State makes it difficult to cut ties with NV Energy

By Kyle Roerink, Las Vegas Sun

CARSON CITY — In an opinion expected to be widely disputed by both consumer groups and advocates of competitive energy marketplaces, the Nevada Public Utilities Commission's legal staff has ruled that a major digital technology company must pay $27 million to cut its ties with NV Energy and produce its own power.

The legal staff's ruling sets the stage for debate about consumer choice and the interpretation of a 14-year-old law that the company, Switch, is referencing in hopes of removing itself as an NV Energy customer. The PUC's legal opinion could foreshadow a decision that regulators will formally announce in June, and could be an indication that it will be difficult for Switch and other companies to unplug from NV Energy. In interpreting the law, the regulators' legal staff in essence said the opt-out provision should be ignored now because market conditions have changed since it was enacted.

The PUC opinion is the latest in a six-month battle for Switch, which applied in November with the PUC for the ability to create and purchase power without NV Energy. The Las Vegas-based company provides data storage to an array of Fortune 1000 clients, including Google, Sony and eBay, through a high-bandwidth fiber optic network connected to at least four dozen major Internet providers.

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