before people even had optimized how to extract natural gas or drilling from a petroleum perspective, at some point, there were liquified natural gas (LNG) facilities on those shores that were anticipated to import gas. But then, based on improved technologies and ability to extract gas, the supply improved. From that perspective, some of those LNG ports then became export facilities. In terms of pricing, we have seen pricing being driven down based on the

increased supply. In the last five to ten years, we may have \$2 to \$3 gas; I say that as a per dekatherm cost, so from a regional perspective, in some instances lower. There were short-term time frames where it increased. I think the increased gas cost item that I am referring to had to do with items from last winter. We experienced exorbitantly high compared to what we had previously seen in December, January time frames. When we get into the rate discussion, we can show how that has impacted rates now. Unfortunately, people have a short memory, and they may not remember those time frames when the gas was high. They might be looking at the Nymex or Henry Hub pricing right now and think, "Why are gas prices not low?" That is more of the mechanism we can talk through. You are correct in that gas prices now are high, and that is a result of the way the mechanism is designed. It attempts to create reduced volatility by increasing or decreasing rates on a quarterly basis. It also includes a 12-month rolling average. What we might see in rates right now still includes those high costs that we incurred last winter. To get into the reasoning for that, I think there were a few reasons that caused that increased gas cost. A lot of them are outside of our control, but some of that could be related to the war scenario that created export-related or import-related issues with respect to gas. There are also regional weather issues. You had pipeline maintenance-related issues. There were a few things going on last winter that did put upwards pressure on gas.

Chair Harris:

We will go ahead and close out this agenda item, and we will move on to our presentation on what we have been talking about pretty much all day—utility rates and rising energy costs.

AGENDA ITEM VII—PRESENTATION ON UTILITY RATES AND RISING ENERGY COSTS

Chair Harris:

Here is how we are going to do this. I would like, if possible, one representative from Southwest Gas, one representative from NV Energy, and we will leave a chair open for an assistant for either, if needed, when questions come up. We will go ahead and have NV Energy speak through their portion of the rates discussion; we will have Southwest Gas go through their portion of the rates discussion; and then we will do questions all at once. We will go ahead and start with Ms. Wells. This will be an opportunity for both utilities, as I have mentioned already. Please go into as much depth as you would like. Explain as much as you can or have the time to about why folks might be seeing higher bills and what the drivers of that may be. Of course, we will then leave room to ask questions.

Ms. Wells (previously identified):

It is not often you are invited to go into deep depth into rates. Thank you for the opportunity to be in front of the Committee today. I wanted to hit the high points. I will not revisit the things I discussed, but I am happy to answer questions that arose from our earlier discussion.

There have been drivers to the increases in what customers are experiencing in their bills. I would echo the comments of Southwest Gas as well as the PUCN for NV Energy customers largely driven by the fuel rates, but I include in fuel rates, purchase power rates. Those are summer rates when we are purchasing on the market. I want to make sure that I make it clear that we have not only the fuel rates but also the energy that needs to be purchased on the market when you have significant heat events. As Mr. Atkins was discussing earlier, you

can see rises in those rates. We have seen rates over \$1,000 per megawatt, when they are typically a fraction of that. On the natural gas side for January 2023, as my colleague from Southwest Gas had discussed, it was a particularly high period, and we are seeing as much as \$50 gas in the Million British Thermal Units (MMBtu). There was very expensive fuel. With that quarterly mechanism, the regulations work well when costs were rising and when other commodity prices through inflationary factors or influence of things, like the war—you saw other commodity prices immediately spike. I can remember discussions around what it costs for a dozen eggs these days—those prices go up immediately. Due to the regulations that are in place in the State of Nevada, there is a prescribed calculation around those quarterly rates. You look back at 12 months of costs, average them, and you set your rate for that next quarter and balance that. You are never over or under. You always balance back to customers paying only for the exact cost. Because of that, the rates were slow to rise, which is good for customers. It is good for Nevadans. They are slow to rise, but it also means when those prices start to come down, they are also slow to decline. It takes a little while for those rates to get out of those periods where you saw those peak prices, because each quarter, you get to drop off one of the historical quarters in that calculation. The regulations work well so there are not adverse impacts to customers in experiencing huge spikes all at once. It smooths it out, but it does mean it is slow to decline back. Last summer of 2023, as NV Energy was approaching the summer, we had seen that forecast in prices to be coming down. We are concerned about the bills that customers were going to experience in the summer. As you know, in Southern Nevada, there is a significant amount of usage in the summer to run air conditioners. We had looked into the regulations. The regulations contemplated the ability to apply for a deviation. That deviation allows a procedure for us to bring in front of the PUCN a circumstance that we feel the deviation from the typical calculation would be of use. In June 2023, in cooperation with the PUCN staff and BCP, NV Energy proposed to the Commission a stipulated agreement with those two parties to, rather than implement the actual prescribed mathematical calculation for those rates for July, which were to be increases for both Northern and Southern Nevada, we prescribed decreases. Because, again, it is slow to respond as you are getting away from those rising costs. We were grateful to partner with both the staff and the BCP to bring forward that solution for customers, knowing that summers were difficult. That was a successful implementation using the regulations already contemplated in the State of Nevada, and it brought relief to customers. I do not say that lightly. We know summer bills were still high because they are historically high, but we did bring forward that particular adjustment so that the rates that would have normally been in place, we could receive some relief for our customers on that front.

I wanted to point out the forecast for 2024. 2023 is, if you are looking at it historically and then for the very near future, where we are anticipating fuel and purchase power rates to go, we see the 2024 all-in rates—because it is the bills that impact our customers, so we are putting all the rates together. 2024 effective rates are going to be back to the levels that they were at in 2022. In those years, we are typically below the national average. In terms of trying to bring value to our customers, we are seeing with those declines in fuel rates and with that process that was allowed through the regulations in the State of Nevada for us to deviate from that calculation, we are seeing 2024 as forecasted to be back down to where 2022 rates were. I would note that includes both general rate cases, at least for NV Energy, that have been put in place—decade-long period where we had not changed those base rates, which are more the investments, the operations, and maintenance. Those costs, both of those increases are included in this calculation—the Sierra rate case that was completed in 2022 and then the Nevada Power one in 2023. We are coming back down to the levels of 2022. We hope that that is going to provide relief for our customers as they experience that.

I will conclude and see if there are any questions, or if we want to go into any further detail.

Chair Harris:

There are no questions yet. We will move on to Southwest Gas.

Mr. Brown:

To reiterate and agree with much of what Ms. Wells said with respect to how the rates can go up or down based on the previous 12-month average (Agenda Item VI) and reiterate some of that discussion. There are two components of the gas rates: the BTER, which is essentially the 12-month rolling average of those historical costs, and then the DEAA, which is the difference between what you are charging and what you are paying out. They are the two components to the rates. The DEAA can be positive or negative depending upon an under-collection or an over-collection situation. In terms of what has happened over the last year, what I thought would be helpful is to show a graphic of what the rates look like right now, if we were to assume a typical winter usage in Southern Nevada and Northern Nevada. What I would like to highlight here is that in Southern Nevada, right now approximately 70 percent of the rate is the gas cost rate. In Northern Nevada, it is in the realm of 77 to 78 percent of the total amount that the customer would be paying. This is primarily due to the incurred gas costs that we experienced last winter. Much like what NV Energy had mentioned, we anticipate those rates going back down based on the more recent historical gas costs. We would expect those to come down, and we are seeing similar trending. One thing we did as well, to highlight the RNG concept back from my previous portion of the presentation—when we did get approval to enter into an RNG activity back in 2021, the Company did pursue an RNG contract with the initial intent of potentially incorporating that RNG into its supply portfolio. After other evaluation was done and taking into consideration, among other things, gas costs, we did have the opportunity to take that agreement and assign it to a third party. As such, we were able to get about \$12 million or so in credit that we credited directly back to Nevada customers. In fact, that credit is accounted for in the January rates that were recently implemented. Notwithstanding the fact that our actual gas cost rates have gone down the last two quarters when compared to where they were in July., I think what is happening right now is they are obviously still higher compared to where they were last winter. But, I think customers, too, are looking at it—as soon as they start using more gas, it is magnified. They are looking at it from last winter to this winter, as opposed to how the rate has evolved. So, even though we are seeing decreases, they are likely looking at it from a last-winter perspective, and you see that bigger dollar. Unfortunately, it is exacerbated at this point in time. That was the highlight of the gas costs and what is impacting customer bills at this point. If there is any area that you might have questions about, we might be able to dig into more. I will leave it at that.

Chair Harris:

We will start with Assemblywoman Brown May.

Assemblywoman Brown-May:

Not to pick on Southwest Gas, but I have to tell you, my neighbors are really upset. My bill went up by \$100 from one month to the next without an increase in energy usage, other than it got a little bit colder, but I do not allow my thermostat to go any higher than 68 degrees. My family does not always appreciate that, but it is in an effort to mitigate the costs associated with gas. I appreciate everything that you are doing. I am curious to know, is there anything that we can do as homeowners, and my constituents in particular, to help mitigate the cost associated with heating their homes during this particular time in the year,

knowing that you are doing everything in your power to mitigate the rates? How do our consumers take better control over what their usage is and understanding when they are going to get a significant increase in their bill? One hundred dollars in a moderate home—we are talking about a small house—from one month to the next on a zero-balance budget—a big part of our residents, my community in particular, are senior citizens on fixed incomes who do not expect that this is going to happen. How do I help them?

Mr. Brown:

I think there are a few things that we can do, and then I can hopefully give some input as to what others might do. When you have a period of time where the gas costs are higher and then are coming back down, one thing we have noticed is sometimes there could be a large swing in those equal payment plans. Sometimes that is something that is not exactly explainable, and a lot of times our customer service representatives will receive a call. That is one thing we are exploring too. Is there an opportunity for us to improve that so that customers are not seeing those dramatic swings? From our perspective, one thing we are attempting to do better as well is educate. One thing we are starting to do more of is make the information more available to customers. The reality is that when you hear “12-month rolling average DEAA,” you start to hear acronyms, it can get confusing. One thing we have attempted to do more recently as well is meet on a quarterly basis with the PUCN Consumer Division to try to develop similar messaging and try to hopefully guide customers to the right place to understand what is happening, but then also offer them opportunities to utilize some of the programs that Scott had referenced, whether they be deferred payment programs or things of that nature. We also offer savings tips. There are items on the online portal as well which can give you information on how you might be able to improve those energy efficiency opportunities at your home. Depending upon what is causing that change, there are various things. As opposed to looking at customers and telling them what to do, internally, that is something we are already looking at to see if we can make better and communicate better to customers so that you would not even have to ask that.

Vice Chair Watts:

I appreciate all the information. You noted in your last comments—it is helpful for us to understand some of the nuances in this, but it is easy for folks to get lost. I think the high line is that increased prices of gas push rates up. We are seeing that come down, but there are a lot of different accounting mechanisms and things designed to try and limit the immediate shock that also are making it slower to get back to baseline. Can you take out your crystal ball and help simplify it even more, and give us your best guess of when we are going to get back to, essentially, baseline? When is that spike that we saw going to be smoothed out, and customers can see something similar to what they saw before the increases?

Mr. Brown:

Similar to what Ms. Wells said earlier in terms of forecasting and what is being expected for gas costs, right now we are projecting the gas costs to return to a level that is reasonable and consistent with what we had seen in previous years. We are in the middle of January. Hopefully, we do not see something in February or March. Being in the middle of winter, there is a potential that could impact that. We are foreseeing that even rates with the other items that we have outstanding, whether it be a general rate case, which is pending, we still anticipate rates to decrease as well, based on what we are seeing at the moment. I would expect that by the time we get to July, we would likely see lower rates, likely even in April, for the upcoming rate change. It is hopeful that they will be similar to what they were prior

to some of the costs that we had experienced, but it is pending outside factors that can contribute to things outside of our control.

I would like to reiterate what Ms. Well said, as well as others, that the mechanism itself works and helps protect customers in the sense that if we are doing it right away, the impact to customers could be tremendous. Essentially, the other piece that we are trying to educate people on as well is that we are recovering costs that we have already incurred. We are not proactively making those rates high. We have already incurred those costs to purchase those supplies for customers. We are simply trying to recuperate those costs with no profit to the company. I think that is always a piece that is difficult because the lag. They see a lag, and they see what rates are doing right now. That is not necessarily what is in the rate. That is where it gets a little bit complex, but hopefully that answers your question without making it more complex.

Ms. Wells:

I wanted to add a little bit more. Some of the key comes from how we communicate with customers. I think that the rising cost came slowly at each quarter, and since July, every single quarter there has been a decline in that part of the rate. We sent out a communication recently to customers, particularly our North customers because of it being the heating season. In the January quarter, we had seen the fuel rates come down. We still wanted customers to be aware that historically—that January actual rate—what you are going to see and experience to your bill is still higher than what it was historically. As you go to heat your home, please know that the rates overall are still at a level that if you use the same gas or energy as you used last January, your bill is still going to be slightly higher. One of the lessons for us through this whole process is that while it may be complicated, we need to keep trying to talk about what the bills look like, explaining to customers what they should anticipate seeing so that it is not a surprise. It still may be difficult, but it is not a surprise, and continuing to offer those programs, the equal payment programs and other ones to help levelize your bills over the year.

In recent rate cases, we have also made efforts to increase what we call that basic service charge. We talked before about all the different elements on a bill. That helps levelize bills over the year because much of the costs that are experienced to provide power are fixed in nature. There are numerous facilities that the cost of that facility to provide energy to that customer does not change depending on how much energy they use. Your meter is a great example. A meter cost is the same for someone who uses ten times as much energy as their neighbor, for example. The more of those that we capture in a way that is equal across the year, then there is not that influence of, as the fuel rates change, their bill is not changing concurrently. Those are some of the other efforts that we can continue to make, but I believe communication is going to continue to be key.

Vice Chair Watts:

To simplify it a little bit more, do we expect by this upcoming summer or fall that rates are going to—again, I understand this is a little bit of a crystal ball. We know that things can happen, but so we can help continue to communicate this out to our constituents, when do we expect close to a return to normal as those averages smooth out from that historical period?

Ms. Wells:

We are anticipating that the end of 2024, is when we will get back to the 2022 levels. Every quarter, we are seeing a decline in those fuel rates. Since the rates currently reflect the recent general rate case rates, that is the rate that is going to change over the year. We are seeing that through 2024. We will keep forecasting and looking at what future years look like, but that is barring any other unforeseen circumstances by the end of 2024. The end of 2024 is when we are seeing those rates back to 2022.

Vice Chair Watts:

It is helpful to understand that the cost of the fuel is passed on to the customer, and there is no profit made. Conversely, it would be helpful to understand, other than screaming customers, what are the incentives that you have to minimize those fuel costs, since they are passed on to the consumers?

Ms. Wells:

That is a great question because, ultimately, knowing that our customers experience an entire bill is why you are driven to keep those fuel rates down. Again, I believe that mechanism of looking at them quarterly means that we are constantly reviewing where those rates are, and it drives the decisions that we make in other filings. As we have discussed today, and as Mr. Atkins discussed earlier, diversifying our supply portfolio so that you have—when you diversify, you typically can create hedges against any extreme situations, one way or the other. Diversifying and bringing on renewables, so we protect a little bit against the fuel prices, but also diversifying in decreasing our market exposure. Decreasing that market exposure and having more control over internal Nevada assets is going to help us hedge against prices that we cannot control because both of those are prices that we do not have control over, both the power market as well as the natural gas market. I think those are the incentives to keep those rates in line for our customers. Mr. Weir talked about that return on equity. That is something that we need to continue to communicate with our customers, so we make sure that we are clear that there is no profit on those fuel rates, and in fact, there are even controls and measures in place where that return on equity has caps to it. There are returns that go back to customers in certain circumstances. I think those are good measures as well.

Chair Harris:

Do we have any other questions? Seeing none, I want to thank you both for coming and taking the time to talk through what is a very real issue for a lot of Nevadans right now. The idea that your energy bill would be the next highest bill compared to your mortgage is pretty scary. I thought it was very important that the Committee at least had a discussion around why that might be happening so that that folks can understand, at least a little bit hopefully, what is driving the increase in costs here in Nevada. It might be different regionally. There are no other questions. Thank you all so much.

AGENDA ITEM VIII—PRESENTATION ON VALLEY ELECTRIC ASSOCIATION PROGRAMS AND SERVICES

Chair Harris:

We will go ahead and close out that agenda item and go on to Agenda Item VIII, which is a presentation on Valley Electric Association's programs and services.

Rose McKinney-James, Managing Principal, Energy Works LLC and McKinney-James Association; and Legislative Representative and Lobbyist for Valley Electric Association:

I appreciate the opportunity to join you virtually, Chair Harris, Vice Chair Watts, and Members of the Committee. I am pleased to join you today for the purpose of introducing your speakers. There are three, beginning with Mr. Mark Stallons, who is the Chief Executive Officer (CEO) for Valley Electric Association. In that capacity, Mark oversees all the aspects of the cooperative, which is a nonprofit. That includes the electric side of the business, installing residential solar storage systems, traditional power delivery, and providing broadband Internet to over half of Valley's members. You will note that Mr. Stallons has extensive experience as a CEO prior to joining Valley. Mark is a former CEO at Egyptian Electric in Southern Illinois and most recently served as CEO for Owen Electric in Northern Kentucky from 2009 until 2020, when he came to Nevada. The next speaker will be Mr. Matt King, who is the Vice President of Member and Managed Services for Valley Electric. Matt oversees multiple departments, including Member Services both for electric and broadband, the network operations center, installation and construction for broadband, and Valley Electric's economic development team. Matt's career has primarily been focused in the telecommunications arena, having worked at both AT&T, which as you know, is an investor-owned communications utility, and also in the private sector as a small business owner and contractor. Finally, you will hear from Logan Gernet. Logan is the Vice President of Engineering Operations and Power Supply for Valley. He oversees all aspects of engineering, electric operations for Valley, as well as Valley's interaction in regional markets, generation, and transmission development. Prior to coming to Valley, Logan worked at both Arizona Public Service Company, which is an investor-owned utility, and Arizona Generation and Transmission Cooperative, a generation and transmission cooperative where he has held various positions in power operations, finance, regulatory affairs, and strategic generation planning. With that, I thank you for the opportunity to join you. I will be stepping back and allowing them to move forward with their presentations.

Mark Stallons, CEO, Valley Electric Association:

It is our honor to present before you today. I want to start with a little bit about what the cooperatives are. On the screen is a map of over 832 electric co-ops in the nation (Agenda Item VIII). We are one of those co-ops. There are nine of us that serve in the Nevada state; some of them are partially in other states as well. We are a big network. We are about 12 percent of the market share nationwide, and we are roughly 75 percent of the land mass. We serve the rural of the rural. To give you a little bit of context about where Valley is located, we are obviously west of the California line. We run from Sandy Valley in the south in Clark County all the way up to the Fish Lake Valley in Esmerelda County in the north, about a 250- to 300-mile span through the Mojave Desert. We have about 25,000 electric meters and about 11,000 broadband accounts. We serve broadband to about half of our members. Over the last three years, we have installed 170 residential solar systems along with battery storage as well—somewhere around 20 storage systems. We have a little over 2,400 miles of line, about 385 million in plant. Our annual revenue is approaching \$120 million. With that, I will turn it over to Matt King. He is our Vice President, and he will talk about our member service activities.

Mark King, Vice President, Member and Managed Services, Valley Electric Association:

This is my first time speaking in front of legislators, so I am humbled and honored. I am glad to be here. In addressing the economic challenges faced by rural communities, our

electric cooperative is steadfast in its mission to improve the lives of the people and communities we serve. As a cooperative, our commitment lies in maintaining reliable infrastructure and exploring cost-effective measures to ensure that rates remain affordable for our rural members. The reliability of these services is pivotal for the economic and social well-being for our communities. Today, we are here advocating for policies and incentives that support affordable service provision in rural areas, recognizing the importance of equitable access for all citizens. Policymakers and cooperatives joining together is essential to implement mechanisms that can address the unique challenges faced by rural areas, enhancing the reliability, and essential services.

Deeply rooted in our communities, rural cooperatives understand the challenges posed by geographical barriers and limited infrastructure that hinder high-speed Internet connectivity for our members. Witnessing the need and lack of accessibility, we took a significant step in 2015 by launching a broadband company. This initiative aimed to bridge the digital divide through our service territory, particularly in areas facing underserved populations. Currently, Valley is undertaking the ambitious task of building an all-fiber network across our rural Nevada neighborhoods. Advocating for increased investment in rural infrastructure and broadband connectivity is not just about expanding coverage; it is about reaching underserved communities to further close the digital gap. Collaboration between government agencies and our cooperative is imperative to achieve this.

We reach beyond infrastructure to serve our communities as well by actively involving and collaborating with community organizations, local governments, and educational institutions. We foster partnerships that promote economic growth and social well-being. Cooperatives are guided by seven principles, one of which is concern for community. Through this principle and our values, Valley is committed to prioritizing the well-being of the communities we serve. At Valley, we pride ourselves on encouraging volunteerism and community engagement among our staff to build strong connections and give back. We contribute to sustainable community development by actively participating in local events and contributing to charitable causes. Our employees are vested in giving back and take action by coaching new sports, serving meals on holidays, hosting school supply drives, and visiting local senior senators just to spend the day listening with care and concern to the citizens in our communities, both on and off the clock. We are proud to be our member-owners, neighbors. After all, this is our home too.

In summary, addressing the needs of rural communities in the areas of affordability, accessibility, reliability, and community requires a collective effort. Through close collaboration with policymakers and the Legislature, we can create a favorable environment that supports the growth and prosperity for rural areas. Together, we can build the future where rural communities thrive, where they are connected, and where they are empowered.

Logan Gernet, Vice President of Engineering, Operations and Power Supply, Valley Electric Association:

It is an honor. I oversee electric operations for Valley Electric. That includes power supply. These are a few of the subjects I want to briefly touch on today that may be germane to the issues that you all are seeking to address. Valley is unique. Every public power community is unique. Every public power utility is unique. Valley is really unique. Many co-ops are distributors of power. We are responsible for procurement of our power. We are responsible for transmission. We build and procure transmission. We distribute that power, and we are active in regional markets. Valley is one of the only utilities outside of California that is a full ISO RTO member of the California ISO, and that comes with unique considerations as far as where our power comes from. You can see this pie chart here. About 75 percent of it comes

from long-term contracts that we have procured with various partners. Hydroelectric is a large component as well as solar. We have a baseload purchase power agreement that supplies a significant amount as well. That is a combination of solar storage and market power, and then about a quarter is served by short-term market purchases. It is that remaining quarter that, like other utilities, we want to close that gap to the greatest extent we can because it means less volatility and more stability for our ratepayers. We are always looking for opportunities to do that. We are not necessarily in the same market as other utilities. We are in different circumstances, but we are experiencing similar market dynamics to what you hear about from other utilities. We see volatile natural gas pricing; declining hydroelectric resources in many cases; insufficient transmission and energy storage to move power from its source, both physically located and when it is generated to the times and places that people need it; and finally, a changing market energy pricing profile. We are in the midst of an energy transition to cleaner sources. As an industry, we are working through those challenges.

One of the key graphs that we like to show is basically one of the central pricing hubs for the California ISO that we participate in. It is basically reflective of Southern California. You can see here how the value of power, the cost of energy, has shifted over time. In 2013, for example—this is over the last ten years—the pricing of energy was relatively stable throughout the day. It was always coming from the same sources. As we have gone to a cleaner grid, that has meant a lot of solar, which is great; it has basically meant a reduction in cost in the middle of the day. But, this challenge remains, how do we economically serve load at the beginning and end of day when people's loads are sometimes highest? This dynamic, effectively, is what is causing utilities to pursue things like battery storage. We can store power in the middle of the day, and then move it to the periods and times that people need it most. Like many utilities, particularly in the West, we are pursuing that also.

It is basically a similar story when we look at generating capacity. One of the gentlemen from NV Energy described resource adequacy in an organized market. Resource adequacy is effectively a commodity. You can assign it a value, and you can see a dramatic increase in the value and cost of resource adequacy and capacity, particularly in the organized California ISO market over time. For the first five years of this chart, capacity prices were relatively low, often below \$5 a kilowatt month. Whereas, in 2024, we are seeing drastically higher values of capacity and resource adequacy to serve the peak load in the evening hours. That reinforces our desire to pursue things like battery storage.

As I hinted at, these dynamics are driving a lot of solar and storage all over the region. As Mark said, we serve the rural areas of the State, and there is a significant amount of solar and solar storage projects being proposed and developed in those rural areas. These projects are needed. They are needed for the clean energy transition. They are needed for the stability of the grid. One issue that we have come across is that there is local resistance. We are integrally tied into the communities that we serve. If you have ever lived in a rural place, the electric company is a massively important institution in those communities. We have heard a lot of resistance to these projects, both transmission development, but in particular, solar and storage. One of the reasons for that is they come pretty close to development. This is a map of Amargosa Valley. It is one of our more rural areas. The white area is basically reflective of private land. That is where people are living, farming, running their businesses, et cetera. All around that is the proposed solar projects that have been developed. You can see, people are naturally concerned about their property values, their way of life, et cetera. They will often ask the utility, "How does this benefit me?" Our answer traditionally has been, as the local utility that serves and distributes power in that area, we receive station power. Those are things like lighting load, air conditioning load, running the inverters for the solar and storage. That has been our answer to these communities. In the

context of projects of 100, 200, 300 megawatts, this load is miniscule. It is a really small amount of energy in that context, but to a small rural utility, it can be massively impactful to creating downward rate pressure. When they ask us, "How do these projects benefit us?" That is our answer: they provide downward rate pressure. To date, all the projects that have been installed in our service territory have come with station power for the local utility. Some of the projects that have been proposed, not every developer is as amenable to that. Even though it is our view, but in the context of that project, it is a pretty small thing. That is an issue that we have taken up on behalf of our rural ratepayers, and securing that station power, making sure the local utility continues to get that, is an issue that, frankly, we appreciate your support on. That is something we believe should happen.

Lastly, I am going to go into some of the grant opportunities that Valley Electric has been pursuing. There is a lot of opportunity out there. I will start with new clean generation. In 2023, we basically spun up a grants team and were pleased to submit applications in both the pace and new era programs through the U.S. Department of Agriculture (USDA), basically proposing 15- to 20-megawatt utility scale solar and storage projects. These projects are beneficial from a number of perspectives. They can reduce costs. They improve resilience and reliability. They provide decarbonization. In particular, in the rural areas that we serve, many of these really rural communities are served at the end of one transmission line. If that transmission line goes down, that community is out of power. One of the arguments that we have made in support of these grant applications is, with particularly the combination of solar and storage, we can provide needed resilience in those communities and enhance reliability against the loss of a transmission line.

In addition, distributed energy management—the idea of this is to partner with our members, with our electric consumers, to be part of the energy transition. Distributed energy resources are typically resources that are owned by the consumer, and the utility is going to work with those consumers to partner with them, monetize the value of those assets, and aggregate them so that they can become grid assets. There is a lot of infrastructure and work and thought and time that goes into that. As part of these grant applications, we have included advanced metering infrastructure and distributed energy management systems. One of the great projects I love in here is battery-based microgrids for some of our critical and emergency facilities in those rural areas. If one of those places loses power, we want to make sure that the police stations, fire stations, emergency services, and gas stations still run even if those communities are out of power. Frankly, our reliability is excellent, but, nevertheless, there is that risk. Those are the critical infrastructures that we wanted to bolster in this initiative.

Finally, infrastructure—these are upgrades to the distribution system that make the grid stronger. They minimize outages, and they reduce the time to restore power in the event that outages happen. Why are we doing all of this? All of this stuff aligns with our mission as a cooperative. We want to reduce electricity costs to the greatest extent we can. We want enhanced reliability and resiliency for rural Nevada communities and consumers. We want to see spurred economic growth. All of the grant applications that we have pursued, including the policies that we have pursued, we believe are good for rural Nevada. To the extent that those local communities can see benefit from them; we want to pursue those.

Finally, we are all on a path towards reduced GHG gas emissions to the extent we can balance that with lower electric rates and costs. We appreciate your support, both on our grant applications as well as the issues that are critical for rural Nevada. We will be happy to take your questions.

Chair Harris:

Committee Members, do we have any questions? [There were none.] Thank you for joining us. I hope you all have a great rest of your day. It is good to hear from the folks who represent the other 10 percent or so of the population that NV Energy does not serve.

AGENDA ITEM IX—PRESENTATION RELATED TO POWERING RURAL NEVADA—THE CONSUMER-OWNED UTILITY MODEL

Chair Harris:

We will continue on with our rural theme and invite up our presenters from the Nevada Rural Electric Association (NREA). I believe we have Ms. Carolyn Turner, who is the Executive Director, to give a presentation related to powering rural Nevada, and talk a little about the consumer-owned utility model.

Carolyn Turner, Executive Director, NREA:

You just heard from one of my esteemed members. I certainly do not want to replicate any of their good efforts or be duplicative, but I will give you a global perspective, and then answer any questions you have about the kinds of operations that the members run. What I would like to talk about today are the benefits of the consumer and utility business model. We are going to start in that process by first defining “consumer-owned utility.” We will talk about reliability and affordability as well as concern for community (Agenda Item IX).

First, I want to define “consumer-owned utility” before we get into some of these exciting programs, which is a blanket term to describe three different types of unique utilities. Each of these utility structures operates a little differently, with governance and formation differences noted on your screen, including NRS language that is used. However, all consumer-owned utilities operate under the same guiding principles, which are: (1) they operate without a profit motivation on a not-for-profit basis; (2) they are governed by democratically elected bodies; and (3) they emphasize reliability and affordability. Like I said, those three utility models are electric cooperatives. We have power districts and municipal utilities as well. The NREA is comprised of 12 such utilities. We have six distribution cooperatives, three power districts, one municipal utility, and two generation and transmission cooperatives, all of which are headquartered in six western states, including Nevada. You heard earlier from representatives of NV Energy and, as Chair Harris pointed out, we serve the remaining 10 percent. NV Energy serves 90 percent of the State, over about 46,000 miles of service territory. Nevada Rural Electric Association members serve 10 percent, over more than 70,000 square miles of service territory. Many of these communities are extremely remote. They can be difficult to access and difficult to serve, frankly.

Reliability is the first thing I want to talk about and is the cornerstone of consumer-owned utility service. The NREA members are dedicated to keeping the lights on for rural Nevada, which is very important. It is no easy feat. The utilities industry is undergoing rapid transformation driven by technological innovation. Demand is also growing with electrification and population growth in rural communities, and not to mention our increasing reliability and dependence on reliable service, which makes these goals even more important. Consumer-owned utilities are rising to meet these challenges and investing in the reliability of their systems. Reliability of projects include vegetation management and wildfire mitigation, line and substation upgrades, advanced metering—as the folks from Valley referenced—and new generation resources, to name a few. Additional opportunities

have been accelerated in this realm by historic federal funding and changes to federal tax code that bring cost parity to not-for-profit utilities as they build new clean energy resources. Here on the slide, you can see a couple of exciting examples of these types of projects and collaboration. We have Rural Utilities Administrator, Andy Berke, and our USDA State Director, Lucas Ingvaldstad, touring the Valley Electric Association's control room. You then see Tribal Council Members and Overton Power District staff and trustees dedicating a new transmission line and substation for the Moapa Band of Paiutes. The State's first community solar array is on your far right there, which is operated by Lincoln County Power District.

I want to talk for a while about our members' commitment to affordability. Nationally, consumer-owned utilities serve roughly three in ten Americans, but they serve 95 percent of persistent poverty communities. Costs are critical to control for rural Nevadans, many of which have fixed incomes or run small businesses. A lot of that is also agriculture, for example. The NREA members all offer programs to control costs for residential and small business consumers, including energy efficiency and weatherization, rebate programs, and direct assistance for low-income consumers. In addition to these exciting and existing programs, we are also working with partners throughout the State, one of which you will hear from in a moment. The Nevada Clean Energy Fund (NCEF) is working with our members to look into the feasibility of offering on-bill financing programs, which would bring the same energy efficiency and weatherization programs to Nevadans who may not be able to afford it otherwise.

Last but certainly not least, I would like to highlight consumer-owned utility's concern for community, which the folks at Valley also referenced as one of the pillars of the cooperative movement and one of those seven cooperative principles. Our members provide a number of services and programs, including safety training and demonstrations. As you can see here, we have a couple of pictures from Overton Power District doing some demonstrations, both for 4-H-participating kids as well as the Nevada National Guard. The members also provide pathways to employment, such as internship programs, summer work programs, and youth-focused programs, such as Youth Tour, which is a really exciting nationally organized program bringing teens to Washington, D.C. to learn about the democratic process and advocacy. In addition, our members have robust charitable giving programs, such as Wells Rural Electric Company's Next Dollar Foundation and Overton Power District's Roundup for Education. Members operate or run toy and food drives and a number of community service programs both involving their trustees and directors as well as employees. I am excited to highlight all of this work that is taking place in rural communities. I would love to talk to you more about anything I have mentioned or answer any questions you may have.

Chair Harris:

Committee members, are there any questions about the NREA or smoldering questions? [There were none.] Ms. Turner, we appreciate you coming by. Thank you.

AGENDA ITEM X—PRESENTATION ON OPPORTUNITIES FOR MAXIMIZING THE BENEFITS OF FEDERAL CLEAN ENERGY FUNDS AND AN UPDATE ON NEVADA CLEAN ENERGY FUND PROGRAMS

Chair Harris:

We will move on to our last agenda item before our public comment, and that is a presentation on opportunities for maximizing the benefits of federal clean energy funds, and

an update on Nevada Clean Energy Fund (NCEF) programs that will be given to us by Kirsten Stasio, who is the CEO for NCEF. Thanks for being with us. Go ahead and start whenever you are ready.

Kirsten Stasio, CEO, NCEF:

I believe I have the unenviable position of being between you and lunch, but I have the enviable position of being able to talk about solutions for how we can empower Nevadans to bring down their energy costs and live in a healthier environment and climate (Agenda Item X). As many of you may recall, I presented last year to the Assembly and Senate Growth and Infrastructure committees about how the NCEF is working to bring federal clean energy funds into the State to benefit Nevadans. I am here today to give you an update on those efforts, including highlighting opportunities for how we can work together to ensure Nevadans fully benefit from the truly unprecedented level of federal funds that are becoming available.

First, I want to do a little level setting with some background on NCEF. We are established by State legislation in 2017 by SB 408. We were established as a nonprofit organization to accelerate investments in clean energy projects in the State in a way that reduces energy costs, creates good jobs, improves the standard of living for Nevadans, and addresses climate change. We serve as the State's so-called "green bank," which is an institutional model that has been successfully implemented over the past decade in over a dozen U.S. states, and today pretty much every state in the United States now has a green bank. As the State's green bank, NCEF is playing a really important role in building Nevada's capacity to access and implement federal clean energy and climate funds. As you know, the opportunity before us is unlike one we have ever seen before. We have hundreds of billions in federal funds available to implement long-lasting and impactful programs in the states. These funds are available primarily through the bipartisan Infrastructure Investment and Jobs Act and the Inflation Reduction Act, and they are designed to help us bring down energy costs. The NCEF is implementing programs that provide financial and technical assistance to a wide range of stakeholders in this State, including households, affordable housing stakeholders, local businesses, schools, contractors, tribes, local governments, and others; so that they can implement clean energy measures, such as building energy efficiency, clean vehicles, and rooftop and community solar and storage.

A great example of our work is our electric school bus program. As you heard from NV Energy earlier, the U.S. Environmental Protection Agency (EPA) recently announced that NCEF will be awarded \$7.7 million as part of EPA's Clean School Bus Program, which is part of the bipartisan infrastructure law. Nevada Clean Energy Fund will pass these funds through to Nevada school districts to replace 25 aging diesel school buses with electric ones. This grant opportunity was a result of an effective partnership between NCEF and NV Energy, who has their electric school bus vehicle to grid program, as well as Nevada's Division of Environmental Protection, who has remaining Volkswagen settlement funds that the school districts can put towards these buses. Between the three of us, and with these federal funds, we are able to bring these electric school buses to school districts at no upfront cost. You can see on this slide how we are working with the school districts to braid multiple sources of funding together to achieve this. Not only are participating school districts getting a free bus, but a single electric school bus can reduce ongoing fuel and maintenance costs by about \$15,000 annually on average. Electric school buses also make the air our children breathe safer and free from harmful diesel and air pollution that can cause asthma and other respiratory illnesses. Elko County, Lyon County, and Lander County School Districts have all signed up to receive funds from this grant. There are other school districts that we are working with who are interested and eligible for these funds as well.

I am excited to be sitting before you today and report that we are bringing \$7.7 million in Nevada, and we are just getting started.

Next, I want to talk about our inaugural financing program that we launched at the end of last year called the Residential Energy Upgrade Program, or RE-UP. Residential Energy Upgrade Program connects Nevada homeowners with financial and technical assistance for energy efficiency and clean energy upgrades in their homes that bring down their energy costs. This program is designed to empower residents with the resources to access other federal and utility clean energy funds, like federal tax credits and rebates that you have been hearing about by providing education paired with affordable and accessible loans. I want to talk briefly about these tax credits and rebates because they can be pretty significant for a resident. First, we have a suite of federal tax credits. Residents can get a tax credit for everything from putting in new insulation in their home to installing rooftop solar, to purchasing a new electric vehicle. These tax credits are available today. For residents that do not have a taxable income and might have difficulty accessing these tax credits, we also have federal home energy rebates that will be administered by the Nevada Governor's Office of Energy. You see a summary of one of those federal home energy rebate programs on the right on this slide. Unlike the tax credits, these are not available yet, but they should become available sometime in 2025. Once they do, income-qualifying residents will be able to get up to \$14,000 in equipment-based rebates for measures like heat pumps and induction cooktops.

Another federal home energy rebate program that is not income qualifying is for efficiency retrofits in homes that could provide up to \$8,000 per home that achieves energy savings of 35 percent or more. These tax credits and rebates are great, but they are likely not going to cover the full cost of a clean energy measure, and that is why we developed an accessible, affordable financing option as part of RE-UP in partnership with a nonprofit community lender who is providing the capital. Residential Energy Upgrade Program provides unsecured loans to homeowners, and it also conducts underwriting based on ability to repay, rather than credit score, in order to expand access to capital to underbanked households, which is particularly important in our current interest rate environment.

Let us look at a couple of examples. Let us say a household needs to replace their air conditioning or heating unit. They could replace it with a ductless heat pump at a cost of about \$10,000. They can get a \$1,600 rebate from NV Energy for that heat pump, and on top of that, they can get a \$3,000 federal tax credit, and then they can cover the remaining costs with a low-interest unsecured loan from RE-UP. We can do the same exercise for rooftop solar. Let us say a resident has a \$20,000 rooftop solar system that they want to install. This is a project that has the potential to significantly reduce a resident's utility bill. They could get a \$6,000 federal tax credit and pair it with a low-interest unsecured loan from RE-UP. In fact, this is actually the first loan that RE-UP made at the end of last year for a resident in Las Vegas. We are really excited about this program. As part of RE-UP, we are hosting a series of community events called Home Energy and Affordability Workshops to put these resources directly in the hands of Nevadans. We hosted our first workshop in partnership with community nonprofit, CHR, Inc., Caring, Helping and Restoring Lives, with Dr. House, who provided written public comment for today's Committee (Agenda Item XI). We hosted this workshop at Mountaintop Faith Ministries in Las Vegas. We invited other resource organizations to attend and table as well, including NV Energy, Help of Southern Nevada, Rebuilding Together Southern Nevada, the PUCN, Home Energy Connection, and the Office of Congressman Steven Horsford. We also had Assemblywoman Shondra Summers-Armstrong present. We are excited to continue to get out into the communities as part of RE-UP. I also want to note a potential future expansion of our residential programs that could even further expand access to capital that Ms. Turner mentioned. We are

exploring the potential for on-bill programs with some of our rural utilities, like Valley Electric Association, that finance clean energy measures through the utility bill where investments in those measures are repaid by savings on the utility bill that could help expand access to those underbanked households.

Another initiative of NCEF that I want to highlight is our forthcoming Nevada Solar for All Program. In October of last year, NCEF submitted a \$250 million grant application to the EPA's Solar for All federal funding opportunity. The EPA anticipates making one award per state, and NCEF is Nevada's only applicant. We worked with a variety of different stakeholders across Nevada on this application and received letters of support from over 70 different entities and individuals including; Assemblyman Watts—thank you for your support, Vice Chair Watts—and also from Governor Lombardo, the Governor's Office of Energy, the Governor's Office of Economic Development, the PUCN, NV Energy, several rural utilities, the NREA, local governments, tribes, workforce development organizations, affordable housing developers, community groups, and members of Nevada's congressional delegation, among others. This collaborative effort underscores the importance of the Solar for All Program in advancing Nevada's clean energy goals and providing benefits to a wide range of stakeholders. With these funds, we will be able to launch solar programs that benefit low-income households, including for single family homes, affordable housing, and community solar projects. We are working closely with NV Energy, rural utilities, and local governments to advance community solar projects, including exploring opportunities to accelerate NV Energy's expanded solar access program and also deepen the energy cost savings for participants in that program.

Our Solar for All program will face a policy barrier that would hinder our ability to enable equitable access to solar for low-income households. Current Nevada statute inhibits Nevadans who live in individually metered, multifamily buildings from being able to benefit fully from Solar for All funds; however, SB 448 in 2021 remedied this barrier for master metered multifamily buildings, but not for individually metered buildings. I look forward to working with all relevant stakeholders to identify and advance a good policy solution that overcomes this barrier in a targeted manner and that balances consumer protection and other important needs. I will take any questions you might have.

Chair Harris:

I think the Committee might have been saving all their questions for you. We will start with Vice Chair Watts.

Vice Chair Watts:

I do not have a question. I appreciate the shout out, and I want to make a shout out in return. This is really incredible work that you have been doing. I am glad that we are one of the leading states to create a green bank. I am glad that we have you at the helm of ours. The investment that we have made in supporting this work is relatively minor, and it has already been more than repaid with the \$7.7 million that NCEF has been able to bring in. I know that Clark County has been able to get money for those electric school buses. Your ability to step in and provide that support and help deliver those benefits to every community across the State is really appreciated. I am extremely excited about this work that you are doing to pull together all the different existing funding streams and then help provide additional financing to meet those gaps to deliver cleaner energy and help people reduce their energy costs. I think it goes back to one of the key things that we have been talking about throughout this meeting. I wanted to express my appreciation. It seems like you are all over the place. Everyone is mentioning partnerships that are in the works. I

hope that we get that \$250 million as well, and I want to applaud all the work that you are doing. We look forward to continuing to support that.

Chair Harris:

Seeing no other questions, we will go ahead and release you for the rest of your day. Thank you so much for being with us.

AGENDA ITEM XI—PUBLIC COMMENT

Chair Harris:

We will head right into our last bit of public comment. Just a reminder, public comment will be for two minutes. You can provide public comment here in Las Vegas. You can provide public comment up in Carson City or via telephone at the number that is posted on the agenda. We will start here in Las Vegas.

Tony Simmons, Private Citizen:

Thank you, Chair Harris and Vice Chair Watts. I would like to take these two minutes and provide a quick critique on what you heard today. There is one thing that is really clear, which is that the attorneys who execute the laws in Nevada do not appreciate the constraints placed upon the attorneys who write the laws in Nevada. The attorneys who write the laws in Nevada basically cannot reveal their work product. In some cases when the government record shows that there is some sort of controversy between a utility and its customers, they basically have to write laws that are arbitrarily and capricious. People do not realize that they have to write laws that are arbitrary and capricious from an engineering point of view. That is the big issue we have right now, which is that they do not understand the constraint that is placed upon the Legal Division. Until they understand what that constraint is, we are going to get nowhere with this because we are getting deeper and deeper into a hole that began in 1997. I propose that this Committee conduct an investigation on why the attorneys who execute the laws do not understand the laws as they were written by the attorneys who wrote the laws. The attorneys who write the laws are doing a great job. It is just that the attorneys who read them do not understand everything that the attorneys for the Legislature know but cannot reveal. Thank you.

Mendis Cooper, General Manager and CEO, Overton Power District:

I am the General Manager and CEO of Overton Power District No. 5, and I am the current President of the NREA Board. I just want to tell you how much I appreciate you having this hearing today. I appreciate the Valley Electric Association and NREA being a part of this. I hope today that you have noticed the real difference between Southwest Gas and NV Energy as compared to what we are trying to do. I appreciate you hearing that. It is our desire to work with you collaboratively so that we can do what is best for the people who live in our areas. I appreciate that relationship that we have had in the past, and I am hoping we can foster that as we go forward. Thank you for all that you do.

Tony Simmons, Private Citizen:

I have a quick question. How long will you guys accept written comments to this meeting?

Chair Harris:

In perpetuity.

Tony Simmons, Private Citizen:

I can submit a comment to this meeting by tomorrow at midnight?

Chair Harris:

Absolutely.

Tony Simmons, Private Citizen:

Would it be a part of the record of this meeting?

Chair Harris:

Absolutely. Do we have anyone in Carson City who would like to give public comment today? I am not seeing anyone. Broadcast and Production Services, can we please check the phone lines?

BPS:

Thank you, Chair. The lines are open and working, but we have no callers at this time.

Chair Harris:

Thank you all for being here today and hanging through and powering through lunch. I appreciate that. Thank you to our staff, especially those who are normally going to be up in Carson City, for coming down today. Everyone, have a great day. We will see you at our next meeting, which is currently scheduled for March 13th. That will begin at 9 a.m.

[Mary House, Chief Executive Officer, CHR, Inc., Caring, Helping and Restoring Lives, submitted public comment for the record. (Agenda Item XI)]

AGENDA ITEM XII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:49 p.m.

Respectfully submitted,

Julianne King
Assistant Manager of Research Policy
Assistants

Kristin Rossiter
Senior Policy Analyst

APPROVED BY:

Senator Dallas Harris, Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	PRESENTER/ENTITY	DESCRIPTION
Agenda Item II	Tony Simmons, Private Citizen	Written Public Comment
Agenda Item III	Kristin Rossiter, Senior Policy Analyst, Research Division, Legislative Counsel Bureau	Committee Brief
Agenda Item IV	Stephanie Mullen, Executive Director, Public Utilities Commission of Nevada	PowerPoint Presentation
Agenda Item V	Ryan Bellows, Vice President, Government and External Relations, NV Energy	PowerPoint Presentation
Agenda Item VI	Scott Leedom, Director, Public Affairs, Southwest Gas	PowerPoint Presentation
Agenda Item VIII	Mark Stallons, Chief Executive Officer (CEO), Valley Electric Association	PowerPoint Presentation
Agenda Item IX	Carolyn Turner, Executive Director, Nevada Rural Electric Association	PowerPoint Presentation
Agenda Item X	Kirsten Stasio, CEO, Nevada Clean Energy Fund	PowerPoint Presentation
Agenda Item XI	Dr. Mary House, Chief Executive Officer, Caring, Helping and Restoring Live, Incorporated	Written Public Comment

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