

ASSEMBLY BILL NO. 436—COMMITTEE
ON COMMERCE AND LABOR

MARCH 25, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the regulation of public utilities which furnish, for compensation, any water for municipal, industrial or domestic purposes. (BDR 58-1196)

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

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

AN ACT relating to public utilities; requiring the Public Utilities Commission of Nevada to consider certain information in reviewing certain applications and plans submitted to the Commission by a public utility which furnishes, for compensation, any water for municipal, industrial or domestic purposes; requiring the Commission to adopt regulations which authorize such a public utility to recover an amount based on the effects of the implementation of a plan of water conservation; requiring the Commission to adopt regulations which authorize such a public utility to recover, outside of a general rate application, certain costs relating to the planning, acquisition or construction of certain utility facilities; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law requires a public utility which furnishes, for compensation, any
2 water for municipal, industrial or domestic purposes to adopt a plan of water
3 conservation approved by the Public Utilities Commission of Nevada. (NRS
4 704.662, 704.6622) **Section 2** of this bill requires the Commission, when reviewing
5 a plan of water conservation, reviewing a rate application or approving a rate
6 imposed by such a public utility, to consider any information submitted by the
7 public utility which demonstrates the anticipated effects on the recovery of costs by
8 the public utility as a result of implementing a plan of water conservation. **Section**
9 **3** of this bill requires the Commission to adopt regulations authorizing a public



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10 utility which furnishes, for compensation, any water for municipal, industrial or
11 domestic purposes to: (1) recover an amount based on the measurable and
12 verifiable effects of the implementation of a plan of water conservation, which must
13 include any financial disincentives caused or created by the reasonable
14 implementation of the plan of water conservation; and (2) recover, outside of a
15 general rate application, all just and reasonable costs of planning, acquiring or
16 constructing a utility facility which the Commission determines is a prudent
17 investment.

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 and 3 of this act.

3 **Sec. 2.** *The Commission shall, in reviewing an application to*
4 *make changes in any schedule submitted pursuant to NRS*
5 *704.110, reviewing a plan of water conservation submitted*
6 *pursuant to NRS 704.6622 or approving any rate imposed by a*
7 *public utility which furnishes, for compensation, any water for*
8 *municipal, industrial or domestic purposes, consider any*
9 *information submitted by the public utility which demonstrates the*
10 *anticipated effects on the recovery of costs by the public utility as a*
11 *result of implementing a plan of water conservation, including,*
12 *without limitation, the anticipated effects of decreased*
13 *consumption of water by customers of the public utility as the*
14 *result of the implementation of a plan for water conservation or*
15 *the charging of variable rates to encourage water conservation.*

16 **Sec. 3.** *The Commission shall adopt regulations authorizing*
17 *a public utility which furnishes, for compensation, any water for*
18 *municipal, industrial or domestic purposes:*

19 1. *To recover an amount based on the measurable and*
20 *verifiable effects of the implementation by the public utility of a*
21 *plan of water conservation approved by the Commission pursuant*
22 *to NRS 704.6622, which must include any financial disincentives*
23 *caused or created by the reasonable implementation of the plan of*
24 *water conservation; and*

25 2. *To recover, outside of a general rate application filed*
26 *pursuant to NRS 704.110, all just and reasonable costs of*
27 *planning, acquiring or constructing a utility facility which the*
28 *Commission determines is a prudent investment.*

29 **Sec. 4.** This act becomes effective on July 1, 2013.

