



NEVADA RURAL ELECTRIC
ASSOCIATION

***Representing Nevada's Rural Electric Cooperatives,
Power Districts, and Municipal Utilities.***

***Prepared for the Governor's Committee on Energy Choice Workgroup
Open Energy Market Design & Policy: Commercial and Residential***

August 8, 2017

Presented By:

Richard "Hank" James
Executive Director
NREA

NEVADA RURAL ELECTRIC ASSOCIATION



- Founded in 1974 to represent the collective interests of Nevada's rural electric distribution systems providing service to rural Nevadans not being served by the I.O.U.
- NREA Advocates for owner-member/consumers with national and state legislators, agencies, local governments, and like-minded organizations about the importance of the services our utility members provide.
- NREA members are not-for-profit [associations of persons](#) who procure and distribute electric service on behalf of their owner-members:
 - One municipal utility
 - Six rural electric cooperatives
 - Two power districts.

Governance



- Each NREA member is an individual association of people with a common purpose to acquire and distribute electricity (aggregated load) solely for the members of their Association.
- Local, democratically elected boards are at the center of each member's electric distribution system with a common mission to provide:
 - safe, reliable, and low-cost electric service for their owner-member/consumers.
- PUCN oversight is limited as prescribed in various NRS enabling statutes relative to the Association's entities:

Electric Cooperatives --- Power Districts --- Municipalities.

NREA Utility Members Do Not Have “Customers”



- Net revenues are allocated back to the **Owner/Members** as *capital credits*... Either refunded by check or utility bill credit on a pro-rata basis. (*Cooperatives*)
- For Public Utility Districts and Municipalities, net revenues are returned to the consumer manifested in lower rates or lower taxes.

Total Utility Plant Investment	Total Annual Revenue	Total Employees	Total Annual Payroll
\$293,852,330	\$184,353,076	266	\$12,345,678

“Fundamentals” of NEVADA’S RURAL ELECTRIC DISTRIBUTION SYSTEMS



- **The democratic structure** of NREA member Boards
 - Enable each utility system Board to make progressive changes to their own energy policies... only if their owner-members/consumers want change.
 - All owner-members have one vote regardless of the amount of energy purchased.
- NREA utility members have **no excess margin component** when setting rates.
 - Rate components = Energy + Demand + Cost of Business
- Provide electricity over ~50% of the land and serve ~10% of the Nevada’s population.
- NREA utility members serve an average **5.2 consumers per mile** of distribution power line, compared to over 34 consumers per mile.
- Nevada’s rural distribution systems seek to acquire and distribute least-cost renewable/carbon-free generation resources with high reliability (99.99%) to meet **native demand** as they arise.

NREA UTILITY MEMBERS

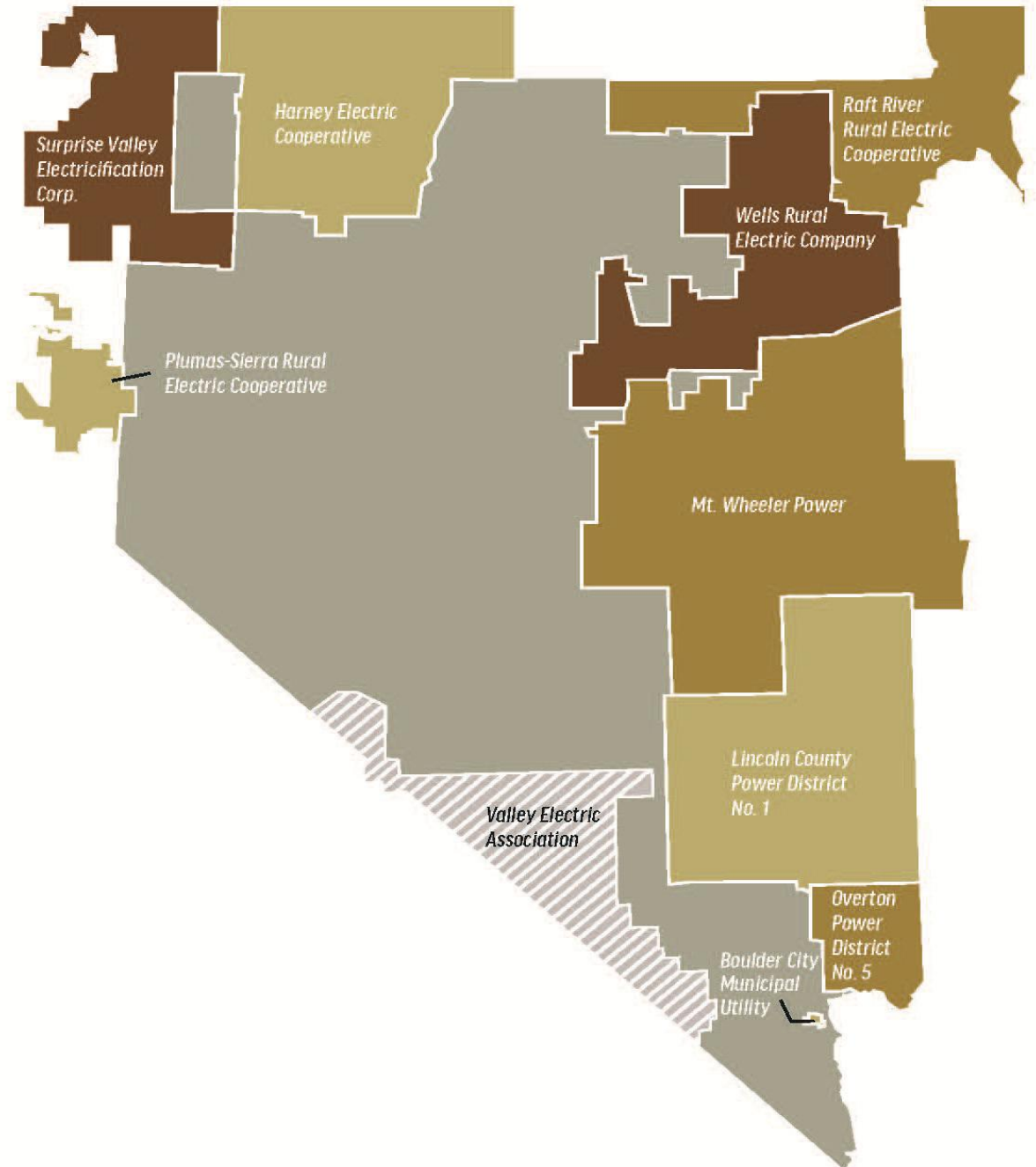


- Harney Electric Cooperative, *Hines, OR*
- Lincoln County Power District No. 1, *Pioche, NV*
- Mt. Wheeler Power, *Ely, NV*
- Overton Power District #5, *Overton, NV*
- Raft River Rural Electric, *Malta, ID*
- Wells Rural Electric Company, *Wells, NV*
- Boulder City Electric Utility, *Boulder City, NV*
- Surprise Valley Electrification Corp, *Alturas, CA*
- Plumas-Sierra Rural Electric Co-op, *Portola, CA*

LOCATION OF NEVADA'S RURAL ELECTRIC UTILITIES



NEVADA RURAL ELECTRIC
ASSOCIATION



Summary by the Numbers



- **Utility Members:** 9
- **Renewable/Carbon-Free Portfolio:** ~65%
- **Nevada Consumers:** 41,562
- **Distribution** - 12,248 Miles – **Transmission** 1,664 Miles (Local)
- **Owner-Member/Consumers per mile of distribution line :** 5.2
- **Nevada Service Territory:** 48,216 square miles
- **Employees:** 266
- **Combined Load:** 2,731,475 MWh - **Peak Load:** 502 MW (CY2015)
- **Elected Owner-Member/Consumer Directors:** 68

NREA & ENERGY CHOICE



- NREA Members have always provided “Choice” to their member/consumers...
 - In their power supply options, their rates, and in the make-up of their Boards’.
 - All owner-members have one vote regardless of the amount of energy purchased.
- 14 other (Deregulated) States exclude, or, provide an opt-out/in mechanism for not-for-profit Public Power because:
 - Long-term, low-cost energy PPA’s discourage profit-motivated retail providers from entering the market
 - Transmission capacity constraints within NREA member service areas for external resources.

NREA & ENERGY CHOICE



- Additional Energy Costs for NREA owner-members in an Open Energy Market Structure would include:
 - Alternative Power Providers' profit margin (10-15%)
 - Transmission and retail wheeling costs (TBD)
 - NREA's existing PPA Divestiture/Liquidation costs (~\$1 Billion)
 - Additional Transition costs (~\$1 Billion)
 - Including, but not limited to:
 - Automated Meter Infrastructure (if possible)
 - Billing software
 - New regulatory oversight/compliance

The Future:



- NREA's electric distribution system members:
 - A. Create and administer policies to achieve equitable, environmentally responsible, sustainable livelihood for all owner-member/consumers.
 - We stand together as an Association of independent not-for-profit Associations of people who operate cooperatively... their own electric distribution systems.
 - We also stand ready, willing, and able to assist the Governor's CEC to develop recommendations that ensure NREA members continue retain access to energy supply resources of their choosing in Nevada's new open energy market.
 - B. Ensure the availability of safe, reliable, low-cost electric service to rural Nevadans.
 - Technical advisors and Energy Industry Experts are available through NREA utility members to partner with the GCEC to facilitate and contribute to responsible on-going wholesale and retail market research and data collection.



NEVADA RURAL ELECTRIC
ASSOCIATION

Nevada Rural Electric Association

Richard “Hank” James

Executive Director

1894 E. William Street, Suite 4222

Carson City, Nevada 89701

(775)275-0439

hjames@nrea.coop