

ADOPTED REGULATION OF THE PUBLIC

UTILITIES COMMISSION OF NEVADA

LCB File No. R100-01

Effective December 14, 2001

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

AUTHORITY: §§2-31, NRS 704.185 and 704.210 and section 19 of Assembly Bill No. 369 of the 71st session of the Nevada Legislature, chapter 16, Statutes of Nevada 2001, at page 345 (NRS 704.187).

Section 1. In accordance with the statutory authority conferred by NRS 704.185 and 704.210 and sections 19 and 33 of Assembly Bill No. 369 of the 71st session of the Nevada Legislature, chapter 16, Statutes of Nevada 2001, at pages 345 and 355, respectively, the public utilities commission of Nevada hereby:

1. For the purposes of regulating, administering and enforcing the use of deferred energy accounting by electric utilities, adopts and ratifies the provisions of NAC 704.023 to 704.195, inclusive, as those provisions exist on the effective date of this regulation; and

2. For the purposes of regulating, administering and enforcing the use of deferred energy accounting by electric utilities and gas utilities:

(a) Amends and repeals the provisions of NAC 704.023 to 704.195, inclusive, as set forth in this regulation; and

(b) Takes all other actions set forth in this regulation.

Sec. 2. NAC 703.2261 is hereby amended to read as follows:

703.2261 Any ~~[deferred energy]~~ information submitted *that relates to deferred energy accounting* must be prepared and filed in accordance with NAC ~~[704.024]~~ *704.023* to 704.195, inclusive ~~[,]~~, *and sections 4 to 7, inclusive, of this regulation.*

Sec. 3. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 4 to 7, inclusive, of this regulation.

Sec. 4. *“Deferred energy application” means an application filed by an electric utility or gas utility to clear its deferred energy accounts pursuant to NAC 704.023 to 704.195, inclusive, and sections 4 to 7, inclusive, this regulation.*

Sec. 5. *“Electric utility” means an electric utility that is required to use deferred energy accounting pursuant to section 19 of Assembly Bill No. 369 of the 71st session of the Nevada Legislature, chapter 16, Statutes of Nevada 2001, at page 345 (NRS 704.187).*

Sec. 6. *“Gas utility” means a gas utility that elects to use deferred energy accounting pursuant to NRS 704.185.*

Sec. 7. *“Purchased gas” means natural gas purchased for resale.*

Sec. 8. NAC 704.023 is hereby amended to read as follows:

704.023 As used in NAC 704.023 to 704.195, inclusive, *and sections 4 to 7, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.024 to 704.063, inclusive, *and sections 4 to 7, inclusive, of this regulation* have the meanings ascribed to them in those sections.

Sec. 9. NAC 704.024 is hereby amended to read as follows:

704.024 “Adjustment date” means the end of the calendar month selected by the *electric utility or gas* utility for the purposes of a deferred energy application.

Sec. 10. NAC 704.030 is hereby amended to read as follows:

704.030 “Amortization period” means ~~[a]~~:

1. For an electric utility, such period, not to exceed 36 months, after the end of the prior related test period, as determined by the commission.

2. For a gas utility, such 12-month period ~~[beginning 3 months]~~ after the end of the prior related test period ~~[]~~, as determined by the commission.

Sec. 11. NAC 704.032 is hereby amended to read as follows:

704.032 “Base tariff energy rate” means:

1. ~~[The]~~ For an electric utility, the rate determined by dividing the annualized cost of fuel for *electric* generation and purchased power by applicable sales as described in NAC 704.130; or

2. ~~[The]~~ For a gas utility, the rate determined by dividing the annualized cost of *purchased* gas by applicable sales as described in NAC 704.135.

Sec. 12. NAC 704.035 is hereby amended to read as follows:

704.035 “Deferred energy accounting” means an accounting practice which provides for the monthly deferral of increased or decreased energy costs experienced during a specific period and the amortization of those costs during a subsequent period to the extent that ~~[a]~~:

1. An electric utility does not collect more or less than its actual cost of fuel for electric generation and purchased power which is prudently incurred; or

2. A gas utility does not collect more or less than its actual cost of purchased gas which is prudently incurred.

Sec. 13. NAC 704.037 is hereby amended to read as follows:

704.037 “Deferred energy accounting adjustment” means the rate determined by dividing the deferred energy balance for the ~~[applicable]~~ *test* period by the total Nevada jurisdictional

kilowatt-hours or therms which have been ~~billed as sales~~ *sold during the test period* as described in NAC 704.101 ~~and~~ *and 704.111*.

Sec. 14. NAC 704.045 is hereby amended to read as follows:

704.045 “Deferred energy balance” means the amount contained in FERC Account Nos. 186 and 191, and represents the sum of:

1. The difference between revenue received from the base tariff energy rate and the jurisdictional allocation of the amounts contained in the appropriate accounts listed in paragraphs (a), (b), (c) and ~~(d)~~ (e) of subsection 2 of NAC 704.120;

2. The amount resulting from the application of the deferred energy accounting adjustment to sales, as contained in the appropriate revenue accounts;

3. The Nevada jurisdictional portion of refunds from suppliers, including any interest earned thereon; and

4. Carrying charges as described in NAC 704.150.

Sec. 15. NAC 704.050 is hereby amended to read as follows:

704.050 “Energy costs” ~~mean~~ *means* expenses associated with the acquisition of fuel for electric generation, purchased power, and purchased gas ~~for resale~~ as those expenses are defined in the Uniform System of Accounts of the Federal Energy Regulatory Commission and in the accounts which have been created by NAC 704.023 to 704.195, inclusive ~~and~~ *and sections 4 to 7, inclusive, of this regulation.*

Sec. 16. NAC 704.075 is hereby amended to read as follows:

704.075 1. The provisions of NAC 704.023 to 704.195, inclusive, *and sections 4 to 7, inclusive, of this regulation* apply to ~~each~~ :

(a) Each electric utility that is required to use deferred energy accounting pursuant to section 19 of Assembly Bill No. 369 of the 71st session of the Nevada Legislature, chapter 16, Statutes of Nevada 2001, at page 345 (NRS 704.187); and

(b) Each gas utility ~~[which]~~ that elects to use deferred energy accounting ~~[.]~~ pursuant to NRS 704.185.

2. ~~[The utility, before it]~~ *Before a gas utility* institutes procedures for *the use of* deferred energy accounting, *the gas utility* must notify the commission in writing of its intent to do so. The notice must include the base tariff energy rate and all supporting data required to calculate the rate according to the formulas provided in NAC 704.023 to 704.195, inclusive ~~[.]~~, *and sections 4 to 7, inclusive, of this regulation.*

Sec. 17. NAC 704.080 is hereby amended to read as follows:

704.080 ~~[Where good cause appears, the]~~ *The* commission may permit deviation from NAC 704.023 to 704.195, inclusive, *and sections 4 to 7, inclusive, of this regulation,* if ~~[the]~~ :

1. Good cause appears; and

2. The deviation is found to be in the public interest and is not contrary to statute.

Sec. 18. NAC 704.090 is hereby amended to read as follows:

704.090 1. ~~[Any utility which]~~ *A gas utility that* uses deferred energy accounting pursuant to NAC 704.023 to 704.195, inclusive, *and sections 4 to 7, inclusive, of this regulation* may apply to the commission for authority to terminate those accounting procedures. The *gas* utility may cease using those accounting procedures upon authorization from the commission.

2. An application *filed pursuant to this section* must contain a report showing the Nevada jurisdictional earned rate of return for the specific operating department applying for termination for the most current 12 calendar months.

3. Within 45 days after the date on which the commission authorizes termination, the *gas* utility shall file for the specific operating department which applied for termination a report containing:

(a) The Nevada jurisdictional earned rate of return for the 12 calendar months ending on the date of termination.

(b) A statement of the cumulative balance as of the *date of* termination . ~~[date.]~~ The commission will issue an appropriate order for the disposition of this balance.

~~[4.—The commission may suspend an application in the same manner as used for the filing of a general increase in rates.]~~

Sec. 19. NAC 704.095 is hereby amended to read as follows:

704.095 Deferred energy accounts ~~[may]~~ :

1. May be used only to carry out deferred energy accounting procedures and are not amendments to any other regulation of the commission ~~[. The accounts must]~~ ; *and*

2. Must be consistent with the provisions of NAC 704.023 to 704.195, inclusive ~~[.]~~ , *and sections 4 to 7, inclusive, of this regulation.*

Sec. 20. NAC 704.101 is hereby amended to read as follows:

704.101 ~~[A]~~ *Each electric utility and gas* utility *using deferred energy accounting* shall maintain a deferred energy account ~~[.]~~ *and, if applicable, such an electric utility shall maintain appropriate subaccounts.* Entries must be made to the *deferred energy* account *and any appropriate subaccounts* at the end of each month as follows:

1. For electric operations:

(a) A debit entry or credit entry to FERC account 186, if negative, equal to the cost of *both fuel for electric* generation ~~[fuel and the net]~~ *and* purchased power , *reduced for revenues from*

nonfirm sales, distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to the total sales of energy, exclusive of nonfirm sales, less the amount of revenue ~~billed during the month under~~ *derived by applying* the base tariff energy rate ~~[-~~

~~—(b) A] to that month's applicable jurisdictional sales.~~

(b) *Each subaccount must receive a separate* credit entry or debit entry, if negative, equal to the amount of revenue ~~billed during the month under~~ *derived by applying* the *appropriate* deferred energy accounting adjustment ~~[-] to that month's applicable jurisdictional sales.~~

(c) A credit equal to the jurisdictional amount of any cash refund, including interest if applicable, received from its fuel or suppliers of purchased power.

(d) ~~A] Each subaccount must receive a separate~~ debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

2. For gas operations:

(a) A debit entry or credit entry to FERC account 191, if negative, equal to the cost of purchased gas for the month distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to total sales, less the amount of the revenue ~~billed during the month under~~ *derived by applying* the base tariff energy rate ~~[-] to that month's applicable jurisdictional sales.~~

(b) A credit entry or debit entry, if negative, equal to the amount of revenue ~~billed during the month under~~ *derived by applying* the *appropriate* deferred energy accounting adjustment ~~[-] to that month's applicable jurisdictional sales.~~

(c) A credit entry equal to the jurisdictional amount of any cash refund, including interest if applicable, received from suppliers of purchased gas.

(d) A debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

Sec. 21. NAC 704.105 is hereby amended to read as follows:

704.105 An account for energy cost adjustments must:

1. Contain contra entries to :

(a) FERC Account No. 186 ~~{H}~~, *for* electric operations ; ~~{H}~~ or

(b) FERC Account No. 191 ~~{H}~~, *for* gas operations . ~~{H}~~

2. Be debited or credited with the amount of the amortized energy cost differential for each month of each period of amortization.

3. Be maintained in a manner consistent with :

(a) FERC Account No. 186 ~~{H}~~, *for* electric operations ; ~~{H}~~ or

(b) FERC Account No. 191 ~~{H}~~, *for* gas operations . ~~{H}~~

Sec. 22. NAC 704.111 is hereby amended to read as follows:

704.111 1. ~~{A}~~ *For each electric utility:*

(a) *The electric utility shall clear annually any debit or credit balance in FERC Account No. 186 over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt-hours.*

(b) *If the electric utility requests or is ordered to clear any debit or credit balance in FERC Account No. 186 over an amortization period exceeding 12 months, the cumulative debit balance, subject to subsection 3, or credit balance at the end of the test period must be transferred to a separate subaccount. The cumulative balance must be multiplied by the ratio*

of 12 months to the number of months in the extended amortization period. The debit or credit amount so derived must be divided by the Nevada jurisdictional kilowatt-hours sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt-hours. At the end of the amortization period, any remaining balance must be transferred to the nonsegregated deferred account subaccount.

(c) The electric utility shall not bill or credit the deferred energy accounting adjustment to the customers of the electric utility until authorized by the commission after a proper deferred energy application is made therefor.

2. For each gas utility:

*(a) The gas utility shall clear annually any debit or credit balance in ~~FERC Account No. 186 (electric operations) or~~ FERC Account No. 191 ~~((gas operations))~~ by dividing the cumulative debit or credit balance by the total Nevada jurisdictional ~~[kilowatt-hours or]~~ therms which have been ~~[billed as sales for]~~ ***sold during*** the test period. The resulting positive or negative deferred energy accounting adjustment must ~~[then]~~ be applied to each Nevada jurisdictional customer's monthly use of energy expressed in ~~[kilowatt-hours or]~~ therms.*

*(b) The gas utility shall not bill or credit the deferred energy accounting adjustment ~~[may not be billed or credited]~~ to the ~~[utility's]~~ customers ***of the gas utility*** until authorized by the commission after a proper ***deferred energy*** application is made therefor.*

~~[2.]~~ **3.** The recovery of a debit balance in FERC Account No. 186 ~~[A, for~~ electric operations , ~~]~~ or FERC Account No. 191 ~~[A, for~~ gas operations , ~~]~~ must be limited by the most recently authorized Nevada jurisdictional rate of return for the specific operation of the ***electric utility or gas*** utility. If the Nevada jurisdictional rate of return submitted for ~~[a utility's]~~ ***an*** operating

department *of the electric utility or gas utility* exceeds the most recently authorized rate of return for the utility, an amount equal to the amount which exceeds the utility's last authorized rate of return must be carried forward to the next test period.

Sec. 23. NAC 704.116 is hereby amended to read as follows:

704.116 1. ~~{Each}~~ *Except as otherwise provided in subsection 2, each electric utility and gas utility shall file annually with the commission a deferred energy application for each of its jurisdictional operating departments in this state setting forth its calculations of the deferred energy accounting adjustment and the base tariff energy rate. {A}*

2. *An electric utility or gas utility may file with the commission a semiannual deferred energy application ~~{may be made}~~ if the net change in revenue necessary to ~~{offset changes in the cost of fuel for generation and purchased power or purchased gas}~~ clear the change in the deferred energy account balance at the end of the 6-month period exceeds plus or minus 5 percent of the total revenue at ~~{rates}~~ the last authorized ~~{for the test period}~~.*

~~—2. An application must be filed no} rates for fuel for electric generation and purchased power or purchased gas.~~

3. *Each electric utility and gas utility shall file its deferred energy application not later than 45 days after the adjustment date.*

~~{3}~~ 4. *If an electric utility files a deferred energy application while a general rate application is pending before the commission, the electric utility shall:*

(a) *Submit with its deferred energy application information relating to the cost of service and rate design; and*

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

5. The deferred energy accounting adjustment *of an electric utility or gas utility* must be calculated pursuant to NAC 704.101 ~~;~~

~~—4.] and 704.111.~~

6. An increased or decreased base tariff energy rate must be based on the volumes as described in NAC 704.130 ~~{~~ , *for* electric operations , ~~}~~ and *NAC* 704.135 ~~{~~ , *for* gas operations , ~~}~~ for the test period at the latest experienced unit costs.

~~{5.—A utility's}~~

7. *The* base tariff energy rate *of an electric utility or gas utility* remains in effect until an amended rate is authorized by the commission. ~~{A utility's}~~

8. *The* deferred energy accounting adjustment *of an electric utility or gas utility* remains in effect until the end of the designated amortization period or until an amended rate is authorized by the commission, whichever occurs first.

Sec. 24. NAC 704.120 is hereby amended to read as follows:

704.120 1. The commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission those accounts enumerated in this section as FERC accounts. These accounts are contained in 18 C.F.R. Parts 101 and 201, and *the volume of the Code of Federal Regulations containing these parts* may be purchased from the Superintendent of Documents, United States Government Printing Office, ~~{Washington, D.C. 20402, for \$15 and \$14, respectively, per copy.}~~ *P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at 866-512-1800, for the price of \$56.*

2. The following accounts are hereby adopted:

(a) Fuel for electric generation, FERC Account Nos. 501 and 547.

(b) Purchased power, FERC Account No. 555.

(c) *Transmission of electricity by others, FERC Account No. 565.*

(d) Income tax accounts, electric ~~§~~ and gas, FERC Account Nos. 190, 236, 283, 409.1, 410.1 ~~§~~ and 411.1.

~~§~~ (e) Gas for resale, FERC Account Nos. 728, 755, 760, 777, 800 to ~~§809.1~~ *809.2*, inclusive, 811, 812 ~~§~~ and 858.

~~§~~ (f) Purchased gas cost adjustments, FERC Account No. 805.1.

~~§~~ (g) Unrecovered purchased gas costs, FERC Account No. 191.

~~§~~ (h) Interest and dividend income, FERC Account No. 419.

~~§~~ (i) Miscellaneous deferred debits, electric, FERC Account No. 186.

~~§~~ (j) Other expenses, FERC Account No. 557.

Sec. 25. NAC 704.130 is hereby amended to read as follows:

704.130 The base tariff energy rate (BTER) for ~~fuels used in~~ *fuel for* electric generation and for purchased power must be established in ~~a utility's application for~~ *the* deferred energy ~~relief~~ *application of an electric utility* and must be based on the following formula:

Let:

MG = Units of fuel used for the test period by each generating station for each type of fuel used.

UG = The latest experienced unit cost, for a reasonably significant volume purchased, for each type of fuel used in each generating station.

FG = Other latest known costs associated with fuel used in electric generation as enumerated in the accounts specified in paragraph (a) of subsection 2 of NAC 704.120.

PPF = Total megawatt-hours purchased under firm obligation and net associated interchanged power for the test period.

UPF = The latest experienced unit energy costs for firm power and associated net interchanged power from each supplier.

PPN = Total megawatt-hours purchased under nonfirm sales and associated net interchange power for the test period.

UPN = The average weighted cost for nonfirm power and associated net interchange power purchased during the test period (recorded cost).

FP = Fixed costs associated with the purchase and net interchange of power as may be enumerated in the ~~accounts~~ *account* specified in paragraph (b) of subsection 2 of NAC 704.120.

T = Total sales of megawatt-hours which have been ~~billed,~~ *sold*, exclusive of nonfirm sales, for the test period.

Then:

$$\text{BTER} = \frac{((\text{MG} \times \text{UG}) + \text{FG}) + ((\text{PPF} \times \text{UPF}) + (\text{PPN} \times \text{UPN}) + \text{FP})}{\text{T}}$$

Sec. 26. NAC 704.135 is hereby amended to read as follows:

704.135 The base tariff energy rate (BTER) for *purchased* gas ~~for purchased for resale~~ must be established in ~~a utility's application for~~ *the* deferred energy ~~relief~~ *application of the gas utility* and must be based on the following formula:

Let:

PG = Actual volumes of gas purchased from each pipeline supplier and from each producer in the field, for the test period expressed in therms.

UG = The latest experienced unit price paid for gas to each pipeline supplier and each producer during the test period.

SG = Actual volumes of gas sold less excess gas sold for the test period expressed in therms.

FG = Fixed costs associated with the purchase of gas for the test period as may be enumerated in the accounts specified in paragraph ~~(d)~~ (e) of subsection 2 of NAC 704.120.

DSG = Total actual volume of gas sold and delivered into the transmission system of the utility for the test period expressed in therms.

Then:

For distribution utilities:

$$\text{BTER} = \frac{(\text{PG} \times \text{UG}) + \text{FG}}{\text{SG}}$$

For transmission utilities:

$$\text{BTER} = \frac{(\text{PG} \times \text{UG}) + \text{FG}}{\text{DSG}}$$

Sec. 27. NAC 704.145 is hereby amended to read as follows:

704.145 1. FERC Account Nos. 186 and 557 must be used in Nevada jurisdictional electric operations for deferred energy accounting to record monthly entries in the manner prescribed in NAC 704.101 and 704.105.

2. FERC Account Nos. 191 and 805.1 must be used in Nevada jurisdictional gas operations to record the monthly entries in the manner prescribed in NAC 704.101 and 704.105.

3. The contra entries to the deferred energy accounts referred to in subsections 1 and 2 must be made to FERC Account No. 557 , for electric cost differentials , and FERC Account No. 805.1 , for gas cost differentials.

4. The income tax effect applicable to the debit and credit entries to the deferred energy accounts set forth in NAC 704.023 to 704.195, inclusive, *and sections 4 to 7, inclusive, of this regulation* must be recorded in the following FERC accounts:

- (a) FERC Account No. 410.1 - Provision for deferred income taxes, utility operating income.
- (b) FERC Account No. 283 - Accumulated deferred income taxes, other.
- (c) FERC Account No. 411.1 - Provision for deferred income taxes, credit, utility operating income.
- (d) FERC Account No. 190 - Accumulated deferred income taxes.
- (e) FERC Account No. 409.1 - Income taxes, utility operating income.
- (f) FERC Account No. 236 - Taxes accrued.

FLUSH These accounts must be maintained by test period so as to separate the income tax effect between electric and gas operations. The accounts must be maintained in a manner consistent with FERC Account No. 191 ~~⊕~~ , *for* gas operations , ~~⊕~~ and FERC Account No. 186 ~~⊕~~ , *for* electric operations . ~~⊕~~

Sec. 28. NAC 704.150 is hereby amended to read as follows:

704.150 1. Except as otherwise provided in subsection 3, a carrying charge must be computed on the current debit or credit balance at the end of each month in FERC Account No.

186 ~~(H, for~~ electric operations , ~~)~~ or FERC Account No. 191 ~~(H, for~~ gas operations , ~~)~~ and must be respectively debited or credited to the account at the rate of one-twelfth of the overall rate of return as authorized by the commission for the particular department or division of the *electric utility or gas* utility. The rate of the carrying charge must be applied to the entire balance in FERC Account No. 186 ~~(H, for~~ electric operations , ~~)~~ or FERC Account No. 191 ~~(H, for~~ gas operations . ~~)~~

2. The contra entries for the carrying charge must be made to FERC Account No. 419 ~~(H, for~~ gas operations . ~~)~~

3. If, in any month, ~~[a-utility's]~~ *the* Nevada jurisdictional earned rate of return for an operating department *of the electric utility or gas utility* for the test period exceeds the overall rate of return last authorized by the commission for that department, and if the monthly balance in FERC Account No. 186 ~~(H, for~~ electric operations , ~~)~~ or FERC Account No. 191 ~~(H, for~~ gas operations , ~~)~~ is a debit, an adjustment amount will be calculated equal to the amount which exceeds the utility's last authorized rate of return. Carrying charges may accrue only on that portion of the debit balance which exceeds the adjustment amount.

Sec. 29. NAC 704.195 is hereby amended to read as follows:

704.195 1. Not later than 45 days after the end of each month in every deferred energy period, each *electric utility and gas* utility ~~[must]~~ *shall* submit to the commission a report containing all transactions and calculations affecting the deferred energy accounts. The ~~[utility's]~~ monthly reports must include any other information or data required by the commission to expedite or facilitate the *deferred energy* application and hearing necessary to clear the balances of deferred energy accounts.

2. Each *electric* utility ~~[with deferred electric account balances]~~ shall submit in its monthly reports for electric operations the monthly cost of all energy generated and purchased, indicating:

(a) The number of megawatt-hours generated as to quantity, cost ~~[]~~ and type of fuel used in each generating unit;

(b) The number of megawatt-hours purchased and the cost, including demand charges, for each supplier by rate schedule or contract; and

(c) The basis of charges and data supporting those charges.

3. Each *gas* utility ~~[with deferred gas account balances]~~ shall submit in its monthly reports for gas operations the monthly cost of all gas purchased, indicating:

(a) The quantity and cost of gas purchased from each supplier by rate schedule or contract; and

(b) The basis of the charges and the invoices supporting the charges.

Sec. 30. NAC 704.060 and 704.175 are hereby repealed.

Sec. 31. 1. Notwithstanding the amendatory provisions of section 23 of this regulation, each electric utility shall file its initial deferred energy application not later than 60 days after the adjustment date.

2. As used in this section:

(a) “Initial deferred energy application” means the deferred energy application required by section 35 of Assembly Bill No. 369 of the 71st session of the Nevada Legislature, chapter 16, Statutes of Nevada 2001, at page 357, as amended by section 98 of Assembly Bill No. 661 of the 71st session of the Nevada Legislature, chapter 604, Statutes of Nevada 2001, at page 3269.

(b) The words and terms defined in NAC 704.024 to 704.063, inclusive, and sections 4 to 7, inclusive, of this regulation have the meanings ascribed to them in those sections.

TEXT OF REPEALED SECTIONS

704.060 “PSCN account” defined. “PSCN account” means a deferred energy account created under the provisions of NAC 704.023 to 704.195, inclusive.

704.175 Suspension of proposed base tariff energy rate and deferred energy accounting adjustment. Before the hearing, the commission may suspend the proposed base tariff energy rate and deferred energy accounting adjustment and defer their use for a period of not more than 150 days beyond the time when the rates would otherwise go into effect.

**LEGISLATIVE REVIEW OF ADOPTED REGULATION
AS REQUIRED BY THE ADMINISTRATIVE PROCEDURES ACT
NRS 233B.066
PUBLIC UTILITIES COMMISSION OF NEVADA
LCB FILE NO. R100-01
(PUCN Docket No. 01-5025)**

The following statement is submitted for adopted amendments to Nevada Administrative Code (“NAC”) 704.

1. A description of how public comment was solicited, a summary of public response, and an explanation how other interested persons may obtain a copy of the summary.

The Deferred Accounting regulation in Public Utilities Commission of Nevada (“Commission”) Docket No. 01-5025 two (2) times: on June 19 and August 16, 2001, in the Battle Mountain Bugle, Elko Daily Free Press, Ely Daily Times, Humboldt Sun, Las Vegas Review Journal, Mineral County Independent, Nevada Appeal, Record Courier, Reno Gazette Journal, and Tonopah Times-Bonanza. Additionally, the notice was mailed to county clerks in Reno, Carson City and Las Vegas, Nevada, and all persons who requested inclusion on the Commission’s service list. There was no public response except from the organizations discussed in #3 below. A copy of the summary may be obtained by calling the Commission at (775) 687-6001 or (702) 486-2600, or by writing to the Commission at 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

2. The number of persons who:

- (a) **Attended the workshop:** Twelve (12).
- (b) **Testified at the workshop:** Four (4).
- (c) **Attended the hearing:** Nine (9).
- (d) **Submitted to the agency written comments:** Six (6).

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation how other interested persons may obtain a copy of the summary.

Written comments were submitted to the Commission by the Regulatory Operations Staff (“Staff”) of the Commission, Sierra Pacific Power Company and Nevada Power Company (“the Companies”), the Bureau of Consumer Protection (“BCP”), the Nevada Energy Buyers Network (“Nevada Energy Buyers”), Nevada Independent Energy Coalition (“Nevada Independent Energy”), and the Southern Nevada Water Authority (“SNWA”).

Staff stated that the deferred accounting regulations should be modified to mirror the language of Assembly Bill 369.

The Companies stated that NAC 704.090, which establishes the right and the process for “opting out” of deferred energy accounting is inconsistent with AB 369 and should be repealed.

The BCP recommended that the Commission consider additional amendments to the deferred accounting regulations to further moderate the rate impact on customers without causing an undue financial burden to the utility. In addition, the BCP suggested that the deferred energy regulations clearly state that only “prudently incurred” costs would be recoverable. The BCP also took the position that the filing requirement should be changed from 45 days after the end of the adjustment period to 60 days.

Nevada Energy Buyers stated that adopting new regulations would be the most expedient way to proceed. Nevada Energy Buyers also contended that any new or amended regulations would need to accommodate additional competition and choice that may be available in the future.

Nevada Independent Energy opined that the Commission should issue a separate order clarifying that AB 369 does not affect the rights and obligations of the utilities and Qualifying Facilities arising under agreements made and approved by the Commission.

The SNWA stated that most of the deferred energy regulations may still be appropriate, however time related filing issues and other prior issues of great contention should be addressed in a rulemaking docket to minimize unnecessary conflict in upcoming filings. In addition, the SNWA suggested some rate design changes.

Transcripts of the workshops and hearings, copies of the comments and this summary are on file and available for public viewing at the offices of the Commission. A copy of the summary may be obtained by calling the Commission at (775) 687-6001 or (702) 486-2600, or by writing to the Commission at: 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

The Commission regards the rule to be most appropriate as it is proposed by the Commission. The proposed regulation was adopted without change because it is the Commission’s position that the changes proposed by the parties would result in rigidity and inflexibility in the application of the regulation.

5. The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include:
(a) Both adverse and beneficial effects; and
(b) Both intermediate and long-term effects.

The provisions of the proposed regulation potentially affects all sellers who provide electric serves to end-use customers in Nevada, as well as all customers of such sellers in Nevada. At this time the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulation, either immediate or long-term, which may result from the regulation.

At this time the Commission cannot quantify either the adverse or beneficial economic effects on public, either immediate or long-term, which may result from the regulation.

6. The estimated cost to the agency for enforcement of the adopted regulation.

The Commission does not anticipate any additional costs associated with the enforcement of this regulation.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The Commission is not aware of any overlap or duplication by this regulation of any regulation of any other local, state or federal government agencies.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The Commission is not aware of any provision in this regulation that is more stringent than a federal regulation which regulates the same activity.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Commission does not anticipate any new fees or an increase in any existing fees as a result of the adoption of this regulation.