

**NRS 233B.066 Informational Statement
LCB File No. R181-24**

1. A clear and concise explanation of the need for the adopted regulation.

The regulation adopts a standard and schedule for preparing, submitting, reviewing, and approving an electric utility’s natural disaster protection plan (“NDPP”) as required by NRS 704.7983(4). It also addresses the utility’s recovery of costs related to the development and implementation of an NDPP, including the requirement of NRS 704.7983(6) for such costs to be recovered through a separate charge paid by customers of the utility.

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

(a) Copies of the proposed regulation, notice of intent to act upon the regulation, and notice of workshop and hearing were sent by U.S. mail and email to persons who were known to have an interest in the subjects of noticing and interventions, as well as to all county libraries in Nevada. These documents, along with the public comments filed, were also made available at the website of the Public Utilities Commission of Nevada (“Commission”), <http://puc.nv.gov>. The proposed regulation, notice of intent to act upon the regulation, and notice of workshop and hearing were published in the following newspapers:

Elko Daily Free Press
Las Vegas Review Journal
Reno Gazette Journal
Tonopah Times-Bonanza,

and posted at the following locations:

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| Public Utilities Commission 1150 East William Street Carson City, Nevada 89701 | Public Utilities Commission 9075 West Diablo Drive, Suite 250 Las Vegas, Nevada 89148 |
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(b) The Commission reopened this rulemaking docket on December 30, 2020, to revise LCB File No. R085-19 (the original January 29, 2020, adopted regulation) to address the requirements for an application by an electric utility to recover its expenditures to develop and implement an NDPP. The revised and newly proposed regulation resulting from the reopening of this rulemaking docket is LCB File No. R181-24. The Commission filed a draft proposed regulation on June 25, 2024, that was sent to the Legislative Counsel Bureau (“LCB”) for review. Following LCB review, there was a workshop held on September 18, 2024, and a hearing held on September 19, 2024, to discuss public comments and the draft regulation language returned from LCB. LCB further reviewed the Commission’s proposed regulation and returned the final regulation to the Commission on October 2, 2024.

(c) **A summary of public response.** All participants in this rulemaking, except for Tony Simmons (“Mr. Simmons”), provided written comments and/or statements during the workshop and hearing reflecting general agreement upon the draft regulation. Mr. Simmons states that the costs of distribution and transmission system operations and maintenance are demand related. *See* Simmon’s September 16, 2024, Comments at 1. Mr. Simmons further states that recovering demand-related costs with a volumetric charge shifts the cost of demand-related services from customers who use less than the class average quantity of energy to customers who use more than the class average quantity of energy. *See* Simmon’s September 16, 2024, Comments at 1.

(d) Copies of the transcripts of the proceedings are available for review at the offices of the Commission, 1150 East William Street, Carson City, Nevada 89701 and 9075 West Diablo Drive, Suite 250, Las Vegas, Nevada 89148.

3. The number of persons who:

- (a) **Attended each hearing:** 6
- (b) **Testified at each hearing:** 0
- (c) **Submitted written comments:** 8

4. For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:

- (a) **Name;**
- (b) **Telephone number;**
- (c) **Business address;**
- (d) **Business telephone number;**
- (e) **Electronic mail address; and**
- (f) **Name of entity or organization represented.**

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

Comments were solicited from affected businesses in the same manner as they were solicited from the public. All participating businesses in this rulemaking provided written comments and/or statements during the workshop and hearing reflecting general agreement upon the draft regulation.

The summary may be obtained as instructed in the response to question 2(c).

6. 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 finds that the regulation language, as returned from LCB, is in the public interest and conforms with NRS 704.7983. The proposed regulation improves the NDPP process by providing helpful clarifications and requiring additional information to be included in NDPP applications. Additionally, it establishes a simplified, efficient framework for electric utilities to recover the prudent and reasonable expenditures made to develop and implement an NDPP.

7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. These must be stated separately, and in each case must include: both adverse and beneficial effects, and both immediate and long-term effects.

(a) Estimated economic effect on the businesses which the regulation is to regulate.

The regulation establishes a clear, consistent, and simplified process for a utility to recover costs related to its NDPP over the long term, which immediately promotes confidence in proceeding with necessary investments. It will also, immediately and over the long term, reduce litigation costs associated with the NDPP. At this time, there does not appear there will be any adverse effects on businesses.

(b) Estimated economic effect on the public which the regulation is to regulate.

The regulation does not regulate the public, and at this time, there does not appear to be any indirect adverse effects on the public. With regard to speculative, indirect economic effects on the public, over the long term, the regulation supports the continued viability of a program that reduces the risk of catastrophic disasters caused by utility infrastructure, so the public is less likely to suffer economic harm from natural disasters such as wildfires. The regulation also restricts the use of carrying charges on NDPP costs that are passed on to customers, reducing some of the short-term and long-term economic burdens borne by customers in funding the NDPP.

8. The estimated cost to the agency for enforcement of the proposed regulation:

The agency is unlikely to incur additional costs from enforcing the regulation. Because the regulation streamlines the NDPP process, it may result in cost savings.

9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

No other regulations currently regulate a standard and schedule for preparing, submitting, reviewing, and approving an electric utility's NDPP, or for recovery of the costs of such a plan.

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

N/A.

11. 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.

N/A.

12. If the proposed regulation is likely to impose a direct and significant burden upon a small business or directly restrict the formation, operation or expansion of a small business, what methods did the agency use in determining the impact of the regulation on a small business?

The independent Regulatory Operations Staff of the Commission ("Staff") conducted a Delphi Method exercise to determine the impact of this proposed regulation on small businesses. The Delphi Method is a systematic, interactive forecasting method based on independent inputs of selected experts. In this instance, the participants were members of Staff. The participants in the exercise used their background and expertise to reflect upon and analyze the impact of the proposed regulation on small businesses. Based upon Staff's analysis, Staff recommended to the Commission that the Commission find that the proposed regulation will not impose a direct and significant economic burden on small businesses or directly restrict the formation, operation or expansion of a small business. The Commission accepted Staff's recommendation and found that the proposed regulation does not impose a direct or significant economic burden upon small businesses, nor does it directly restrict the formation, operation, or expansion of a small business, therefore concluding that a small business impact statement pursuant to NRS 233B.0608(2) is not required. This finding was memorialized in an order issued in Docket No. 19-06009 on September 10, 2024.