

STAFF REPORT

Date: July 31, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Resolution No. _____ (For Possible Action): Resolution of the Reno City Council to oppose the increase to the Basic Service Charge and related provisions under Docket No. 24-02026 before the Public Utilities Commission of Nevada (PUCN), and other matters properly relating thereto.

From: Suzanne Groneman, Sustainability Manager

Department: City Manager's Office

Summary:

On February 23, 2024, pursuant to Nevada Revised Statutes (NRS) 704.110(3) and amended by Assembly Bill (AB) 524 (2023), Sierra Pacific Power Company d/b/a NV Energy filed an application for review of its rates which it must do at least once every 36 months. Under Docket No. 24-02026, NV Energy proposes to increase the Basic Service Charge (BSC), decrease volumetric charges, and increase its annual revenues. Opponents of the increase to the BSC have cited harm to solar customers and lower-income persons should the Public Utilities Commission of Nevada (PUCN) approve the filing as proposed.

Alignment with Strategic Plan:

Fiscal Sustainability

Infrastructure, Climate Change, and Environmental Sustainability

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

NV Energy filed its application addressing its annual revenue requirement for general rates charged to all classes of electric customers, on February 23, 2024. This is as per NRS 704.110 and as amended under AB 524 (2023).

The PUCN held three consumer sessions in June 2024. Comments made by attendees are not considered official testimony but are perceived as valuable to the PUCN as it informs testimony

by outside organizations as to the concerns of citizens and businesses.

Concerned citizens and organizations have attended Reno City Council meetings asking the Reno City Council to oppose the increase to the BSC through a resolution and/or official letter to the PUCN.

Discussion:

The PUCN is tasked with establishing the amount of money the utility needs to collect from customers through rates based on the reasonable and prudent costs for the utility to provide service (per the PUCN). Rates are set to allow a reasonable profit for NV Energy’s shareholders. This establishes the “revenue requirement” and determines the amount that must be collected through rates to all customer classes.

NV Energy proposes to increase the BSC under Docket No. 24-02026 (and 24-02027 for gas) – a minimum amount charged to all customers – in order to shift the cost from variable to fixed. The increase varies based on customer type and rate schedule. For example, a residential customer will see a proposed increase from \$16 to \$17 to approximately \$44. NV Energy also proposes to reduce the volumetric charge to customers. NV Energy states this will result in an overall decrease in customer bills. Opponents of this model state that because the volumetric charge is based on the price of fuel (which is subject to market pricing), this may not result in a decrease in the long-term. Opponents also argue it will negatively impact solar customers, particularly those whose current load is mostly covered by their solar because a customer’s minimum bill be at least the BSC, as well as disincentivize customers to conserve energy and be more efficient.

The matter is next set for hearing before the PUCN on August 12 through August 16, with a subsequent Order expected in September. Any rate changes will go into effect in October 2024.

Financial Implications:

The impact on the City of Reno by way of the Resolution is not known.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council approve the Resolution to oppose the increase to the Basic Service Charge and related provisions under Docket No. 24-02026 before the PUCN and authorize staff to draft a letter of submission to submit the Resolution to the PUCN as official public comment under the Docket.

Proposed Motion:

I move to approve the Resolution to oppose the increase to the Basic Service Charge and related provisions under Docket No. 24-02026 before the Public Utilities Commission of Nevada (PUCN) and authorize staff to draft a letter of submission to submit the Resolution to the PUCN as official public comment under the Docket.

Attachments:

PUCN Resolution