
ASSEMBLY BILL NO. 380—ASSEMBLYWOMAN COHEN

MARCH 23, 2021

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions relating to utilities.
(BDR 58-773)

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

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

AN ACT relating to public utilities; declaring the policy of this State concerning statewide reductions in net greenhouse gas emissions; requiring a gas utility to submit at certain times an Infrastructure, Supply and Alternatives Plan; allowing for an accelerated cost recovery for certain infrastructure replacement projects; requiring the Public Utilities Commission of Nevada to convene a public hearing on the Plan and to comply with certain requirements for such a hearing; requiring that all prudent and reasonable expenditures made by a gas utility to develop the Plan be recovered from rates charged to the customers of the gas utility; requiring the Commission to open an investigatory docket to examine the role of gas utilities in assisting the State in achieving its goal of reducing net greenhouse gas emission; requiring the Commission to prepare a report from the investigatory docket and transmit the report to the next regularly scheduled Legislative Session; repealing provisions authorizing a public natural gas utility to expand its infrastructure in certain situations; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law requires the State Department of Conservation and Natural
- 2 Resources to submit an annual report that includes a statewide inventory of
- 3 greenhouse gas emissions. This report is required to provide policies that could
- 4 achieve reductions in greenhouse gas emissions by 28 percent by the year 2025 and
- 5 45 percent by the year 2030. Finally, this report is required to provide a qualitative



6 assessment of whether such policies support long-term reductions of greenhouse
7 gas emissions in this State to zero or near-zero by the year 2050. (NRS 445B.380)
8 **Section 15** of this bill sets forth the findings and declarations of the Legislature that
9 it is the policy of this State to have the goal of statewide reductions in annual net
10 greenhouse gas emissions from the use of combustible fuels in commercial and
11 residential buildings by certain amounts, including: (1) 20 percent by the year 2030;
12 (2) 50 percent by the year 2036; (3) 67.5 percent by the year 2040; and (4) 95
13 percent by the year 2050. **Section 15** provides that it is the policy of this State, in
14 reaching these goals, to prioritize energy efficiency measures while also taking
15 other measures to achieve these goals.

16 Existing law requires a utility which supplies natural gas to file annually with
17 the Public Utilities Commission of Nevada an informational report which describes
18 the anticipated demand for natural gas, the estimated cost of natural gas, sources of
19 acquisition of natural gas and significant operational or capital requirements to
20 supply natural gas. (NRS 704.991) **Section 19** of this bill replaces this requirement
21 with a requirement for gas utilities to submit an Infrastructure, Supply and
22 Alternatives Plan not later than May 1, 2023, and every 3 years thereafter. **Section**
23 **19** requires the Plan to include: (1) a projection for the 30 years immediately
24 following the date of the Plan of the annual demands on the gas utility's
25 transmission and distribution; (2) the investments and activities that the gas utility
26 plans to implement in this State within the 6 years immediately following the date
27 of the plan; (3) a detailed description of the planned investments and activities; (4)
28 alternatives to the proposed investments and activities; and (5) a cost-benefit
29 analysis of the planned investments and activities and of the alternatives. **Section**
30 **19** authorizes a gas utility to identify projects for which accelerated cost recovery is
31 appropriate. Such a project must be limited to the incremental replacement of
32 infrastructure, which is undertaken to address the safety and reliability of the
33 infrastructure and which serves the public interest. **Section 19** authorizes some or
34 all of the costs of such a replacement project, as determined by the Commission, to
35 be recovered by the gas utility by implementing a separate and reasonable rate that
36 may be charged to the customers of the gas utility. **Section 18** of this bill makes a
37 conforming change by removing a reference to the existing provisions that were
38 removed by **section 19**.

39 **Section 16** of this bill requires the Commission to give a gas utility the
40 opportunity for a public hearing on the adequacy of an Infrastructure, Supply and
41 Alternatives Plan. **Section 16** requires the Commission to determine the parties to
42 the public hearing. **Section 16** authorizes a person or governmental entity to
43 petition the Commission for leave to intervene as a party and requires the
44 Commission to grant such intervention if the person or governmental entity has
45 relevant material evidence to provide concerning the adequacy of the Plan. **Section**
46 **16** additionally authorizes the Commission to limit the participation of an
47 intervener in the hearing to avoid duplication and to avoid unduly broadening the
48 issues of the hearing. **Section 16** requires the Commission to issue an order
49 accepting or modifying the Plan or specifying any portions of the Plan it deems
50 inadequate within 210 days after the hearing. **Section 16** requires all prudent and
51 reasonable expenditures made to develop the gas utility's plan to be recovered from
52 the rates charged to the customers of the gas utility.

53 **Section 17** of this bill requires the Commission, in consultation with the Office
54 of Energy and the Division of Environmental Protection of the State Department of
55 Conservation and Natural Resources, to open an investigatory docket to examine:
56 (1) the role of gas utilities in assisting the State in achieving the goals set forth in
57 **section 15**; and (2) how gas utilities may maintain safety standards while being
58 affected by energy efficiency measures. **Section 17** requires the Commission to
59 address certain topics in the investigatory docket. **Section 17** authorizes the
60 Commission to engage an independent third party to assist with the investigatory



61 docket and requires the Commission to prepare one or more reports on the findings
62 and recommendations that result from the investigatory docket. **Section 17** requires
63 each report to be submitted to the Director of the Legislative Counsel Bureau for
64 transmittal to the next regular Legislative Session on or before December 1, 2022,
65 and biennially thereafter.

66 **Section 20** of this bill makes conforming changes by requiring the Commission
67 to adopt regulations to establish methods and programs for a gas utility that
68 removes financial disincentives which discourage the gas utility from supporting
69 energy conservation.

70 Existing law requires the Commission to adopt regulations authorizing a public
71 natural gas utility to expand its infrastructure so long as it complies with certain
72 requirements and procedures. (NRS 704.9925) **Section 22** of this bill repeals this
73 provision. **Section 22** makes a conforming change by repealing existing law that
74 provides that such expansions in infrastructure are deemed to constitute programs
75 of economic development under certain circumstances. (NRS 271B.130)

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 17, inclusive, of this
3 act.

4 **Sec. 2.** *As used in NRS 704.991 and 704.992 and sections 2*
5 *to 17, inclusive, of this act, unless the context otherwise requires,*
6 *the words and terms defined in sections 3 to 14, inclusive, of this*
7 *act have the meanings ascribed to them in those sections.*

8 **Sec. 3. 1.** *“Biomethane” means methane which:*

9 *(a) Meets the quality standards applicable to a natural gas*
10 *pipeline into which the methane will be injected; and*

11 *(b) Is derived from:*

12 *(1) The thermal gasification of solid biomass followed by*
13 *methanation; or*

14 *(2) The upgrading of biogas.*

15 **2.** *As used in this section, “biogas” has the meaning ascribed*
16 *to it in NRS 704.9992.*

17 **Sec. 4. 1.** *“Combustible fuels” means coal, methane,*
18 *natural gas, oil, kerosene, propane, hydrogen, wood or any other*
19 *fossil fuel.*

20 **2.** *The term does not include hydrogen derived from*
21 *geothermal energy, solar energy or wind in a process commonly*
22 *known as electrolysis, power-to-gas methane or biomethane if*
23 *such hydrogen, power-to-gas methane or biomethane:*

24 *(a) Is demonstrated to have a neutral effect on the climate*
25 *from the production to the final use of the hydrogen, power-to-gas*
26 *methane or biomethane; or*

27 *(b) When used in end-use equipment, yields lower greenhouse*
28 *gas emissions or, in regards to hydrogen, has a lower impact on*



1 *the climate, over the lifetime of the end-use equipment than using*
2 *an alternative source of electricity.*

3 **Sec. 5.** *“End-use equipment” means equipment that turns*
4 *energy into goods and services.*

5 **Sec. 6.** *“Gas” means methane (CH₄).*

6 **Sec. 7.** *“Gas utility” means a public utility which purchases*
7 *natural gas, biomethane or power-to-gas methane for resale.*

8 **Sec. 8.** *“Greenhouse gas” means any of the following gases,*
9 *either alone or in combination:*

10 1. *Carbon dioxide (CO₂);*

11 2. *Hydrofluorocarbons;*

12 3. *Methane (CH₄);*

13 4. *Nitrous oxide (N₂O);*

14 5. *Perfluorocarbons; or*

15 6. *Sulphur hexafluoride (SF₆).*

16 **Sec. 9.** *“Hazardous leak” means a leak that:*

17 1. *Represents an existing or probable hazard to a person or*
18 *property; and*

19 2. *Requires immediate repair or continuous action until the*
20 *conditions are no longer hazardous to a person or property.*

21 **Sec. 10.** *“High pressure distribution pipeline” means a gas*
22 *distribution pipeline that is:*

23 1. *Greater than 2 inches in diameter; and*

24 2. *Operated or designed to be operated at pressures equal to*
25 *or greater than 100 pounds per square inch.*

26 **Sec. 11.** 1. *“Historically underserved community” means:*

27 (a) *A census tract in which, in the immediately preceding*
28 *census:*

29 (1) *The median household income was less than 60 percent*
30 *of the median household income in this State;*

31 (2) *At least 25 percent of households had a household*
32 *income below the federally designated level signifying poverty; or*

33 (3) *At least 20 percent of households were not proficient in*
34 *the English language.*

35 (b) *A public school in this State:*

36 (1) *In which 75 percent or more of the enrolled pupils*
37 *during the previous school year were eligible for free or reduced-*
38 *price lunches under the National School Lunch Act; or*

39 (2) *That participates in universal meal service in high*
40 *poverty areas pursuant to Section 104 of the Healthy, Hunger-*
41 *Free Kids Act of 2010, Public Law 111-296.*

42 (c) *Indian tribal lands.*

43 2. *As used in this section:*

44 (a) *“Block” means the smallest geographical unit whose*
45 *boundaries were designated by the Bureau of the Census of the*



1 *United States Department of Commerce in its topographically*
2 *integrated geographic encoding and referencing system.*

3 (b) *“Block group” means a combination of blocks whose*
4 *numbers begin with the same digit.*

5 (c) *“Census tract” means a combination of block groups.*

6 **Sec. 12.** *“Low-income household” means a household,*
7 *which may include one or more persons, with a median household*
8 *income of less than 80 percent of the median household income in*
9 *this State.*

10 **Sec. 13.** *“Power-to-gas methane” means methane that is*
11 *produced through the process of converting electric energy into*
12 *storable or injectable methane via electrolysis and methanation.*

13 **Sec. 14.** *“Systematic upgrades or replacements” means*
14 *upgrades or replacements to the infrastructure of a gas system that*
15 *are incremental in nature and not undertaken by the public utility*
16 *as a project to replace existing infrastructure during the normal*
17 *course of business.*

18 **Sec. 15.** *The Legislature finds and declares that it is the*
19 *policy of this State to:*

20 1. *Have the goal of statewide reductions in net greenhouse*
21 *gas emissions that occur each year from the use of combustible*
22 *fuels in commercial and residential buildings, as compared to the*
23 *level of greenhouse gas emissions in this state in 2016, by at least*
24 *the following amounts:*

- 25 (a) *Statewide reductions of 2.5 percent by the year 2022;*
- 26 (b) *Statewide reductions of 3 percent by the year 2024;*
- 27 (c) *Statewide reductions of 6.5 percent by the year 2026;*
- 28 (d) *Statewide reductions of 12.5 percent by the year 2028;*
- 29 (e) *Statewide reductions of 20 percent by the year 2030;*
- 30 (f) *Statewide reductions of 30 percent by the year 2032;*
- 31 (g) *Statewide reductions of 40 percent by the year 2034;*
- 32 (h) *Statewide reductions of 50 percent by the year 2036;*
- 33 (i) *Statewide reductions of 57.5 percent by the year 2038;*
- 34 (j) *Statewide reductions of 67.5 percent by the year 2040;*
- 35 (k) *Statewide reductions of 85 percent by the year 2045; and*
- 36 (l) *Statewide reductions of 95 percent by the year 2050; and*

37 2. *In reaching the goals set forth in subsection 1, prioritize*
38 *the use of energy efficiency measures, including, without*
39 *limitation, increasing energy efficiency or energy conservation*
40 *and switching from end-use equipment that uses combustible fuels*
41 *to end-use equipment that is energy efficient, while also taking*
42 *other measures to achieve this goal.*

43 **Sec. 16.** 1. *After a gas utility has filed the Infrastructure,*
44 *Supply and Alternatives Plan pursuant to NRS 704.991, the*



1 *Commission shall convene a public hearing on the adequacy of*
2 *the Plan.*

3 *2. The Commission shall determine the parties to the public*
4 *hearing on the adequacy of the Infrastructure, Supply and*
5 *Alternatives Plan. A person or governmental entity may petition*
6 *the Commission for leave to intervene as a party. The Commission*
7 *shall grant a petition to intervene as a party in the hearing if the*
8 *person or entity has relevant material evidence to provide*
9 *concerning the adequacy of the Plan. The Commission may limit*
10 *the participation of an intervener in the hearing to avoid*
11 *duplication and may prohibit continued participation in the*
12 *hearing by an intervener if the Commission determines that*
13 *continued participation will unduly broaden the issues, will not*
14 *provide additional relevant material evidence or is not necessary to*
15 *further the public interest.*

16 *3. In addition to any party to the hearing, any interested*
17 *person may make comments to the Commission regarding the*
18 *contents and adequacy of the Infrastructure, Supply and*
19 *Alternatives Plan.*

20 *4. After the hearing, the Commission shall issue an order*
21 *accepting or modifying the Infrastructure, Supply and Alternatives*
22 *Plan or specifying any portions of the Plan it deems inadequate*
23 *within 210 days.*

24 *5. All prudent and reasonable expenditures made to develop*
25 *the gas utility's Infrastructure, Supply and Alternatives Plan,*
26 *including, without limitation, environmental, engineering and*
27 *other studies, must be recovered from the rates charged to the gas*
28 *utility's customers.*

29 *6. The Commission may adopt regulations to carry out the*
30 *provisions of this section.*

31 **Sec. 17. 1. The Commission, in consultation with the**
32 **Office of Energy created by NRS 701.150 and the Division of**
33 **Environmental Protection of the State Department of**
34 **Conservation and Natural Resources, shall open an investigatory**
35 **docket to examine:**

36 *(a) The role of gas utilities in assisting the State in achieving*
37 *the goals set forth in subsection 1 of section 15 of this act; and*

38 *(b) How gas utilities may maintain safety standards while*
39 *being affected by energy efficiency measures, including, without*
40 *limitation, increasing energy efficiency or energy conservation*
41 *and switching from end-use equipment that uses combustible fuels*
42 *to end-use equipment that is energy efficient.*

43 *2. The Commission may use a phased approach and shall*
44 *address in the investigatory docket, in addition to any other topics*
45 *it determines are appropriate, the following topics:*



1 (a) Existing gas infrastructure, options for infrastructure
2 contracts and other methods through which costs can be reduced.

3 (b) The number and types of customers that have limited
4 options for being supplied with energy or electricity.

5 (c) Strategies to limit the impact of the transition from the use
6 of gas in buildings on low-income households and historically
7 underserved communities, including, without limitation, such
8 persons who rent or lease their residence. Such strategies must
9 include, without limitation, programs that reduce the costs of
10 energy efficiency measures for customers.

11 (d) The barriers and challenges that low-income households
12 and historically underserved communities face in adopting energy
13 efficiency measures and technology.

14 (e) The environmental and health impacts of new gas
15 infrastructure on communities adjacent to the new gas
16 infrastructure.

17 (f) The technologies that exist to electrify end-use equipment
18 that is used in residential and commercial buildings, including,
19 without limitation, the cost effectiveness and availability of such
20 technologies, the identification of any gaps in available technology
21 and any challenges in using such technologies in this State and
22 how such challenges can be overcome.

23 (g) The cost, availability and environmental impacts of
24 alternative fuels, including, without limitation, those listed in
25 subsection 2 of section 4 of this act, that could replace gas.

26 (h) Improvements for the forecasting and analysis of demand
27 for gas.

28 (i) Adjusting depreciation schedules for gas system
29 investments to align them with the expected use and projected
30 useful lifespan of the investments rather than the engineering
31 lifespan of the investments.

32 (j) The prospective identification of gas distribution lines that
33 may be retired as a result of developing energy efficiency
34 measures and how such retirement may affect customers. An
35 assessment of the retirement of gas distribution lines must be
36 based on metrics, including, without limitation, the age of the
37 pipeline, the material of the pipeline, any identified leaks in the
38 pipeline, the remaining undepreciated asset value and the types of
39 customers who are serviced by the pipeline.

40 (k) How securitization and other financial tools may mitigate
41 rate impacts of declining use of gas systems or may mitigate the
42 abandonment of rates.

43 (l) Gas utility incentives, practices and programs that
44 encourage, incentivize and lock-in gas use.



1 (m) *Electric utility incentives, practices and programs that*
2 *inhibit or that could be better at promoting energy efficiency*
3 *measures.*

4 (n) *The potential for incentive and market development*
5 *programs to encourage energy efficiency measures and*
6 *improvements in the energy efficiency of residential and*
7 *commercial buildings.*

8 (o) *In consultation with other state agencies, how to manage*
9 *the impact on the workforce of this State of a gas distribution*
10 *system that is reduced in size including, without limitation, by*
11 *providing training and assistance to the affected workforce of this*
12 *State for a transition to similarly compensated, alternative jobs.*

13 3. *The Commission may engage an independent third party to*
14 *assist in carrying out the provisions of subsections 1 and 2.*

15 4. *The Commission shall prepare one or more reports on the*
16 *findings and recommendations that result from the investigatory*
17 *docket. Such reports may include, without limitation, potential*
18 *changes to policies, statutes and regulations to achieve the goals*
19 *of the Legislature. The Commission shall seek input from*
20 *participants in the investigatory docket while the Commission is*
21 *preparing such reports.*

22 5. *On or before December 1, 2022, and biennially thereafter,*
23 *the Commission shall submit to the Director of the Legislative*
24 *Counsel Bureau for transmittal to the next regular session of the*
25 *Legislature each written report that is prepared pursuant to*
26 *subsection 4.*

27 **Sec. 18.** NRS 704.032 is hereby amended to read as follows:

28 704.032 The Office of Economic Development may participate
29 in proceedings before the Public Utilities Commission of Nevada
30 concerning a public utility in the business of supplying electricity or
31 natural gas to advocate the accommodation of the State Plan for
32 Economic Development developed by the Executive Director of the
33 Office pursuant to subsection 2 of NRS 231.053. The Office of
34 Economic Development may intervene as a matter of right in a
35 proceeding pursuant to NRS 704.736 to 704.754, inclusive . ~~[~~
36 ~~704.991.]~~

37 **Sec. 19.** NRS 704.991 is hereby amended to read as follows:

38 704.991 1. A gas utility ~~[which supplies natural gas]~~ in this
39 state shall , *not later than May 1, 2023, and every 3 years*
40 *thereafter,* file ~~[annually]~~ with the Commission, in a format
41 prescribed by the Commission, ~~[an informational report which~~
42 ~~describes:~~

43 ~~— 1. The anticipated demand for natural gas made on its system~~
44 ~~by its customers;~~



1 ~~—2. The estimated cost of supplying natural gas sufficient to~~
2 ~~meet the demand and the means by which the utility proposes to~~
3 ~~minimize that cost;~~

4 ~~—3. The sources of planned acquisitions of natural gas, including~~
5 ~~an estimate of the cost and quantity of the acquisitions to be made~~
6 ~~from each source and an assessment of the reliability of the source;~~
7 ~~and~~

8 ~~—4. Significant operational or capital requirements of the utility~~
9 ~~related to its provision of gas service in this state.] a plan entitled~~
10 *the Infrastructure, Supply and Alternatives Plan.*

11 *2. The Infrastructure, Supply and Alternatives Plan must*
12 *include, without limitation:*

13 *(a) A projection for the 30 years immediately following the*
14 *filing date of the Plan of the annual demands on the system used*
15 *by the gas utility for transmission and distribution of energy. The*
16 *projection shall:*

17 *(1) Incorporate the impact on the projected demands from*
18 *recent and projected climate change; and*

19 *(2) Include, without limitation:*

20 *(I) A forecast on the business operations of the gas*
21 *utility which incorporates the impact of policies and programs on*
22 *gas demands that are enacted by federal, state and local*
23 *governments; and*

24 *(II) A decarbonization plan which incorporates energy*
25 *efficiency measures to meet the goals set forth in subsection 1 of*
26 *section 15 of this act.*

27 *(b) The investments and activities that the gas utility plans to*
28 *implement in this State within the 6 years immediately following*
29 *the filing date of the Plan. The gas utility must include, without*
30 *limitation, any of the following investments and activities that the*
31 *gas utility intends to implement in this State within the 6 years*
32 *immediately following the date of the Plan:*

33 *(1) Expansion in the service territory of the gas utility;*

34 *(2) Expansion of gas services to unserved or underserved*
35 *areas in this State;*

36 *(3) Replacement or new construction of transmission*
37 *pipeline;*

38 *(4) Replacement or new construction of 1 mile or more of*
39 *high pressure distribution pipeline;*

40 *(5) New installations of city gate stations;*

41 *(6) Replacement or new construction of city gate regulatory*
42 *stations;*

43 *(7) Systematic upgrades or replacements of outdated*
44 *infrastructure or other equipment;*



1 (8) *New or extended contracts for long term pipeline supply*
2 *or capacity with an upstream pipeline company;*

3 (9) *New construction, upgrade or replacement of storage*
4 *facilities for liquefied natural gas or underground storage*
5 *facilities;*

6 (10) *Planned contracts for the long-term use of storage*
7 *facilities for liquefied natural gas or of underground storage*
8 *facilities; or*

9 (11) *New contracts that are for 10 years or longer with*
10 *customers for transportation services, special contract services or*
11 *any other type of service, as set forth by the Commission.*

12 (c) *A detailed description of each investment and activity that*
13 *the gas utility plans to implement in this State which is included in*
14 *the Plan pursuant to paragraph (b). Such a detailed description*
15 *must include, without limitation:*

16 (1) *An explanation of the need for the investment or*
17 *activity;*

18 (2) *The number and type of customers directly impacted by*
19 *the investment or activity;*

20 (3) *The cost and projected operating lifespan of the*
21 *investment or activity;*

22 (4) *The safety or reliability benefits of the investment or*
23 *activity, including, without limitation, whether the investment or*
24 *activity will reduce the number, rate or probability of hazardous*
25 *leaks from occurring;*

26 (5) *Any impacts the investment or activity will have on*
27 *emissions, including, without limitation, emissions from any end-*
28 *use equipment that is projected to be installed, maintained or*
29 *operated among or by customers;*

30 (6) *Any impacts the investment or activity will have on and*
31 *any consultation conducted with historically underserved*
32 *communities;*

33 (7) *Any impacts the investment or activity will have on*
34 *communities adjacent to the locations affected by the investment*
35 *or activity; and*

36 (8) *Any other information regarding the investment or*
37 *activity determined to be appropriate by the Commission.*

38 ↪ *The Commission may adopt regulations containing specific*
39 *requirements for what a gas utility is required to describe for the*
40 *investments and activities listed in subparagraphs (1) to (11),*
41 *inclusive, of paragraph (b).*

42 (d) *A set of alternatives to the proposed investments or*
43 *activities which are included in the Plan pursuant to paragraph*
44 *(b). The set of alternatives, identified collectively as the alternative*
45 *plans, must include, without limitation:*



1 (1) For each alternative plan, whether the alternative plan
2 uses different strategies or approaches than are planned to be used
3 by the proposed investments or activities;

4 (2) One alternative plan that employs a no-action strategy,
5 in which the proposed investments and activities are not made or
6 conducted; and

7 (3) One alternative plan that implements an efficiency
8 strategy. Such an efficiency strategy addresses infrastructure and
9 supply needs and increased energy demands that the investments
10 and activities seek to address by use of energy efficiency measures,
11 including, without limitation, increasing energy efficiency or
12 energy conservation and switching from end-use equipment that
13 uses combustible fuels to end-use equipment that is energy
14 efficient, while taking other measures to achieve this goal.

15 ➔ The Commission may adopt regulations containing specific
16 alternatives a gas utility is required to analyze for the investments
17 and activities listed in subparagraphs (1) to (11), inclusive, of
18 paragraph (b).

19 (e) A cost-benefit analysis of the investments or activities
20 which are included in the Plan pursuant to paragraph (b) and
21 each of the alternative plans which are included in the Plan
22 pursuant to paragraph (d). Each cost-benefit analysis must
23 consider, without limitation, costs and benefits in the following
24 categories:

25 (1) Utility infrastructure, including, without limitation,
26 maintenance, operations, upkeep and replacements at the end of
27 the operational life of the infrastructure.

28 (2) Energy and fuel expenses, including, without limitation,
29 those associated with new or existing end-use equipment projected
30 to be installed, maintained or operated among or by customers
31 pursuant to the investments or activities.

32 (3) End-use equipment and the installation of end-use
33 equipment.

34 (4) Greenhouse gas emissions, valued at the social cost of
35 the greenhouse gas emissions. In making such a valuation, the gas
36 utility shall use the estimates set forth in the Technical Support
37 Document: Technical Update of the Social Cost of Carbon for
38 Regulatory Impact Analysis, 2016 edition, published by the
39 Interagency Working Group on Social Cost of Greenhouse Gases,
40 United States Government, for determining discount rates of not
41 more than 3 percent. The gas utility may, instead of using such
42 estimates, use improved estimates that incorporate the
43 recommendations set forth in Valuing Climate Damages,
44 Updating Estimation of the Social Cost of Carbon Dioxide, 2017
45 edition, published by the National Academies of Sciences,



1 *Engineering and Medicine. The greenhouse gas emissions that*
2 *are valued pursuant to this paragraph must include, without*
3 *limitation:*

4 (I) *Emissions from new or existing end-use equipment*
5 *projected to be installed, maintained or operated among or by*
6 *customers pursuant to the investments or activities; and*

7 (II) *Emissions from gas, power-to-gas methane and*
8 *biomethane, including, without limitation, emissions from any*
9 *leaks of gas, power-to-gas methane and biomethane.*

10 (5) *Monetized safety benefits.*

11 (6) *Option value, which is the value of delaying a decision*
12 *to invest in long-term infrastructure.*

13 (7) *Monetized health benefits, including, without limitation,*
14 *any benefits from:*

15 (I) *The increased or decreased use in buildings of*
16 *combustible fuels;*

17 (II) *The avoidance of the use of fuels listed in*
18 *subsection 2 of section 4 of this act; and*

19 (III) *Changes to the indoor air quality as a result of the*
20 *investments or activities or alternative plans.*

21 3. *When identifying the investments or activities which are*
22 *included in the Infrastructure, Supply and Alternatives Plan*
23 *pursuant to paragraph (b) of subsection 2, the gas utility may*
24 *identify projects for which accelerated cost recovery is appropriate.*
25 *Such a project must be limited to the incremental replacement of*
26 *gas infrastructure that does not generate revenue, which is*
27 *undertaken outside of the normal course of business to address the*
28 *safety and reliability of the infrastructure and which serves the*
29 *public interest. The Commission shall establish a mechanism*
30 *through which some or all of the costs of such a project, as*
31 *determined by the Commission, may be recovered by the gas utility*
32 *through the implementation of a separate and reasonable rate that*
33 *is charged to the customers of the gas utility.*

34 **Sec. 20.** NRS 704.992 is hereby amended to read as follows:

35 704.992 1. The Commission shall adopt regulations to
36 establish methods and programs for a ~~[public] gas utility [which~~
37 ~~purchases natural gas for resale]~~ that remove financial disincentives
38 which discourage the ~~[public] gas~~ utility from supporting energy
39 conservation, including, without limitation:

40 (a) Procedures for a ~~[public] gas~~ utility ~~[which purchases natural~~
41 ~~gas for resale]~~ to have a mechanism established during a general rate
42 application filed pursuant to NRS 704.110 to ensure that the costs of
43 the ~~[public] gas~~ utility for providing service are recovered without
44 regard to the difference in the quantity of natural gas actually sold
45 by the ~~[public] gas~~ utility by taking into account the adjusted and



1 annualized quantity of natural gas sold during a test year and the
2 growth in the number of customers of the ~~[public] gas~~ utility;

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

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

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

15 **Sec. 21.** The provisions of subsection 1 of NRS 218D.380 do
16 not apply to any provision of this act which adds or revises a
17 requirement to submit a report to the Legislature.

18 **Sec. 22.** NRS 271B.130 and 704.9925 are hereby repealed.

19 **Sec. 23.** This act becomes effective upon passage and
20 approval.

TEXT OF REPEALED SECTIONS

271B.130 Expansion of infrastructure by natural gas utility deemed to constitute program of economic development under certain circumstances; natural gas utility required to file with Public Utilities Commission of Nevada application to establish rates to recover prudent and reasonable costs associated with expansion.

1. For the purposes of subsection 3 of NRS 704.9925, the activity of a public utility which purchases natural gas for resale relating to the expansion of its infrastructure necessary to provide natural gas to the legal boundary of a district constitutes a program of economic development. The public utility shall expand its infrastructure in accordance with the provisions of that section.

2. A public utility which expands its infrastructure as described in subsection 1 shall file an application with the Public Utilities Commission of Nevada in accordance with the regulations adopted pursuant to NRS 704.9925 to establish rates to recover all prudent and reasonable costs associated with the expansion in accordance with the provisions of that section.



3. As used in this section, “public utility” has the meaning ascribed to it in NRS 704.020.

704.9925 Regulations authorizing natural gas utility to expand infrastructure consistent with program of economic development.

1. The Commission shall adopt regulations authorizing a public utility which purchases natural gas for resale to expand the infrastructure of the public utility in a manner consistent with a program of economic development, including, without limitation:

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

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

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

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

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

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

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

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

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



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

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