

ASSEMBLY BILL NO. 215—COMMITTEE
ON COMMERCE AND LABOR

MARCH 1, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing utilities.
(BDR 58-593)

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

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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 utilities; authorizing certain public utilities that purchase natural gas for resale and electric utilities to request approval from the Public Utilities Commission of Nevada to make quarterly rate adjustments based on deferred accounting; requiring that written notices which are provided to customers of certain public utilities that purchase natural gas for resale and electric utilities contain information about the review of certain quarterly rate adjustments by the Commission; authorizing the Commission to allow public utilities that purchase natural gas for resale to apply for certain additional rate adjustments upon a showing of good cause; prohibiting electric utilities from applying for certain additional rate adjustments after receiving approval from the Commission to make quarterly rate adjustments based on deferred accounting; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law authorizes certain public utilities that purchase natural gas for
2 resale and certain electric utilities to use deferred accounting to reflect changes in
3 the cost of purchased natural gas, fuel or power. (NRS 704.185, 704.187) **Section 5**
4 of this bill authorizes a public utility which purchases natural gas for resale and
5 which requests approval from the Public Utilities Commission of Nevada to adjust
6 its rates on a quarterly basis based on the fluctuating price of natural gas to include
7 with that request a request for approval to make quarterly deferred energy
8 accounting adjustments. **Section 5** also authorizes an electric utility that is required



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9 to make quarterly adjustments based on the fluctuating price of fuel or power to
10 request approval from the Commission to make quarterly deferred energy
11 accounting adjustments. **Section 5** further requires a utility that receives approval to
12 make any quarterly adjustments to provide its customers with written notice that
13 includes information relating to when the adjustments will be reviewed by the
14 Commission. **Section 6** of this bill authorizes a public utility which purchases
15 natural gas for resale and which has received approval from the Commission to
16 make such adjustments to apply for additional deferred energy accounting
17 adjustments only upon a showing of good cause. **Section 7** of this bill prohibits an
18 electric utility that has received approval from the Commission to make such
19 adjustments from applying for any additional deferred energy accounting
20 adjustments.

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

1 **Section 1.** NRS 703.320 is hereby amended to read as follows:
2 703.320 Except as otherwise provided in subsections ~~8 and~~ 9
3 *and 11* of NRS 704.110:

4 1. In any matter pending before the Commission, if a hearing is
5 required by a specific statute or is otherwise required by the
6 Commission, the Commission shall give notice of the pendency of
7 the matter to all persons entitled to notice of the hearing. The
8 Commission shall by regulation specify:

- 9 (a) The manner of giving notice in each type of proceeding; and
10 (b) The persons entitled to notice in each type of proceeding.

11 2. The Commission shall not dispense with a hearing:

12 (a) In any matter pending before the Commission pursuant to
13 NRS 704.7561 to 704.7595, inclusive; or

14 (b) Except as otherwise provided in paragraph (f) of subsection
15 1 of NRS 704.100, in any matter pending before the Commission
16 pursuant to NRS 704.061 to 704.110, inclusive, in which an electric
17 utility has filed a general rate application or an annual deferred
18 energy accounting adjustment application pursuant to NRS 704.187.

19 3. In any other matter pending before the Commission, the
20 Commission may dispense with a hearing and act upon the matter
21 pending unless, within 10 days after the date of the notice of
22 pendency, a person entitled to notice of the hearing files with the
23 Commission a request that the hearing be held. If such a request for
24 a hearing is filed, the Commission shall give at least 10 days' notice
25 of the hearing.

26 4. As used in this section, "electric utility" has the meaning
27 ascribed to it in NRS 704.187.

28 **Sec. 2.** NRS 704.062 is hereby amended to read as follows:

29 704.062 "Application to make changes in any schedule" and
30 "application" include, without limitation:



- 1 1. A general rate application;
- 2 2. An application to recover the ~~increased~~ cost of purchased
- 3 fuel, purchased power, or natural gas purchased for resale; ~~and~~
- 4 3. An annual deferred energy accounting adjustment
- 5 application ~~]; and~~
- 6 **4. An annual rate adjustment application.**

7 **Sec. 3.** NRS 704.069 is hereby amended to read as follows:

8 704.069 1. Except as otherwise provided in subsections ~~8~~

9 ~~and~~ **9 and 11** of NRS 704.110, the Commission shall conduct a

10 consumer session to solicit comments from the public in any matter

11 pending before the Commission pursuant to NRS 704.061 to

12 704.110, inclusive, in which:

13 (a) A public utility has filed a general rate application, an

14 application to recover the increased cost of purchased fuel,

15 purchased power, or natural gas purchased for resale, an annual

16 deferred energy accounting adjustment application pursuant to NRS

17 704.187 or an annual rate adjustment application; and

18 (b) The changes proposed in the application will result in an

19 increase in annual gross operating revenue, as certified by the

20 applicant, in an amount that will exceed \$50,000 or 10 percent of

21 the applicant's annual gross operating revenue, whichever is less.

22 2. In addition to the case-specific consumer sessions required

23 by subsection 1, the Commission shall, during each calendar year,

24 conduct at least one general consumer session in the county with the

25 largest population in this State and at least one general consumer

26 session in the county with the second largest population in this

27 State. At each general consumer session, the Commission shall

28 solicit comments from the public on issues concerning public

29 utilities. Not later than 60 days after each general consumer session,

30 the Commission shall submit the record from the general consumer

31 session to the Legislative Commission.

32 **Sec. 4.** NRS 704.100 is hereby amended to read as follows:

33 704.100 1. Except as otherwise provided in NRS 704.075

34 and 704.68861 to 704.68887, inclusive, or as may otherwise be

35 provided by the Commission pursuant to NRS 704.095 or 704.097:

36 (a) A public utility shall not make changes in any schedule,

37 unless the public utility:

38 (1) Files with the Commission an application to make the

39 proposed changes and the Commission approves the proposed

40 changes pursuant to NRS 704.110; or

41 (2) Files the proposed changes with the Commission using a

42 letter of advice in accordance with the provisions of paragraph (f).

43 (b) A public utility shall adjust its rates on a quarterly

44 basis between annual rate adjustment applications pursuant to



1 subsection 8 of NRS 704.110 based on changes in the public
2 utility's recorded costs of natural gas purchased for resale.

3 (c) An electric utility shall, between annual deferred energy
4 accounting adjustment applications filed pursuant to NRS 704.187,
5 adjust its rates on a quarterly basis pursuant to subsection ~~9~~ 10 of
6 NRS 704.110.

7 (d) A public utility shall post copies of all proposed schedules
8 and all new or amended schedules in the same offices and in
9 substantially the same form, manner and places as required by NRS
10 704.070 for the posting of copies of schedules that are currently in
11 force.

12 (e) A public utility may not set forth as justification for a rate
13 increase any items of expense or rate base that previously have been
14 considered and disallowed by the Commission, unless those items
15 are clearly identified in the application and new facts or
16 considerations of policy for each item are advanced in the
17 application to justify a reversal of the prior decision of the
18 Commission.

19 (f) Except as otherwise provided in paragraph (g), if the
20 proposed change in any schedule does not change any rate or will
21 result in an increase in annual gross operating revenue, as certified
22 by the public utility, in an amount that does not exceed \$2,500:

23 (1) The public utility may file the proposed change with the
24 Commission using a letter of advice in lieu of filing an application;
25 and

26 (2) The Commission shall determine whether it should
27 dispense with a hearing regarding the proposed change.

28 (g) If the applicant is a small-scale provider of last resort and the
29 proposed change in any schedule will result in an increase in annual
30 gross operating revenue, as certified by the applicant, in an amount
31 that does not exceed \$50,000 or 10 percent of the applicant's annual
32 gross operating revenue, whichever is less, the Commission shall
33 determine whether it should dispense with a hearing regarding the
34 proposed change.

35 (h) In making the determination pursuant to paragraph (f) or (g),
36 the Commission shall first consider all timely written protests, any
37 presentation that the Regulatory Operations Staff of the Commission
38 may desire to present, the application of the public utility and any
39 other matters deemed relevant by the Commission.

40 2. As used in this section, "electric utility" has the meaning
41 ascribed to it in NRS 704.187.

42 **Sec. 5.** NRS 704.110 is hereby amended to read as follows:

43 704.110 Except as otherwise provided in NRS 704.075 and
44 704.68861 to 704.68887, inclusive, or as may otherwise be provided
45 by the Commission pursuant to NRS 704.095 or 704.097:



1 1. If a public utility files with the Commission an application to
2 make changes in any schedule, including, without limitation,
3 changes that will result in a discontinuance, modification or
4 restriction of service, the Commission shall investigate the propriety
5 of the proposed changes to determine whether to approve or
6 disapprove the proposed changes. If an electric utility files such an
7 application and the application is a general rate application or an
8 annual deferred energy accounting adjustment application, the
9 Consumer's Advocate shall be deemed a party of record.

10 2. Except as otherwise provided in subsection 3, if a public
11 utility files with the Commission an application to make changes in
12 any schedule, the Commission shall, not later than 210 days after the
13 date on which the application is filed, issue a written order
14 approving or disapproving, in whole or in part, the proposed
15 changes.

16 3. If a public utility files with the Commission a general rate
17 application, the public utility shall submit with its application a
18 statement showing the recorded results of revenues, expenses,
19 investments and costs of capital for its most recent 12 months for
20 which data were available when the application was prepared.
21 Except as otherwise provided in subsection 4, in determining
22 whether to approve or disapprove any increased rates, the
23 Commission shall consider evidence in support of the increased
24 rates based upon actual recorded results of operations for the same
25 12 months, adjusted for increased revenues, any increased
26 investment in facilities, increased expenses for depreciation, certain
27 other operating expenses as approved by the Commission and
28 changes in the costs of securities which are known and are
29 measurable with reasonable accuracy at the time of filing and which
30 will become effective within 6 months after the last month of those
31 12 months, but the public utility shall not place into effect any
32 increased rates until the changes have been experienced and
33 certified by the public utility to the Commission and the
34 Commission has approved the increased rates. The Commission
35 shall also consider evidence supporting expenses for depreciation,
36 calculated on an annual basis, applicable to major components of the
37 public utility's plant placed into service during the recorded test
38 period or the period for certification as set forth in the application.
39 Adjustments to revenues, operating expenses and costs of securities
40 must be calculated on an annual basis. Within 90 days after the date
41 on which the certification required by this subsection is filed with
42 the Commission, or within the period set forth in subsection 2,
43 whichever time is longer, the Commission shall make such order in
44 reference to the increased rates as is required by this chapter. The



1 following public utilities shall each file a general rate application
2 pursuant to this subsection based on the following schedule:

3 (a) An electric utility that primarily serves less densely
4 populated counties shall file a general rate application not later than
5 5 p.m. on or before the first Monday in June 2010, and at least once
6 every 36 months thereafter.

7 (b) An electric utility that primarily serves densely populated
8 counties shall file a general rate application not later than 5 p.m. on
9 or before the first Monday in June 2011, and at least once every 36
10 months thereafter.

11 (c) A public utility that furnishes water for municipal, industrial
12 or domestic purposes or services for the disposal of sewage, or both,
13 which had an annual gross operating revenue of \$2,000,000 or more
14 for at least 1 year during the immediately preceding 3 years and
15 which had not filed a general rate application with the Commission
16 on or after July 1, 2005, shall file a general rate application on or
17 before June 30, 2008, and at least once every 36 months thereafter
18 unless waived by the Commission pursuant to standards adopted by
19 regulation of the Commission. If a public utility furnishes both
20 water and services for the disposal of sewage, its annual gross
21 operating revenue for each service must be considered separately for
22 determining whether the public utility meets the requirements of this
23 paragraph for either service.

24 (d) A public utility that furnishes water for municipal, industrial
25 or domestic purposes or services for the disposal of sewage, or both,
26 which had an annual gross operating revenue of \$2,000,000 or more
27 for at least 1 year during the immediately preceding 3 years and
28 which had filed a general rate application with the Commission on
29 or after July 1, 2005, shall file a general rate application on or before
30 June 30, 2009, and at least once every 36 months thereafter unless
31 waived by the Commission pursuant to standards adopted by
32 regulation of the Commission. If a public utility furnishes both
33 water and services for the disposal of sewage, its annual gross
34 operating revenue for each service must be considered separately for
35 determining whether the public utility meets the requirements of this
36 paragraph for either service.

37 ↪ The Commission shall adopt regulations setting forth standards
38 for waivers pursuant to paragraphs (c) and (d) and for including the
39 costs incurred by the public utility in preparing and presenting the
40 general rate application before the effective date of any change in
41 rates.

42 4. In addition to submitting the statement required pursuant to
43 subsection 3, a public utility may submit with its general rate
44 application a statement showing the effects, on an annualized basis,
45 of all expected changes in circumstances. If such a statement is



1 filed, it must include all increases and decreases in revenue and
2 expenses which may occur within 210 days after the date on which
3 its general rate application is filed with the Commission if such
4 expected changes in circumstances are reasonably known and are
5 measurable with reasonable accuracy. If a public utility submits
6 such a statement, the public utility has the burden of proving that the
7 expected changes in circumstances set forth in the statement are
8 reasonably known and are measurable with reasonable accuracy.
9 The Commission shall consider expected changes in circumstances
10 to be reasonably known and measurable with reasonable accuracy if
11 the expected changes in circumstances consist of specific and
12 identifiable events or programs rather than general trends, patterns
13 or developments, have an objectively high probability of occurring
14 to the degree, in the amount and at the time expected, are primarily
15 measurable by recorded or verifiable revenues and expenses and are
16 easily and objectively calculated, with the calculation of the
17 expected changes relying only secondarily on estimates, forecasts,
18 projections or budgets. If the Commission determines that the public
19 utility has met its burden of proof:

20 (a) The Commission shall consider the statement submitted
21 pursuant to this subsection and evidence relevant to the statement,
22 including all reasonable projected or forecasted offsets in revenue
23 and expenses that are directly attributable to or associated with the
24 expected changes in circumstances under consideration, in addition
25 to the statement required pursuant to subsection 3 as evidence in
26 establishing just and reasonable rates for the public utility; and

27 (b) The public utility is not required to file with the Commission
28 the certification that would otherwise be required pursuant to
29 subsection 3.

30 5. If a public utility files with the Commission an application to
31 make changes in any schedule and the Commission does not issue a
32 final written order regarding the proposed changes within the time
33 required by this section, the proposed changes shall be deemed to be
34 approved by the Commission.

35 6. If a public utility files with the Commission a general rate
36 application, the public utility shall not file with the Commission
37 another general rate application until all pending general rate
38 applications filed by that public utility have been decided by the
39 Commission unless, after application and hearing, the Commission
40 determines that a substantial financial emergency would exist if the
41 public utility is not permitted to file another general rate application
42 sooner. The provisions of this subsection do not prohibit the public
43 utility from filing with the Commission, while a general rate
44 application is pending, an application to recover the increased cost
45 of purchased fuel, purchased power, or natural gas purchased for



1 resale pursuant to subsection 7, a quarterly rate adjustment pursuant
2 to subsection 8 or ~~[9:] 10~~, any information relating to deferred
3 accounting requirements pursuant to NRS 704.185 or an annual
4 deferred energy accounting adjustment application pursuant to NRS
5 704.187, if the public utility is otherwise authorized to so file by
6 those provisions.

7 7. A public utility may file an application to recover the
8 increased cost of purchased fuel, purchased power, or natural gas
9 purchased for resale once every 30 days. The provisions of this
10 subsection do not apply to:

11 (a) An electric utility which is required to adjust its rates on a
12 quarterly basis pursuant to subsection ~~[9:] 10~~; or

13 (b) ~~[A]~~ *Except as otherwise provided in subsection 5 of NRS*
14 *704.185, a public utility which purchases natural gas for resale and*
15 *which adjusts its rates on a quarterly basis ~~[between annual rate~~*
16 *adjustment applications] pursuant to subsection 8.*

17 8. A public utility which purchases natural gas for resale must
18 request approval from the Commission to adjust its rates on a
19 quarterly basis between annual rate adjustment applications based
20 on changes in the public utility's recorded costs of natural gas
21 purchased for resale. *A request by a public utility for approval to*
22 *adjust its rates on a quarterly basis may include a request for*
23 *approval from the Commission to make deferred energy*
24 *accounting adjustments to its rates on a quarterly basis. The*
25 *Commission shall not approve a request for quarterly deferred*
26 *energy accounting adjustments for a public utility pursuant to this*
27 *subsection unless the balance of the public utility's deferred*
28 *account is an amount greater than 5 percent of the public utility's*
29 *annual recorded costs of natural gas which are used to calculate*
30 *quarterly rate adjustments between annual rate adjustment*
31 *applications. Any quarterly deferred energy accounting*
32 *adjustment that is approved for a public utility pursuant to this*
33 *subsection must not exceed 2.5 cents per therm of natural gas.*

34 9. If the Commission approves ~~[such]~~ a request ~~[:] to make any~~
35 *rate adjustments on a quarterly basis pursuant to subsection 8:*

36 (a) The public utility shall file written notice with the
37 Commission before the public utility makes a quarterly rate
38 adjustment . ~~[between annual rate adjustment applications.]~~ A
39 quarterly rate adjustment is not subject to the requirements for
40 notice and a hearing pursuant to NRS 703.320 or the requirements
41 for a consumer session pursuant to subsection 1 of NRS 704.069.

42 (b) The public utility shall provide written notice of each
43 quarterly rate adjustment to its customers by including the written
44 notice with a customer's regular monthly bill. The public utility
45 shall begin providing such written notice to its customers not later



1 than 30 days after the date on which the public utility files its
2 written notice with the Commission pursuant to paragraph (a). The
3 written notice that is included with a customer's regular monthly
4 bill:

5 (1) Must be printed separately on fluorescent-colored paper
6 and must not be attached to the pages of the bill; and

7 (2) Must include the following:

8 (I) The total amount of the increase or decrease in the
9 public utility's revenues from the rate adjustment, stated in dollars
10 and as a percentage;

11 (II) The amount of the monthly increase or decrease in
12 charges for each class of customer or class of service, stated in
13 dollars and as a percentage;

14 (III) A statement that customers may send written
15 comments or protests regarding the rate adjustment to the
16 Commission; ~~and~~

17 (IV) *A statement that the transactions and recorded*
18 *costs of natural gas which are the basis for any quarterly rate*
19 *adjustment will be reviewed for reasonableness and prudence in*
20 *the next proceeding held by the Commission to review the annual*
21 *rate adjustment application pursuant to paragraph (d); and*

22 (V) Any other information required by the Commission.

23 (c) The public utility shall file an annual rate adjustment
24 application with the Commission. The annual rate adjustment
25 application is subject to the requirements for notice and a hearing
26 pursuant to NRS 703.320 and the requirements for a consumer
27 session pursuant to subsection 1 of NRS 704.069.

28 (d) The proceeding regarding the annual rate adjustment
29 application must include a review of each quarterly rate adjustment ,
30 *each deferred energy accounting adjustment* and ~~a review of~~ the
31 transactions and recorded costs of natural gas included in each
32 quarterly ~~rate adjustment~~ *filing* and the annual rate adjustment
33 application. There is no presumption of reasonableness or prudence
34 for any quarterly rate adjustment or for any transactions or recorded
35 costs of natural gas included in any quarterly rate adjustment or the
36 annual rate adjustment application, and the public utility has the
37 burden of proving reasonableness and prudence in the proceeding.

38 (e) The Commission shall not allow the public utility to recover
39 any recorded costs of natural gas which were the result of any
40 practice or transaction that was unreasonable or was undertaken,
41 managed or performed imprudently by the public utility, and the
42 Commission shall order the public utility to adjust its rates if the
43 Commission determines that any recorded costs of natural gas
44 included in any quarterly rate adjustment or the annual rate
45 adjustment application were not reasonable or prudent.



1 ~~[9.]~~ 10. An electric utility shall adjust its rates on a quarterly
2 basis based on changes in the ~~[public]~~ *electric* utility's recorded
3 costs of purchased fuel or purchased power . ~~[in the following~~
4 ~~manner:]~~ *In addition to adjusting its rates on a quarterly basis, an*
5 *electric utility may request approval from the Commission to make*
6 *deferred energy accounting adjustments to its rates on a quarterly*
7 *basis. The Commission shall not approve a request for quarterly*
8 *deferred energy accounting adjustments for an electric utility*
9 *pursuant to this subsection unless the balance of the electric*
10 *utility's deferred account is an amount greater than 5 percent of*
11 *the electric utility's annual recorded costs for purchased fuel or*
12 *purchased power which are used to calculate quarterly rate*
13 *adjustments. Any quarterly deferred energy accounting*
14 *adjustment that is approved for an electric utility pursuant to this*
15 *subsection must not exceed 0.25 cents per kilowatt-hour of*
16 *electricity.*

17 *11. A quarterly rate adjustment filed pursuant to subsection*
18 *10 is subject to the following requirements:*

19 (a) ~~[An]~~ *The* electric utility shall file written notice with the
20 Commission on or before August 15, 2007, and every quarter
21 thereafter of the quarterly rate adjustment to be made by the electric
22 utility for the following quarter. The first quarterly rate adjustment
23 by the electric utility will take effect on October 1, 2007, and each
24 subsequent quarterly rate adjustment will take effect every quarter
25 thereafter. A quarterly rate adjustment is not subject to the
26 requirements for notice and a hearing pursuant to NRS 703.320 or
27 the requirements for a consumer session pursuant to subsection 1 of
28 NRS 704.069.

29 (b) ~~[Each]~~ *The* electric utility shall provide written notice of
30 each quarterly rate adjustment to its customers by including the
31 written notice with a customer's regular monthly bill. The electric
32 utility shall begin providing such written notice to its customers not
33 later than 30 days after the date on which the electric utility files a
34 written notice with the Commission pursuant to paragraph (a). The
35 written notice that is included with a customer's regular monthly
36 bill:

37 (1) Must be printed separately on fluorescent-colored paper
38 and must not be attached to the pages of the bill; and

39 (2) Must include the following:

40 (I) The total amount of the increase or decrease in the
41 electric utility's revenues from the rate adjustment, stated in dollars
42 and as a percentage;

43 (II) The amount of the monthly increase or decrease in
44 charges for each class of customer or class of service, stated in
45 dollars and as a percentage;



1 (III) A statement that customers may send written
2 comments or protests regarding the rate adjustment to the
3 Commission; ~~and~~

4 (IV) *A statement that the transactions and recorded*
5 *costs of purchased fuel or purchased power which are the basis*
6 *for any quarterly rate adjustment will be reviewed for*
7 *reasonableness and prudence in the next proceeding held by the*
8 *Commission to review the annual deferred energy accounting*
9 *adjustment application pursuant to paragraph (d); and*

10 (V) Any other information required by the Commission.

11 (c) ~~An~~ The electric utility shall file an annual deferred energy
12 accounting adjustment application pursuant to NRS 704.187 with
13 the Commission. The annual deferred energy accounting adjustment
14 application is subject to the requirements for notice and a hearing
15 pursuant to NRS 703.320 and the requirements for a consumer
16 session pursuant to subsection 1 of NRS 704.069.

17 (d) The proceeding regarding the annual deferred energy
18 accounting adjustment application must include a review of each
19 quarterly rate adjustment, *each deferred energy accounting*
20 *adjustment* and ~~a review of~~ the transactions and recorded costs of
21 purchased fuel and purchased power included in each quarterly ~~rate~~
22 ~~adjustment~~ *filing* and the annual deferred energy accounting
23 adjustment application. There is no presumption of reasonableness
24 or prudence for any quarterly rate adjustment or for any transactions
25 or recorded costs of purchased fuel and purchased power included in
26 any quarterly rate adjustment or the annual deferred energy
27 accounting adjustment application, and the electric utility has the
28 burden of proving reasonableness and prudence in the proceeding.

29 (e) The Commission shall not allow the electric utility to recover
30 any recorded costs of purchased fuel and purchased power which
31 were the result of any practice or transaction that was unreasonable
32 or was undertaken, managed or performed imprudently by the
33 electric utility, and the Commission shall order the electric utility to
34 adjust its rates if the Commission determines that any recorded costs
35 of purchased fuel and purchased power included in any quarterly
36 rate adjustment or the annual deferred energy accounting adjustment
37 application were not reasonable or prudent.

38 ~~H0~~ 12. If an electric utility files an annual deferred energy
39 accounting adjustment application pursuant to subsection ~~9~~ 11 and
40 NRS 704.187 while a general rate application is pending, the
41 electric utility shall:

42 (a) Submit with its annual deferred energy accounting
43 adjustment application information relating to the cost of service
44 and rate design; and



1 (b) Supplement its general rate application with the same
2 information, if such information was not submitted with the general
3 rate application.

4 ~~[11.]~~ 13. A utility facility identified in a 3-year plan submitted
5 pursuant to NRS 704.741 and accepted by the Commission for
6 acquisition or construction pursuant to NRS 704.751 and the
7 regulations adopted pursuant thereto shall be deemed to be a prudent
8 investment. The utility may recover all just and reasonable costs of
9 planning and constructing such a facility.

10 ~~[12.]~~ 14. In regard to any rate or schedule approved or
11 disapproved pursuant to this section, the Commission may, after a
12 hearing:

13 (a) Upon the request of the utility, approve a new rate but delay
14 the implementation of that new rate:

15 (1) Until a date determined by the Commission; and

16 (2) Under conditions as determined by the Commission,
17 including, without limitation, a requirement that interest charges be
18 included in the collection of the new rate; and

19 (b) Authorize a utility to implement a reduced rate for low-
20 income residential customers.

21 ~~[13.]~~ 15. As used in this section:

22 (a) *“Deferred energy accounting adjustment” means an*
23 *adjustment to a rate by:*

24 (1) *A public utility which purchases natural gas for resale*
25 *based on deferred accounting pursuant to NRS 704.185; or*

26 (2) *An electric utility which purchases fuel or power based*
27 *on deferred accounting pursuant to NRS 704.187.*

28 (b) “Electric utility” has the meaning ascribed to it in
29 NRS 704.187.

30 ~~[14.]~~ (c) “Electric utility that primarily serves densely populated
31 counties” means an electric utility that, with regard to the provision
32 of electric service, derives more of its annual gross operating
33 revenue in this State from customers located in counties whose
34 population is 400,000 or more than it does from customers located
35 in counties whose population is less than 400,000.

36 ~~[15.]~~ (d) “Electric utility that primarily serves less densely
37 populated counties” means an electric utility that, with regard to the
38 provision of electric service, derives more of its annual gross
39 operating revenue in this State from customers located in counties
40 whose population is less than 400,000 than it does from customers
41 located in counties whose population is 400,000 or more.

42 **Sec. 6.** NRS 704.185 is hereby amended to read as follows:

43 704.185 1. Except as otherwise provided in subsection 8 of
44 NRS 704.110, a public utility which purchases natural gas for resale
45 may record upon its books and records in deferred accounts all cost



1 increases or decreases in the natural gas purchased for resale. Any
2 public utility which uses deferred accounting to reflect changes in
3 costs of natural gas purchased for resale shall include in its annual
4 report to the Commission a statement showing the allocated rate of
5 return for each of its operating departments in Nevada which uses
6 deferred accounting.

7 ~~2. If the rate of return for any department using deferred~~
8 ~~accounting pursuant to subsection 1 is greater than the rate of return~~
9 ~~allowed by the Commission in the last rate proceeding, the~~
10 ~~Commission shall order the utility which recovered any costs of~~
11 ~~natural gas purchased for resale through rates during the reported~~
12 ~~period to transfer to the next energy adjustment period that portion~~
13 ~~of such recovered amounts which exceeds the authorized rate of~~
14 ~~return.~~

15 ~~—3.~~ A public utility which purchases natural gas for resale may
16 request approval from the Commission to record upon its books and
17 records in deferred accounts any other cost or revenue which the
18 Commission deems appropriate for deferred accounting and which
19 is not otherwise subject to the provisions of ~~subsections~~
20 *subsection 1 . and 2.* If the Commission approves such a request,
21 the Commission shall determine the appropriate requirements for
22 reporting and recovery that the public utility must follow with
23 regard to each such deferred account.

24 ~~[4.]~~ 3. When a public utility which purchases natural gas for
25 resale files an *annual rate adjustment application or an annual*
26 *deferred energy accounting adjustment* application , ~~to clear its~~
27 ~~deferred accounts,~~ the proceeding regarding the application must
28 include a review of the transactions and recorded costs of natural
29 gas included in the application. There is no presumption of
30 reasonableness or prudence for any transactions or recorded costs of
31 natural gas included in the application, and the public utility has the
32 burden of proving reasonableness and prudence in the proceeding.

33 *4. Except as otherwise provided in subsection 5, a public*
34 *utility which purchases natural gas for resale and which has*
35 *received approval from the Commission to make quarterly*
36 *deferred energy accounting adjustments pursuant to subsection 8*
37 *of NRS 704.110 is not eligible to submit any other application for*
38 *a deferred energy accounting adjustment or request a deferred*
39 *energy accounting adjustment in its annual rate adjustment*
40 *application.*

41 *5. The Commission may authorize a public utility which*
42 *purchases natural gas for resale and which has received approval*
43 *from the Commission to make quarterly deferred energy*
44 *accounting adjustments pursuant to subsection 8 of NRS 704.110*
45 *to submit an application for any additional deferred energy*



1 *accounting adjustment upon a showing of good cause. Any*
2 *additional deferred energy accounting adjustment approved*
3 *pursuant to this subsection is subject to the notice and hearing*
4 *requirements for quarterly rate adjustments pursuant to*
5 *subsection 9 of NRS 704.110.*

6 **Sec. 7.** NRS 704.187 is hereby amended to read as follows:

7 704.187 1. An electric utility that purchases fuel or power
8 shall use deferred accounting by recording upon its books and
9 records in deferred accounts all increases and decreases in costs for
10 purchased fuel and purchased power that are prudently incurred by
11 the electric utility.

12 2. An electric utility using deferred accounting shall include in
13 its annual report to the Commission a statement showing, for the
14 period of recovery, the allocated rate of return for each of its
15 operating departments in this State using deferred accounting. ~~If,~~
16 ~~during the period of recovery, the rate of return for any operating~~
17 ~~department using deferred accounting is greater than the rate of~~
18 ~~return authorized by the Commission in the most recently completed~~
19 ~~rate proceeding for the electric utility, the Commission shall order~~
20 ~~the electric utility that recovered costs for purchased fuel or~~
21 ~~purchased power through its rates during the reported period to~~
22 ~~transfer to the next energy adjustment period that portion of the~~
23 ~~amount recovered by the electric utility that exceeds the authorized~~
24 ~~rate of return.]~~

25 3. Except as otherwise provided in this section, an electric
26 utility using deferred accounting shall file an annual deferred energy
27 accounting adjustment application on or before March 1, 2008, and
28 on or before March 1 of each year thereafter.

29 4. *An electric utility that purchases fuel or power and has*
30 *received approval from the Commission to make quarterly*
31 *deferred energy accounting adjustments pursuant to subsection 10*
32 *of NRS 704.110 is not eligible to submit any other application for*
33 *a deferred energy accounting adjustment.*

34 5. As used in this section:

35 (a) "Annual deferred energy accounting adjustment application"
36 means an application filed by an electric utility pursuant to this
37 section and subsection ~~9~~ 11 of NRS 704.110.

38 (b) "Costs for purchased fuel and purchased power" means all
39 costs which are prudently incurred by an electric utility and which
40 are required to purchase fuel, to purchase capacity and to purchase
41 energy. The term does not include any costs that the Commission
42 determines are not recoverable pursuant to subsection ~~9~~ 11 of
43 NRS 704.110.

44 (c) "Electric utility" means any public utility or successor in
45 interest that:



- 1 (1) Is in the business of providing electric service to
2 customers;
- 3 (2) Holds a certificate of public convenience and necessity
4 issued or transferred pursuant to this chapter; and
- 5 (3) In the most recently completed calendar year or in any
6 other calendar year within the 7 calendar years immediately
7 preceding the most recently completed calendar year, had a gross
8 operating revenue of \$250,000,000 or more in this State.
- 9 ↳ The term does not include a cooperative association, nonprofit
10 corporation, nonprofit association or provider of electric service
11 which is declared to be a public utility pursuant to NRS 704.673 and
12 which provides service only to its members.

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