

**PROPOSED REGULATION OF THE  
PUBLIC UTILITIES COMMISSION OF NEVADA**

**LCB FILE NO. R202-24I**

**The following document is the initial draft regulation proposed  
by the agency submitted on 12/2/2024**

Draft Regulations Implementing Senate Bill (SB) 281

**RESOURCE PLANNING AND ENERGY CONSERVATION FOR CERTAIN  
NATURAL GAS UTILITIES**

**General Provisions**

**NAC 703.580 Persons entitled to file petition.**

1. Any person who claims to have a direct and substantial interest in a proceeding, *or relevant material evidence concerning the adequacy of a plan filed pursuant to NRS 704.741 or 704.991*, and desires to participate in it as an intervener must file a petition for leave to intervene with the Commission requesting an order permitting the intervention.

2. A person has a direct and substantial interest in a proceeding if:

(a) A statute explicitly confers on the person a right to intervene; or

(b) The person claims an interest relating to the property or transaction which is the subject of the proceeding and the person is so situated that the disposition of the proceeding will, as a practical matter, impair or impede the ability of the person to protect that interest, unless the person is adequately represented by existing parties.

3. A person does not have a direct and substantial interest in a proceeding if the person claims an interest that is:

(a) Based on a speculative business or marketing plan;

(b) Based solely on a person's involvement in a proceeding in another unrelated docket;

(c) Based on an interest that is irrelevant to the proceeding; or

(d) Based solely on a desire to monitor the proceeding or to obtain information from the proceeding.

**NAC 703.585 Contents of petition.** A petition for leave to intervene must be in writing and set forth the following:

1. The title and docket number of the proceeding in which leave to intervene is sought;

2. The name and address of the petitioner and, if represented, the name, address and telephone number of his or her attorney or other authorized representative;

3. A clear and concise statement of the direct and substantial interest of the petitioner in the proceedings *or, for proceedings addressing plans filed pursuant to NRS 704.741 or 704.991, a statement supporting the claim that the petitioner has relevant material evidence*, and, if the petitioner is an association, all information that is necessary for the petitioner to satisfy the requirements set forth in NAC 703.595;

4. The manner in which the petitioner will be affected by the proceedings;

5. A statement as to whether the petitioner intends to present evidence in the proceeding; and

6. If affirmative relief is sought, a description of the desired relief and the basis for that relief.

**NAC 703.595 Standards for granting petition; standards for dismissing intervener.**

1. *Except for proceedings addressing plans filed pursuant to NRS 704.741 or 704.991,* If the petitioner is a person other than an association and the petition for leave to intervene shows that the petitioner has a direct and substantial interest in the subject of the proceeding, or any part of it, and the intervention would not unduly broaden the issues, the Commission will or the presiding officer may grant leave for the petitioner to intervene or otherwise to appear in the proceeding with respect to the matters set forth in the petition and subject to such reasonable conditions as may be prescribed by the Commission or presiding officer.

2. *Except for proceedings addressing plans filed pursuant to NRS 704.741 or 704.991,* If the petitioner is an association and:

(a) The petition for leave to intervene shows that two or more members of the association have a direct and substantial interest in the subject of the proceeding, or any part of it;

(b) The petitioner demonstrates, through its charter, a contract or some other document, that the purpose of the association is directly related to the subject of the proceeding and that the association is authorized to represent its members in the proceeding; and

(c) The intervention would not unduly broaden the issues,

↳ the Commission will or the presiding officer may grant leave for the petitioner to intervene or otherwise to appear in the proceeding with respect to the matters set forth in the petition and subject to such reasonable conditions as may be prescribed by the Commission or presiding officer.

3. If it appears during the proceedings that an intervener has no direct or substantial interest in the proceeding or otherwise does not satisfy the requirements to intervene in the proceeding, and that the public interest does not require his or her further participation, the Commission will or the presiding officer shall dismiss the intervener from the proceeding.

**NAC 704.953 Definitions. (NRS 703.025, 704.210)** As used in NAC 704.953 to 704.9718, inclusive, unless the context otherwise requires, the words and terms defined in NAC 704.9534 to ~~704.9605~~**9598**, inclusive, have the meanings ascribed to them in those sections.

**NAC 704.XXXX “Action plan period” defined. “Action plan period means the three-year period immediately following the date on which a resource plan is filed with the Commission.**

**NAC 704.9534 "Base tariff general rate" defined. (NRS 703.025, 704.210)** "Base tariff general rate" means the rate determined by the Commission to collect all revenue other than revenue collected in base tariff energy rate, as defined in NAC 704.032, the deferred energy accounting adjustment, as defined in NAC 704.037, the adjustment to the base tariff general rate to recover accumulated deferred interest, as described in NAC 704.217, the general revenue decoupling adjustment set forth in NAC 704.9718 and any rate approved by the Commission in connection with a request for approval submitted to the Commission pursuant to subsection 2 of NRS 704.185.

**NAC 704.XXXX “Carbon capture, use and storage” defined. (NRS 703.025, 704.991)** “Carbon capture, use and storage” means the capture, including without limitation, the

*direct air capture, of greenhouse gas emissions that would otherwise be released into the atmosphere.*

~~NAC 704.954 "Conservation" defined. (NRS 703.025, 704.210) "Conservation" means improvements in efficiency in the production, distribution or use of energy which results in a reduction in the consumption of natural gas.~~

~~NAC 704.9451 "Conservation and energy efficiency plan" defined. (NRS 703.025, 704.210) "Conservation and energy efficiency plan" means a portfolio of conservation and energy efficiency programs to reduce consumption or improve energy efficiency in a cost-effective manner.~~

**NAC 704.9543 "Customer class" defined. (NRS 703.025, 704.210)** "Customer class" means the customer class categories in the rate schedules under the Nevada tariff of a gas utility.

**NAC 704.9545 "Demand" defined. (NRS 703.025, 704.210)** "Demand" means the level at which natural gas is required by a system, a part of a system or a piece of equipment, expressed in therms or other suitable units, at a given instance or averaged over any designated period.

*NAC 704.XXXX "Demand-side management" defined. (NRS XXX.XXX) "Demand-side management" means a portfolio of activities and programs implemented by the gas utility to promote energy efficiency and conservation, or load management.*

~~NAC 704.95455 "Energy efficiency and conservation" defined. (NRS 703.025, 704.210, 704.991) "Energy efficiency and conservation" means the use of products, services or practices aimed at the economic use of energy in end-use applications which results in a reduction in *energy intensity or the energy* consumption of natural gas.~~

*NAC 704.XXXX "Extension facilities" defined. (NRS 703.025, 704.210, 704.991) "Extension facilities" means the construction, rehabilitation, replacement, modification, upgrade, uprate, or update of facilities to respond to the needs of a specific customer or development project pursuant to a utility's applicable facility extension rules.*

~~NAC 704.95457 "Equity adder methodology" defined. (NRS 703.025, 704.210) "Equity adder methodology" means the methodology applied by a gas utility to ensure that the costs of providing service recovered by an application filed pursuant to NRS 704.110 are through an enhanced return on equity on its investment in conservation and energy efficiency programs included in the rate base.~~

**NAC 704.9555 "Forecast of base growth" defined. (NRS 703.025, 704.210, 704.991)** "Forecast of base growth" means a forecast of the load on a utility's system based on normal weather conditions and the most likely set of future conditions or forces which would have an effect on that load, including, ~~but not limited to,~~ *energy efficiency and* conservation induced by price, *energy efficiency and* conservation resulting from laws and regulations and governmental programs, and *energy efficiency and* conservation resulting from existing *demand-side management* programs sponsored by utilities.

**NAC 704.9557 "Forecast period" defined. (NRS 703.025, 704.210, 704.991)** "Forecast period" means the ~~39~~ gas-year period beginning with the gas year immediately following the gas year in which:

1. ~~The informational report is filed; or~~
2. ~~The *the resource plan is filed.*~~

**NAC 704.9559 "Gas utility" defined. (NRS 703.025, 704.210)** "Gas utility" means a public utility under the jurisdiction of the Commission which purchases gas for resale *to 10 or more customers in this State.*

**NAC 704.9561 "Gas year" defined. (NRS 703.025, 704.210, 704.991)** "Gas year" means the yearly period used by a *gas* utility in its ~~planning process~~ *resource plan*. The period may be a 1-year period beginning November 1 and ending October 31 of the subsequent calendar year, or another yearly period determined by the *gas* utility.

**NAC 704.9562 "General revenue" defined. (NRS 703.025, 704.210)** "General revenue" means the revenue collected from the base tariff general rate for the tracking period.

**NAC 704.9563 "General revenue decoupling methodology" defined. (NRS 703.025, 704.210)** "General revenue decoupling methodology" means the mechanism established pursuant to NAC 704.9716 to allow a gas utility to recover the base tariff general rate revenue without regard to the difference in the quantity of natural gas actually sold.

~~**NAC 704.9566 "Informational report" defined. (NRS 703.025, 704.210, 704.991)**~~  
~~"Informational report" means the informational report which a utility is required by NRS 701.991 to submit annually to the Commission.~~

**NAC 704.XXXX "Long-term arrangement" defined. (NRS XXX.XXX)** "*Long-term arrangement*" means an agreement with a duration of 3 or more years and includes, without limitation;

1. *Supply contracts;*
2. *Agreements for hedging the price of gas;*
3. *Agreements that involve production wells or inground reserves owned by the utility which are intended to be used as a source of supply;*
4. *Incremental transportation agreements;*
5. *Storage agreements; and*
6. *Any other long-term arrangement that the utility determines should be considered.*

**NAC 704.957 "Load management" defined. (NRS 703.025, 704.210, 7004.991)** "Load management" means a deliberate *the practice of adjusting or* reshaping of the customers' patterns of use in order to shift the time of use of natural gas and reduce its consumption during the period of the utility's peak load *energy usage from one period to another.*

**NAC 704.9575 "Major facilities for the supply of gas" defined. (NRS 703.025, 704.210, 704.991)** "Major facilities for the supply of gas" means those facilities for the production, transmission, compression or storage of natural gas, or a combination of such facilities or substitutions for such facilities, that are required to meet the demand imposed on a utility's system. The term includes major additions or modifications to the distribution system which are planned to maintain adequate capacity and the cost of which exceeds \$105,000,000.

**NAC 704.958 "Normal weather conditions" defined. (NRS 703.025, 704.210, 704.991)** "Normal weather conditions" means the average weather conditions for the previous 30 years or another period, if justified.

**NAC 704.XXXX "Responsibly sourced or transported natural gas" defined. (NRS 703.025, 704.210, 704.991)** *"Responsibly sourced or transported natural gas" means geologic natural gas that is produced or transported with methane emission intensity levels that are below a certain threshold, as verified by an independent third party, and using processes that demonstrate best practices for production and transportation.*

**NAC 704.XXXX "Right-of-way accommodation project" means a project undertaken on existing facilities in a right-of-way in the response to a request from a governmental agency to accommodate the governmental agency's plans affecting the right of way.**

**NAC 704.9587 "Sources of natural gas" defined. (NRS 703.025, 704.210, 704.991)** "Sources of natural gas" means the physical locations or regions where natural gas will be acquired or exchanged.

**NAC 704.959 "Storage facilities" defined. (NRS 703.025, 704.210, 704.991)** "Storage facilities" means facilities for storing gas for the primary purpose of balancing loads or shaving peak loads, or both.

**NAC 704.XXXX "Significant operational or capital requirements" defined. (NRS 703.025, 704.210, 704.991)**

**"Significant operational or capital requirements" means:**

- 1. The construction of a new transmission, distribution, compression or storage facility or the rehabilitation, replacement, modification, upgrade, uprate or update of existing facilities, or any planned series of such activities addressing the same need, in which the anticipated cost exceeds \$5 million; or**
- 2. The construction of a single extension facility with 2,000 or more new customers or with a forecasted maximum annual load over the next five years, commencing with the first year following the year when the resource plan or amendment is filed, that is greater than two percent of the gas utility's forecasted load during the first year following the year when the resource plan or amendment is filed; or**
- 3. Any long-term arrangement that results solely from a gas utility's request for incremental upstream resources from an interstate pipeline that requires the interstate pipeline to obtain approval from the Federal Energy Regulatory Commission to construct incremental facilities to meet the gas utility's projected demand; or**
- 4. Investment in infrastructure that facilitates the introduction of nongeologic gas, including biogas, renewable natural gas, or hydrogen gas into the gas utility's system. "Biogas" has the meaning ascribed to it by NRS 704.9992 and "renewable natural gas" has the meaning ascribed to it by NRS 704.9995.**

**NAC 704.9595 "Substantially accurate data" defined. (NRS 703.025, 704.210, 704.991)**

"Substantially accurate data" means data:

- 1. Which a utility demonstrates has been gathered from the best sources of information available to it; or**
- 2. Whose validity is inherently uncertain but whose use does not substantially contribute to the risk of incorrect conclusions.**

**NAC 704.9596 "Substantive conservation and energy efficiency program" defined. (NRS 703.025, 704.210)** "Substantive conservation and energy efficiency program" means, for a gas utility, a conservation and energy efficiency program included in a conservation and energy

efficiency plan accepted by the Commission for which the energy savings can be demonstrated using industry standards.

**NAC 704.9597 "Total resource cost test" defined. (NRS 703.025, 704.210)** "Total resource cost test" means a measure of the overall economic efficiency of a conservation and energy efficiency program from the perspective of society which measures the net costs of a conservation and energy efficiency program based on the total costs of the program, including both participant and utility costs.

**NAC 704.9598 "Tracking period" defined. (NRS 703.025, 704.210)** "Tracking period" means the 12-month period used for a gas utility's annual application filed pursuant to NAC 704.116.

**NAC 704.960 "Unaccounted for gas" defined. (NRS 703.025, 704.210, 704.991)** "Unaccounted for gas" means the difference between the total amount of gas delivered to a utility and the total amount of gas which is used, sold or delivered to other entities by the utility.

**NAC 704.9605 "Weather at maximum design conditions" defined. (NRS 703.025, 704.210, 704.991)** "Weather at maximum design conditions" means the coldest day on record for the previous 30 years or another period, if justified.

**NAC 704.9608 Adoption by reference of FERC Account No. 182.3 from Uniform System of Accounts of Federal Energy Regulatory Commission. (NRS 703.025, 704.210)** The Commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as Other Regulatory Assets, FERC Account No, 182.3. This account is 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 by mail from the Superintendent of Documents, United State Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, by toll free telephone at (866) 512-1800 or on the Internet at <http://bookstore.gpo.gov> for the price of \$68. The volume may be accessed free of charge on the Internet at <http://www.gpoaccess.gov/cfr/index.html> ~~https://www.goinfo.gov/help/cfr.~~

#### Informational Reports Resource Plans

**NAC 704.961 ~~Submission of Resource Plan. informational report and updates.~~**

1. ~~Except as otherwise provided in subsection 2, a~~ *A public gas utility shall, on or before October 1, 2025, and on or before every third year thereafter, file with* annually submit its informational report to the Commission *a resource plan designed to meet the current and future needs for natural gas at the lowest reasonable cost to the gas utility and its customers.*

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(a) ~~If the utility uses deferred energy accounting, with the filing of the utility's deferred energy account; or~~

(b) ~~If the utility does not use deferred energy accounting, on any date before the first day of the first gas year of the forecast period.~~

2. ~~A utility that is subject to the provisions of NRS 701.736 through 701.751, inclusive, may annually submit its informational report to the Commission with the utility's energy supply plan or annual evaluation submitted pursuant to NAC 701.9182.~~

3. ~~A utility may submit updates on the status of its informational report if the utility believes that conditions warrant an update.~~

**NAC 704.XXXX Contents of resource plan.**

**1. A gas resource plan filed pursuant to NAC 704.961 shall contain:**

- a) A brief introduction describing the utility, its facilities, and the purpose and key points of the resource plan.**
- b) Maps showing the utility's existing and planned major facilities for the supply of natural gas and sources of natural gas.**
- c) The anticipated demand for natural gas made on the system of the gas utility by its customers, including:**
  - 1) The forecast of base growth for the forecast period; and**
  - 2) Forecasts of sales volumes under normal weather conditions for each month of the forecast period; and**
  - 3) Forecasts of the annual peak demand under weather at maximum design conditions; and**
  - 4) Comprehensive description of and justification for the gas utility's forecast methodology, including:**
    - i. The use of substantially accurate data, incorporating to the extent necessary data available from other utilities, state and federal agencies, county agencies, universities, and other public or private sources;**
    - ii. The use of recognized and generally accepted forecasting methods considering the availability of data;**
    - iii. Citation of the source of demographic and economic projections upon which it relies and document the procedure by which the projections were incorporated into its forecasts; and**
    - iv. An explanation of any adjustments to national forecasts by using local or regional variables.**
    - v. A detailed description of how federal, state, county, and local policies are incorporated into its forecasts.**
    - vi. A detailed explanation of the gas utility's peak design day methodology.**
- d) The estimated cost of supplying natural gas sufficient to meet the demand and the means by which the gas utility proposes to minimize that cost throughout the action plan period.**
- e) The sources of planned acquisitions of natural gas, including an estimate of the cost and quantity of the acquisitions to be made from each source and an assessment of the reliability of the source throughout the action plan period.**
- f) Information on existing and planned long-term arrangements.**
- g) Significant operational or capital requirements of the gas utility, related to its provision of gas service in the state, that the gas utility plans to implement throughout the action plan period ~~3 years immediately following the date on which the plan is filed with the Commission.~~**
- h) A demand-side management plan that includes activities and programs that will be implemented by the gas utility to promote energy efficiency and conservation, or load management throughout the action plan period.**
- i) Renewable natural gas activities described in subsection 3 of NRS 704.9997 that will be engaged in by the gas utility and any other proposed activities or expenses of the gas utility related to commercially-available nongeologic gas supplies, carbon offsets, load management or carbon capture, use and storage throughout the action plan period.**
- j) An analysis in support of the plan based on information available at the time of filing, including:**



- 1) *An assessment of supplies of geologic and commercially-available nongeologic gas, including renewable natural gas, carbon-neutral natural gas and responsibly sourced or transported natural gas;*
  - 2) *An assessment of opportunities for gas storage, including contracted storage and storage owned by the gas utility;*
  - 3) *An assessment of the capability and reliability of pipelines used for transmission;*
  - 4) *An analysis of the greenhouse gas emissions reasonably expected to be avoided or reduced through the plan, including:*
    - i. *An explanation of the methodology used by the gas utility to calculate the greenhouse gas emissions that are expected from the use of natural gas by customers of the gas utility; and*
    - ii. *An estimate of the reductions in greenhouse gas emissions attributable to specific activities or investments of the gas utility.*
  - 5) *A comparative evaluation of the cost of supply purchasing strategies, storage options, delivery resources and improvements in energy efficiency and conservation, or load management using generally accepted methods for calculating cost-effectiveness;*
  - 6) *Information regarding the financial and economic characteristics of planned significant operational or capital investments for the supply of natural gas, including:*
    - i. *The estimated costs of construction, purchases, or acquisition of the rights to use the facilities; and*
    - ii. *The estimated costs of operation by gas year; and*
    - iii. *An assessment of the cost and reliability of its existing and planned major facilities for the supply of gas; and*
    - iv. *The criteria used in determining the nature and extent of planned additions to major facilities for the supply of gas;*
  - 7) *An analysis of the estimated impact of the investments and activities planned by the gas utility on the rates charged to customers; and*
  - 8) *Information on the procedures for curtailment which will be utilized if the supply or facilities are inadequate.*
  - k) *The gas utility's proposal for recovering the costs associated with the resource plan if the utility proposes recovery through a mechanism other than a general rate application pursuant to NRS 704.110(3).*
2. *The gas utility may include in its resource plan additional operational or capital projects that it believes would benefit from inclusion in the resource plan.*
  3. *A right-of-way accommodation project shall be included in the resource plan unless including the project in the resource plan will restrict or impede the gas utility's reasonable and prudent execution of right-of-way accommodation projects.*

~~NAC 704.9615 Comprehensive summary of informational report.~~ (NRS 703.025, 704.210, 704.991) ~~Each informational report must include a comprehensive summary of the report. The summary must include, without limitation:~~

- ~~1. A brief introduction, addressed to members of the general public, describing the utility, its facilities and the purpose of the informational report;~~
- ~~2. The forecast of base growth for the forecast period;~~
- ~~3. Forecasts of sales volumes and peak demands;~~
- ~~4. Projections of price trends for natural gas;~~

5. A list that includes, without limitation:

- (a) Each major facility for the supply of gas which has been planned as an addition to the system for the forecast period, with its anticipated capacity, cost and date of initial service;
- (b) Each program for conservation and load management that the utility has chosen to implement;
- (c) The cost and impact on rates of each program for conservation and load management; and
- (d) The forecasted reduction in the utility's load as a result of each program for conservation and load management;

6. An explanation of how the utility intends to acquire its supplies of gas to meet forecasted requirements, including, without limitation, strategies associated with the supplies of gas for the forecast period; and

7. Any other information useful in presenting a comprehensive summary of the utility's informational report.

**NAC 704.963— Maps of major facilities for supply of gas and sources of natural gas.** (NRS 703.025, 704.210, 704.991) Each utility shall provide with its informational report a suitable map or maps to show its existing and planned major facilities for the supply of gas and sources of natural gas.

**NAC 704.964— Projection of future prices.** (NRS 703.025, 704.210, 704.991)

1. Each informational report must contain a projection of the future price of natural gas for each of the supply basins from which the utility purchases gas for each month of the forecast period. The informational report must explain the sources and methods used to develop the projection of the future price of natural gas.

2. If a projection of a national service or a published forecast is adjusted on the basis of factors specific to a utility, the adjustment must be explained.

**NAC 704.9645— Forecasts of sales volumes and annual peak demand.** (NRS 703.025, 704.210, 704.991)

1. A utility shall include in its informational report:

- (a) Forecasts of sales volumes under normal weather conditions for each month of the forecast period; and
- (b) Forecasts of the annual peak demand under weather at maximum design conditions.

2. The forecasts of sales volumes and demands described in subsection 1 must include, without limitation, an estimate of unaccounted for gas for each month of the forecast period.

3. To prepare the required forecasts, a utility shall:

- (a) Use substantially accurate data, incorporating to the extent necessary data available from other utilities, state and federal agencies, county agencies, universities, and other public or private sources;
- (b) Use recognized and generally accepted forecasting methods considering the availability of data;
- (c) Cite the source of demographic and economic projections upon which it relies and document the procedure by which the projections were incorporated into its forecasts; and
- (d) If any national forecasts are adjusted by using local or regional variables, explain those adjustments.

~~NAC 704.9655 Forecast for base growth; assessments of base conservation; levels of energy savings or reduction in demand. (NRS 703.025, 704.210, 704.991) Each informational report must include, without limitation:~~

- ~~1. A forecast for base growth;~~
- ~~2. An assessment of base conservation which includes the effects, cost and impact on rates of each program for conservation and load management that the utility has chosen to implement; and~~
- ~~3. The level of energy savings or reduction in demand from each program for conservation and load management, or both.~~

~~NAC 704.966 Information regarding major facilities; consideration of options for major facilities. (NRS 703.025, 704.210, 704.991)~~

- ~~1. Each informational report must contain a list of all its existing and planned major facilities for the supply of gas which it expects to be constructing, operating or utilizing in each gas year of the forecast period.~~
- ~~2. Each informational report must contain information on the financial and economic characteristics of planned major facilities for the supply of gas. The information must include, without limitation:
  - ~~(a) The estimated costs of construction, purchases or acquisition of the rights to use the facilities;~~
  - ~~(b) The estimated costs of operation by gas year;~~
  - ~~(c) An assessment of the cost and reliability of its existing and planned major facilities for the supply of gas; and~~
  - ~~(d) The criteria used in determining the nature and extent of planned additions to major facilities for the supply of gas.~~~~
- ~~3. A utility shall consider the following options for major facilities for the supply of gas:
  - ~~(a) The expansion of transmission facilities;~~
  - ~~(b) The augmentation of compressor stations;~~
  - ~~(c) The expansion and acquisition of storage facilities;~~
  - ~~(d) Interconnection with other pipelines;~~
  - ~~(e) Developing transportation arrangements; and~~
  - ~~(f) Improvements in the efficiency of major facilities for the supply of gas.~~~~

~~NAC 704.9665 Criteria for retirement of major facilities. (NRS 703.025, 704.210, 704.991) Each information report *resource plan* must include, without limitation, the criteria used in setting the dates for the retirement of its major facilities for the supply of gas and the basis for the criteria.~~

~~NAC 704.9675 Discussion of alternative strategies (NRS 703.025, 704.210, 704.991) Each informational report *resource plan* must include, without limitation, a discussion of the alternative strategies *that* the *gas* utility would pursue if any preferred resource or facility were not available as described in the informational report *resource plan*.~~

***NAC 704.XXXX Gas utility to meet with interested parties.***

***The gas utility shall meet with personnel from the Commission, the Bureau of Consumer Protection in the Office of the Nevada Attorney General, and any other interested persons no less than 4 months before filing a plan pursuant to NAC 704.961, and not less than 60 days prior to filing any amendment to such plan, to provide an overview of the anticipated filing or amendment.***

***NAC 704.XXXX Public hearing on resource plan.***

- 1. The Commission shall convene a public hearing on the adequacy of a resource plan filed pursuant to NAC 704.961.***
- 2. A person or governmental entity may petition the Commission for leave to intervene as a party to the public hearing.***
  - a) The Commission must grant a petition for leave to intervene as a party to the hearing if the person or entity has relevant material evidence to provide concerning the adequacy of the plan.***
  - b) The Commission may limit the participation of an intervenor in the hearing to avoid duplication and may prohibit continued participation in the hearing by an intervenor if the Commission determines that continued participation will unduly broaden the issues, will not provide additional relevant material evidence, or is not necessary to further the public interest.***
  - c) In addition to any party to the hearing, any interested person may, pursuant to NAC 703.491, submit comments to the Commission regarding the contents and adequacy of the plan.***
- 3. Following the hearing, the Commission shall determine whether:***
  - a) The forecast requirements of the gas utility are based on substantially accurate data and an adequate method of forecasting;***
  - b) The plan identifies and takes into account any present and projected changes in the demand for natural gas;***
  - c) The plan adequately demonstrates the need for and cost-effectiveness of the proposed activities and investments, as applicable;***
  - d) The plan identifies the mix of geologic and commercially-available nongeologic gas supply, energy efficiency and conservation programs, and activities and investments designed to meet the current and future needs for natural as at the lowest reasonable cost to the gas utility and its customers;***
  - e) To the extent that the plan includes commercially-available nongeologic gas supply options, the plan identifies and considers any present and projected changes in greenhouse gas emissions as a result of the proposed activities; and***
  - f) The plan adequately mitigates adverse impacts on low-income and historically underserved communities.***

***NAC 704.XXXX Commission order on resource plan.***

- 1. Following public hearing on a plan filed by a gas utility pursuant to NAC 704.961, the Commission shall issue an order accepting or modifying the plan or specifying any portions of the plan that it deems to be inadequate. The Commission shall issue its order within 210 days from the filing of the plan by the gas utility.***
  - a) If the Commission issues an order modifying any part of the plan, the gas utility may consent to or reject some or all of the modifications by filing with the Commission a notice to that effect, no later than 30 days following the issuance of the Commission's order.***

2. *If a gas utility files an amendment to its plan, the Commission shall issue an order accepting or modifying the amendment or specifying any portions of the amendment that it deems to be inadequate within 180 days after the filing of the amendment.*
  - a) *If an amendment to a plan filed by a gas utility includes a gas infrastructure expansion proposal, the Commission shall issue an order accepting or modifying the amendment or specifying any portions of the amendment that it deems to be inadequate within 210 days after the filing of the amendment.*
  - b) *If the Commission issues an order modifying any part of the amendment to the plan, the gas utility may consent to or reject some or all of the modifications by filing with the Commission a notice to that effect, no later than 30 days following the issuance of the Commission's order.*
3. *Except as otherwise provided in NRS 704 and NAC 704.9757, a plan or an amendment to a plan that is filed pursuant to NAC 704.961 and accepted by the Commission shall be deemed prudent and the gas utility shall recover all prudently incurred costs for the reasonable development and implementation of such plan or amendment.*
  - a) *A plan or an amendment to a plan is deemed accepted by the Commission only as to that portion of the plan or amendment accepted by the Commission as filed or modified with the consent of the gas utility.*

***NAC 704.XXXX Effect of resource plan on general rate applications.***

*A gas utility shall not file a general rate application pursuant to NRS 704.110 for recovery of costs associated with the delivery and resale of natural gas to customers during the 180 days immediately preceding the date by which the gas utility is required to file a resource plan pursuant to NAC 704.961, or within 180 days of the date on which a resource plan is filed by the gas utility pursuant to NAC 704.691(1). Nothing in this section shall be deemed to preclude an electric utility from filing a general rate application pursuant to NRS 704.110 to recover costs associated with the delivery of electric service to customers.*

**~~NAC 704.968 Plan for supply of gas; long-term arrangements for supply, storage and transportation of gas. (NRS 703.025, 704.210, 704.991)~~**

- ~~1. The informational report must include the utility's plan for the supply of gas which must include, without limitation, a discussion of the strategies which the utility intends to implement for its supply of gas, including, without limitation, a discussion of:
 
  - ~~(a) The criteria used in determining the level and mix of the supply of gas planned;~~
  - ~~(b) The criteria used to select the sources of the supply of gas and an assessment of the reliability of each of the sources of the supply of gas;~~
  - ~~(c) Strategies for minimizing the cost, minimizing the retail price volatility and maximizing the reliability of the gas that the utility intends to employ for its supply of gas; and~~
  - ~~(d) The procedures for curtailment which will be utilized if the supply or facilities are inadequate.~~~~
- ~~2. The informational report must list each existing and planned long-term arrangement for the supply, storage and transportation of gas.~~
- ~~3. As used in this section, "long-term arrangement" means an agreement with a duration of 3 years or more and includes, without limitation:
 
  - ~~(a) Supply contracts;~~
  - ~~(b) Agreements for hedging the price of gas;~~
  - ~~(c) Agreements that involve production wells or inground reserves owned by the utility which are intended to be used as a source of supply;~~
  - ~~(d) Transportation agreements;~~~~

- (e) ~~Storage agreements; and~~
- (f) ~~Any other long-term arrangement that the utility determines should be considered.~~

~~**NAC 704.9687 Order accepting informational report or specifying inadequacies.** (NRS 703.025, 704.210, 704.991) If a utility files an informational report as required pursuant to NRS 704.991, the Commission will issue an order:~~

- ~~1. Accepting the informational report as filed; or~~
- ~~2. If the informational report does not contain the information required pursuant to NRS 704.991 and NAC 704.961 to 704.9687, inclusive, specifying which portions of the informational report the Commission deems to be inadequate.~~

*Conservation and Energy Efficiency Programs*

**Demand-Side Management Plans and Cost Recovery**

~~**NAC 704.9702 Purpose; applicability.** (NRS 703.025, 704.210, 704.992)~~

- ~~1. The purpose of NAC 704.9702 to NAC 704.9718, inclusive, is to establish methods and programs procedures to remove financial disincentives that discourage a public utility that purchases natural gas for resale from planning and implementing energy efficiency and conservation programs.~~
- ~~2. The provisions of NAC 704.9702 to NAC 705.9718, inclusive, apply to all gas utilities that are under the jurisdiction of the Commission and have a budgeted portfolio of energy efficiency and conservation programs.~~

~~**NAC 704.9704 Implementation of substantive programs using equity adder methodology for cost recovery.** (NRS 703.025, 704.210, 704.992)~~

~~To remove financial disincentives that discourage a public utility which purchases natural gas for resale from planning and implementing substantive conservation and energy efficiency programs, a gas utility may implement substantive conservation and energy efficiency and conservation programs using an equity adder methodology for cost recovery. In an application pursuant to NRS 704.110 to recover the costs to implement its conservation and energy efficiency and conservation programs plan, the gas utility must calculate its revenue requirements for program costs, as set forth in NAC 704.9714, to include them in the rate base using the most recently authorized return on equity plus 5 percent.  
(Added to NAC by Pub. Utilities Comm'n by R095-08, eff. 9-29-2008)~~

~~**NAC 704.9706 Conservation and energy efficiency plan: Submission; periodic filing; eligibility of programs to recover costs; order accepting plan or specifying inadequacies.** (NRS 703.025, 704.210, 704.992)~~

- ~~1. A gas utility applying to implement a portfolio of substantive conservation and energy efficiency programs must submit a plan for acceptance by the Commission in conjunction with a general rate case, filed pursuant to NRS 701.110 or in an application to implement its conservation and energy efficiency plan filed pursuant to NAC 701.9701.~~
- ~~2. Every 3 years from the date of the final order in which the gas utility's plan was initially accepted, the utility shall file a conservation and energy efficiency plan with an application to implement its conservation and energy efficiency plan that meets the requirements of NAC 701.9701.~~

3. ~~In the case of a gas utility which also provides electric service, the conservation and energy efficiency plan required in subsections 1 and 2 may be submitted in conjunction with the electric utility's resource plan, as defined in NAC 701.9156.~~
2. ~~Only substantive conservation and energy efficiency programs in a conservation and energy efficiency plan accepted by the Commission are eligible to recover costs pursuant to NAC 704.9704 and 704.9714.~~
5. ~~Within 180 days after a gas utility has filed its conservation and energy efficiency plan, unless filed in conjunction with a general rate case, the Commission will issue an order accepting the plan as filed or specifying portions of the plan which the Commission deems to be inadequate.~~

(Added to NAC by Pub. Utilities Comm'n by R095-08, eff. 9-29-2008)

**NAC 704.9708 ~~Conservation and energy efficiency plan~~ Demand-side management plans: Development and contents.** (NRS 703.025, 704.210, 704.992)

1. The ~~conservation and energy efficiency~~ *demand-side management* plan must include, without limitation:
  - a) An identification of end-uses for *energy efficiency and* conservation ~~and energy efficiency~~ programs;
  - b) An assessment of the savings attributable to technically feasible *energy efficiency and* conservation ~~and energy efficiency~~ programs, as determined by the gas utility, which must rank the programs in lists according to the level of savings in gas consumption and according to the level of reduction in demand; and
  - c) An assessment of technically feasible programs to determine which will produce benefits in peak demand or gas consumption. The gas utility shall estimate the cost of each such program. The methods used for the assessment must be stated in detail, specifically listing the data and assumptions considered in the assessment.
2. In developing its ~~conservation and energy efficiency~~ *demand-side management* plan, a gas utility shall consider the impact of applicable new technologies on current options for the plan. The consideration of new technologies must include, ~~without limitation,~~ consideration of the potential impact of advances in digital technology and computer information systems.
3. A gas utility shall include in its ~~conservation and energy efficiency~~ *demand-side management* plan a program for residential customers which reduces the consumption of gas, ~~electricity or any fossil fuel.~~ ~~The energy efficiency program must include the use of new solar thermal energy sources unless the gas utility has filed an application seeking the Commission's approval of a plan for a solar thermal program or the Commission has approved the gas utility's plan for a solar thermal program. As used in the subsection, "new solar thermal energy sources" means those sources installed after the effective date of the energy efficiency program that displace gas, electricity or any fossil fuel consumption by using solar radiation to heat water or provide space heating or cooling.~~
4. The ~~conservation and energy efficiency~~ *demand-side management* plan must include a list of the programs for which the gas utility is requesting the approval of the Commission. The list must include, ~~without limitation:~~
  - a) An estimate of the reduction in the peak demand and gas consumption that would result from each proposed program, in therms saved, which lists the programs according to their expected savings and their contribution to a reduction in peak demand and gas consumption based upon realistic estimates of the penetration of the market and the average life of the programs;

- b) An assessment of the costs of each proposed program and the savings produced by the program, including the savings in the costs of transmission and distribution if the program can be relied upon to reduce peak demand on a firm basis;
  - c) An assessment of the impact on the gas utility's load shapes of each proposed and existing *energy efficiency and* conservation and *energy efficiency load-management* program;
  - d) If a program is an educational program, the projected expenses of the gas utility for the educational program;
  - e) A complete life-cycle cost analysis of the costs and benefits of ~~the each program in the form of the total resource cost test for any~~ *energy efficiency and* conservation and *energy efficiency and load-management* program which reduces the consumption of gas, electricity, or any fossil fuel; and
  - f) A discussion of the degree of coordination between any *energy efficiency and* conservation *or load-management* and ~~energy efficiency~~ program of the gas utility with an electric utility serving the same area and any potential cost savings or improvements in cost-effectiveness resulting from such coordination.
5. The gas utility shall include with its ~~conservation and energy efficiency~~ *demand-side management* plan a report on the status of all *energy efficiency and* conservation and ~~energy efficiency and load-management~~ programs that have been included in a plan accepted by the Commission. The report must include tables for each such program showing, for each year, the planned reduction in therms, the achieved reduction in therms and the cost of the program. The gas utility shall include other information not elsewhere required in this section as set forth in subsection 3 of NAC 704.9712.
  6. The gas utility shall provide with its ~~conservation and energy efficiency~~ *demand-side management* plan any other information necessary to enable an informed reader to examine and verify the adequacy and accuracy of the data, assumptions and methods used in developing the plan.
  7. ~~The gas utility shall provide with its conservation and energy efficiency plan a discussion of any change in risk for the gas utility, including, without limitation, stabilization of revenue for the gas utility.~~

**NAC 704.9712 Annual ~~conservation and energy efficiency~~*demand-side management* plan reports and analysis.** (NRS 703.025, 704.210, NAC 704.992)

1. Following initial acceptance of ~~the a conservation and energy efficiency~~ *demand-side management* plan, the gas utility that is implementing substantive ~~conservation and energy efficiency~~ *demand-side management* programs shall file annually, between filings required pursuant to ~~subsection 2 of NAC 704.9706~~ *NAC 704.961*, its ~~conservation and energy efficiency~~ *demand-side management* plan report.
2. The ~~conservation and energy efficiency~~ *demand-side management* plan report must address each 12-month period following the acceptance of the *demand-side management* plan and must be filed with the Commission;
  - a) ~~Not~~ *not* later than 6 months following the anniversary of the plan filing date established pursuant to *NAC 704.961* ~~NAC 704.9706~~; or
  - b) ~~In the case of a gas utility which also provides electric service, concurrent with the electric resource plan.~~
3. When filing the ~~a conservation and energy efficiency~~ *demand-side management* plan report, the gas utility shall include a copy of the complete analysis *that* the gas utility used in determining, for the forthcoming year, which substantive *energy efficiency and* conservation and ~~energy efficiency~~ *load-management* programs should be implemented,



continued, modified or terminated. The analysis must ~~include~~, for each program, **include**, ~~without limitation~~:

- (a) A description of the program;
  - (b) Proposed program modifications and programs *that* the utility requests authority to terminate;
  - (c) Program goals, objectives and targets for savings;
  - (d) The level of participation for the program;
  - (e) A detailed description of the manner of evaluating and monitoring the program;
  - (f) Verification of activities and results of savings of the program, including, ~~without limitation~~, **a cost-benefit analysis** ~~the total resource cost test results based on actual program performance~~;
  - (g) Estimated savings, including, ~~without limitation~~, estimated environmental benefits;
  - (h) A description of ~~the~~ **any** difficulties encountered and recommended solutions;
  - (i) A detailed description of the costs incurred during the reporting period, separated by program and category, such as marketing, variable and fixed labor, variable and fixed materials and any incentive payment;
  - (j) A table listing the proposed budget and proposed targets for each program for the following program year;
  - (k) A table listing each project by estimated therm savings, including, ~~without limitation~~, information regarding demand savings, expected life, lifetime savings, and ~~total resource cost test cost~~-benefit ratio; and
  - (l) Any other information necessary to enable an informed reader to examine and verify the adequacy and accuracy of the data, assumptions and methods used in developing the report.
4. The Commission will process the annual ~~conservation and energy efficiency~~ **demand-side management** plan report and analysis within 135 days and issue an order accepting the plan as filed or specifying any portion of the report and analysis which the Commission deems to be inadequate.
5. ***A demand-side management plan report shall not contain provisions for any increases to the plan budget.***

**NAC 704.9714 ~~Costs of implementing substantive programs:~~ Accounting; recovery of costs. (NRS 703.025, 704.210, 704.992)**

1. All costs of implementing ~~substantive conservation and energy efficiency and~~ **conservation** programs included in a ~~conservation and energy efficiency plan~~ **demand-side management** plan ~~accepted~~ **approved** by the Commission must be accounted for in the books and records of the gas utility separately from amounts attributable to any other activities. All accounts must be maintained in such a manner as will allow costs attributable to specific programs to be readily identified. These costs must be segregated into the same categories as specified in the budget for the 3-year planning period.
2. The gas utility may recover all just and reasonable costs for **developing and** implementing ~~substantive conservation and~~ **a demand-side management plan approved by the Commission** ~~energy efficiency and conservation~~ programs included in an application that the Commission has accepted either as part of the gas utility's accepted conservation and energy efficiency **demand-side management** plan **filed pursuant to NAC 704.961** or as modified in the gas utility's annual conservation and energy efficiency plan report. These costs may include, without limitation, costs for labor, overhead, materials, incentives paid to customers, advertising, marketing, measurement, verification and evaluation.

- ~~3. To recover costs incurred in implementing substantive conservation and energy efficiency programs, a gas utility using the equity adder methodology pursuant to NAC 704.9704 must:~~
- ~~a) Calculate, on a monthly basis, the costs incurred in implementing each program since the end of the period used to establish the amount of program costs included in the rate base in the most recent application filed by the gas utility to change general rates;~~
  - ~~b) Record the total cost of implementing each program, as calculated in paragraph (a), in a separate subaccount of FERC Account No. 182.3 for each program and record an offset in the appropriate subaccount of other FERC accounts;~~
  - ~~c) Maintain subsidiary records of the subaccounts of FERC Account No. 182.3 for each program which must clearly delineate all costs incurred by the gas utility in implementing each program accepted by the Commission;~~
  - ~~d) Apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the current balance in the subaccounts of FERC Account No. 182.3 for each program not included in the rate base; and~~
  - ~~e) Clear any balance accumulated in the subaccounts of FERC Account No. 182.3 for each program in the manner set forth in subsection 4 as a component of an application by the gas utility to change rates.~~

~~4. For the purposes of paragraph (e) of subsection 3, to clear a balance:~~

- ~~(a) The Commission will adjust the rate to amortize the balance over a 3 year period, unless otherwise specified by the Commission;~~
- ~~(b) The gas utility must begin amortizing costs on the date that the change in general rates becomes effective~~
- ~~(c) The gas utility must include the balance in the subaccounts of FERC Account No. 182.3 for each program, including carrying charges, in the rate base as of the date that ends the period used in the application filed by the gas utility pursuant to NRS 704.110; and~~
- ~~(d) If calculating the revenue requirements under the equity adder methodology, the utility must base the rate of return to be applied to the balance in the subaccounts of FERC Account No. 182.3 for each program that the utility has carried out on the most recently authorized return on equity plus 5 percent.~~

~~5.3. To recover costs incurred in *developing and* implementing *a demand-side management plan approved by the Commission*, substantive conservation and energy efficiency *and conservation* programs, a gas utility authorized to use the general revenue decoupling methodology pursuant to NAC 704.9716 must:~~

- ~~a) Establish and maintain separate subsidiary records of the subaccounts of FERC Account No. 182.3 for each program which must clearly delineate by month and by rate effective period all costs incurred by the gas utility in implementing each program.~~
- ~~b) At the time the gas utility files an annual application pursuant to NAC 704.116, apply to the Commission to establish the following rates:
  - ~~1) A prospective base program cost rate which is determined by dividing the total projected cost for the rate effective period of each program by the projected therm sales for the rate effective period.~~
  - ~~2) A deferred program cost rate which is determined by dividing the cumulative balance of the subaccounts of FERC Account No. 182.3 for each program as of the adjustment date, as defined in NAC 704.024, by the therm sales for the test period, as defined in NAC 704.063.~~~~

~~6. 4. A gas utility using the general revenue decoupling methodology pursuant to NAC 704.9716 shall account for the costs incurred to *develop and* implement substantive conservation and energy efficiency *and conservation* programs *a demand-side*~~

*management plan approved by the Commission* and the revenues received from the prospective base program cost rate established pursuant to subparagraph (1) of paragraph (b) of subsection 53 in the following manner:

- a) On a monthly basis, the gas utility shall record in a subaccount of FERC Account No. 182.3 the:
  - 1) Costs incurred to implement the programs;
  - 2) Revenues received from the prospective base program cost rate; and
  - 3) Revenues or credits received from the deferred program cost rate established pursuant to subparagraph (2) of paragraph (b) of subsection 5 for the programs or the amount refunded by the deferred program cost rate.
- b) On a monthly basis, the gas utility shall apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the unamortized balance in the subaccounts of FERC Account No. 182.3.

**NAC 704.9716 Use of general revenue decoupling methodology in lieu of equity adder methodology. (NRS 703.025, 704.210, 704.992)**

1. ~~To remove financial disincentives that discourage a public utility that purchases natural gas for resale from planning and implementing substantive conservation and energy efficiency programs a gas utility not electing to recover program costs using an equity adder methodology may seek approval from the Commission to decouple general revenue.~~ A gas utility seeking approval from the Commission to decouple general revenue must file a request to decouple general revenue with the Commission as part of a general rate application filed pursuant to NRS 704.110. ~~A gas utility electing to decouple general revenue must recover the costs of its substantive conservation and energy efficiency programs pursuant to subsection 5 of NAC 701.9714.~~ If the gas utility files a request to decouple general revenue, the gas utility's application must include a discussion identifying any change in risk for the gas utility and a calculation to adjust for the change in risk and demonstrate the impact on the current and requested rate design for the gas utility. If the Commission approves a gas utility's request to decouple general revenue, the gas utility is not required to include a discussion identifying any change in risk associated with the approved general revenue decoupling methodology in its subsequent general rate application filed pursuant to NRS 704.110 but in determining the gas utility's return on equity, the Commission may consider any evidence concerning any change in risk associated with the approved general revenue decoupling methodology provided in the general rate application
2. As part of a gas utility's general rate application seeking approval from the Commission to decouple general revenue, the gas ~~public~~ utility must outline its plan to educate customers about general revenue decoupling.
3. ~~In considering a request to decouple general revenue, the Commission will seek to harmonize the incentives of general revenue decoupling methodology with the rate design of the gas utility filing the request. Harmonization by the Commission will include, without limitation, the use of the information contained in the approved conservation and energy efficiency plan to modify the customer class billing determinants used to establish the base tariff general rate in the general rate application filed pursuant to NRS 701.110 that includes the request to decouple general revenue.~~ In the initial general rate application requesting approval to decouple general rate revenues and in each subsequent general rate application for which the utility seeks to continue to use the general revenue decoupling methodology, the gas utility must request approval to exempt any customer class from the general revenue decoupling methodology. The

gas utility must apply the approved general revenue decoupling methodology to all customer classes not specifically exempted by the Commission.

4. ~~To file a request to decouple general revenue, a gas utility must have an order of the Commission accepting the conservation and energy efficiency plan, with the acceptance occurring not more than one year before the gas utility files the request to decouple general revenue. Execution of the conservation and energy efficiency plan will be deferred until the general revenue decoupling methodology is implemented.~~
5. A gas utility's request to discontinue the approved general revenue decoupling methodology must be included in a general rate application filed pursuant to NRS 704.110.

**NAC 704.9718 Recovery or refund of deferred general revenue; general revenue adjustment rate. (NRS 703.025, 704.210, 704.992)**

1. A gas utility authorized to use the general revenue decoupling methodology must recover or refund its deferred general revenue by applying a per therm general revenue decoupling adjustment for each applicable customer class. The general revenue decoupling adjustment rate must remain in effect until the Commission changes the rate.
2. The general revenue decoupling adjustment rate must be adjusted annually in an annual application filed pursuant to NAC 704.116 after the implementation of the general revenue decoupling methodology.
3. The general revenue decoupling adjustment rate must be calculated individually for each applicable customer class and accounted for as follows:
  - (a) A separate subaccount of FERC Account No. 182.3 must be maintained for each applicable customer class, and the balance of the subaccount must be used to calculate the general revenue decoupling adjustment.
  - (b) Monthly, the gas utility must calculate and record in the appropriate subaccount of FERC Account No. 182.3 the deferred general revenue. The deferred general revenue per month equals the difference between:
    - (1) The monthly general revenue on a per customer basis authorized in the general rate application in which the Commission approved the request to decouple revenue or, if applicable, the subsequent change in monthly general rate revenue approved by the Commission multiplied by the number of customers billed during the period, excluding customers who discontinue service and receive a final bill during that period; and
    - (2) The actual monthly general revenue.
  - (c) Monthly, a credit entry or debit entry, if negative, for the amortization of the general revenue decoupling adjustment must be recorded in the subaccount of FERC Account No. 182.3. The amortization amount must be equal to the amount of revenue derived by applying the general revenue decoupling adjustment to the jurisdictional sales of the applicable customer class.
  - (d) The balance of the subaccount of FERC Account No. 182.3 at the end of the tracking period adjusted pursuant to paragraph (c) must be divided by the total sales for the tracking period.

**GAS INFRASTRUCTURE EXPANSION RELATED TO PROGRAM OF  
ECONOMIC DEVELOPMENT**

**NAC 704.974 Definitions. (NRS 704.9925)** As used in NAC 704.974 to 704.9758, inclusive, unless the context otherwise requires, the words and terms defined in NAC 704.974 to 704.9752, inclusive, have the meanings ascribed to them in those sections.

**NAC 704.9741 "Alternative cost-recovery methodology" defined. (NRS 704.9925)**

"Alternative cost-recovery methodology" means a gas utility's methodology for the recovery of gas infrastructure expansion costs that are not economically feasible pursuant to the gas utility's rule for the extension of facilities.

**NAC 704.9742 "Direct benefits" defined. (NRS 704.9925)** "Direct benefits" means benefits which are quantifiable to the extent possible. Such benefits may include, without limitation, economic benefits, environmental benefits and operational efficiencies, and enhanced reliability of service that customers of a gas utility which purchases natural gas for resale who are specifically targeted to be served by the program of economic development may experience as a result of the gas infrastructure expansion activity.

**NAC 704.9743 "Gas infrastructure" defined. (NRS 704.9925)** "Gas infrastructure" means infrastructure to be used in the transportation or supply of natural gas, including, ~~without limitation,~~ facilities for the storage, distribution and transmission of compressed natural gas and liquefied natural gas.

**NAC 704.9744 "Gas infrastructure expansion activity" defined. (NRS 704.9925)** "Gas infrastructure expansion activity" means the expansion of gas infrastructure within a geographic area in a manner consistent with a program of economic development.

~~**NAC 704.9745 "Gas infrastructure expansion application" defined. (NRS 704.9925)**~~ "Gas

~~infrastructure expansion application" means an application filed by a public utility which purchases natural gas for resale seeking a determination by the Commission for:~~  
~~{1} The authorization of a gas infrastructure expansion activity; and~~  
~~{2} The recovery of the gas infrastructure expansion costs.~~

**NAC 704.9746 "Gas infrastructure expansion costs" defined. (NRS 704.9925)** "Gas infrastructure expansion costs" means all prudent and reasonable costs which are incurred to develop and construct a gas infrastructure expansion activity. The term does not include costs which are otherwise recovered pursuant to the gas utility's rule for the extension of facilities.

**NAC 704.9747 "Gas infrastructure expansion rates" defined. (NRS 704.9925)** "Gas infrastructure expansion rates" means the rates established by the Commission for the purpose of collecting the revenue requirement associated with the gas infrastructure expansion costs.

**NAC 704.9748 "Indirect benefits" defined. (NRS 704.9925)** "Indirect benefits" means benefits which are quantifiable, to the extent possible. Such benefits may include, without limitation, economic, environmental benefits and operational efficiencies, and enhanced reliability of service that customers of a gas utility which purchases natural gas for resale who are not specifically targeted to be served by the program of economic development may experience as a result of the gas infrastructure expansion activity.

**NAC 704.9749 "Program of economic development" defined. (NRS 704.9925)** "Program of economic development" has the meaning ascribed to it in NRS 704.9925.

**NAC 704.XXXX "Gas utility" defined. (NRS 704.9925)** "Gas utility" has the meaning ascribed to it in NAC 704.XXXX.

**NAC 704.975 "Revenue requirement" defined. (NRS 704.9925)** "Revenue requirement" means an amount equal to depreciation expense and carrying costs, and carrying costs once the gas utility ~~which offers natural gas for resale~~ incurs the property taxes. As used in this section:

(1) "Carrying costs" means the return on gas infrastructure expansion costs, adjusted for accumulated depreciation and accumulated deferred income taxes, utilizing the gas utility's authorized pretax rate of return.

(0) "Depreciation expense" means the return of gas infrastructure expansion costs utilizing the gas utility's authorized rate of depreciation.

**NAC 704.9751 "Underserved" defined. (NRS 704.9925)** "Underserved" means a geographic area in which gas infrastructure exists but access is not economically feasible for certain households or businesses.

**NAC 704.9752 "Unserved" defined. (NRS 704.9925)** "Unserved" means a geographic area in which no gas infrastructure or natural gas service exists.

**NAC 704.9753 Gas infrastructure expansion ~~application proposal~~; Requirements and contents; written order by Commission. (NRS 704.9925)**

***1. A gas utility seeking to expand its gas infrastructure pursuant to this section shall include its proposed infrastructure expansion activity and its proposal for recovering gas infrastructure expansion costs in a plan filed with the Commission pursuant to NAC 704.961.***

~~1.2.~~ ***A gas utility's gas infrastructure expansion ~~application~~ proposal must be supported by sworn testimony and must include, without limitation:***

(a) A description of the proposed gas infrastructure expansion activity.

(b) To the extent the proposed gas infrastructure activity seeks to provide natural gas service to an unserved or underserved area, a map generally depicting the unserved or underserved area that the gas utility proposes to serve, including the relationship with existing natural gas infrastructure and customers.

(c) An estimate of costs which identifies:

(1) The costs associated with the gas infrastructure expansion activity that are economically feasible pursuant to the gas utility's rule for the extension of facilities; and

(2) The costs that are not economically feasible pursuant to the gas utility's rule for the extension of facilities and a description of the proposed alternative cost-recovery methodologies as required in subparagraph (1) of paragraph (f).

(d) The estimated revenue requirement associated with the gas infrastructure expansion activity which is proposed in the application.

(e) An explanation of how the proposed gas infrastructure expansion activity is consistent with a program of economic development, including, ~~without limitation:~~

(1) Identification of the purposes of the proposed gas infrastructure expansion activity pursuant to subsection 3 of NRS 704.9925;

(2) Projected demand and supporting materials, as required in subparagraphs (2) and (5) of paragraph (f), for each purpose identified in subparagraph (1); and

(3) Identification of the anticipated direct and indirect benefits, including the areas for each benefit, and an explanation of how the proposed gas infrastructure expansion activity is consistent with the purposes identified in subparagraph (1).

(f) The analysis conducted on the feasibility of the gas infrastructure expansion activity, including, ~~without limitation:~~

- (1) A detailed description of the proposed alternative cost-recovery methodologies, including, ~~without limitation~~:
  - (I) The estimated time period for the recovery of such costs;
  - (II) The projected billing determinants to be used to establish the gas infrastructure expansion rates;
  - (III) The process for determining when the timely and complete recovery of the revenue requirement has been accomplished by the gas utility and the recovery of such costs will end; and
  - (IV) The treatment of rates for the customers served by the gas infrastructure expansion activity when the recovery of such costs has ended;
- (2) A projection of the number of customers, natural gas usage and revenues, by class of customer and class of service, by month over the time period of the proposed alternative cost-recovery methodologies;
- (3) The efforts expended by the gas utility to identify potential customers in each gas infrastructure expansion activity;
- (4) The estimated gas infrastructure expansion rates for each affected class of service;
- (5) The economic and financial justification for the gas infrastructure expansion activity; and
- (6) The mechanism that the gas utility proposes to utilize to collect from customers the cost of natural gas purchased for resale to those same customers:
  - (I) To whom the natural gas is sold; and
  - (II) Who are receiving direct benefits as a result of the gas infrastructure expansion activity.

~~2. The Commission will, not later than 210 days after the date on which a gas infrastructure expansion application is filed, issue a written order approving, disapproving or approving subject to modifications the gas infrastructure expansion application.~~

**NAC 704.9754 Utility may amend certificate of public convenience and necessity for infrastructure expansion activity; conditions. (NRS 704.9925)** In addition to satisfying the requirements of NAC 703.205, to the extent a proposed gas infrastructure expansion activity includes an area not included within the gas utility's certificated service area, the gas utility may seek to amend its certificate of public convenience and necessity as part of its gas infrastructure expansion ~~application~~ *proposal included in a plan filed pursuant to NAC 704.961* but must satisfy the requirements of NAC 703.175.

**NAC 704.9755 Utility applying for infrastructure expansion must provide notice to benefitting customers; contents; requirements. (NRS 704.9925)**

1. A gas utility that ~~files~~ *includes* a gas infrastructure expansion ~~application~~ *proposal in a plan filed* pursuant to NAC ~~701.9753~~ *704.961* shall provide written notice of the filing to all existing and prospective customers who may experience direct or indirect benefits as a result of the proposed gas infrastructure expansion activity. The written notice must include:

- (a) The total amount of the increase in the gas utility's revenues associated with the gas infrastructure expansion rates, stated in dollars and as a percentage;
- (b) The amount of the monthly increase in charges for each affected class of customer or class of service, stated in dollars and as a percentage;
- (c) A statement that customers may send written comments or protests regarding the gas infrastructure expansion rates to the Commission;
- (d) A statement that the gas infrastructure expansion rates will be reviewed for reasonableness and prudence in the next general rate application filed by the gas utility pursuant to NRS 704.110; and

- (e) Any other information required by the Commission.
- 2. A copy of the notice must be provided to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.
- 3. Notice to prospective customers must be provided through the Internet website of a gas utility that files a gas infrastructure expansion application and in a newspaper or newspapers of general circulation in the community where the gas infrastructure expansion activity is proposed.

**NAC 704.9756 Adoption of alternative cost-recovery methodologies; factors for consideration by Commission; accounting standards for gas utility collecting gas infrastructure expansion rate; conditions and limitations on collecting such rate. (NRS 704.9925)**

- 1. A Commission order authorizing a gas infrastructure expansion activity *as part of a plan filed pursuant to NAC 704.961* must adopt alternative cost-recovery methodologies by establishing gas infrastructure expansion rates that allocate the revenue requirement among customers by balancing the interests of customers who will receive direct benefits and customers who will receive indirect benefits from the gas infrastructure expansion activity.
- 2. In adopting the alternative cost-recovery methodologies pursuant to subsection 1, the Commission will consider:
  - (a) The costs associated with the gas infrastructure expansion activity that are economically feasible, as defined in the gas utility's rule for the extension of facilities;
  - (b) The costs that are not economically feasible, as defined in the gas utility's rule for the extension of facilities;
  - (c) The amounts that will be recovered from customers receiving direct benefits and customers receiving indirect benefits from the gas infrastructure expansion activity;
  - (d) The timely and complete recovery of the revenue requirement by the gas utility; and
  - (e) The billing determinants to be used to establish the gas infrastructure expansion rates.
- 3. The gas utility shall account for the difference between the revenue requirement actually incurred on the cumulative investment each month in the gas infrastructure expansion costs and the revenue collected through a gas infrastructure expansion rate as a deferred cost
- 4. If a gas utility collects all the deferred revenue requirement through a gas infrastructure expansion rate before the expiration of the time period specified in the gas infrastructure expansion application *proposal included in a plan filed pursuant to NAC 704.961*, the gas infrastructure expansion rate will terminate. A gas utility may extend a gas infrastructure expansion rate beyond the time period it is proposed to be in effect if necessary to recover any deferred revenue requirement that remains uncollected. A gas utility shall notify the Commission of any termination or extension of a gas infrastructure expansion rate at least 60 days before its termination or extension. The termination or extension of a gas infrastructure expansion rate is subject to approval by the Commission.
- 5. The gas infrastructure expansion rates established ~~pursuant to this section~~ *by the Commission* become effective with the gas utility's first practicable quarterly rate adjustment following the in-service date of the gas infrastructure expansion activity.

**NAC 704.9757 Commission order relating to infrastructure expansion application activity is not a determination of prudence of such activity; gas utility shall seek determination of prudence in general rate application; requirements of application. (NRS 704.9925)**



1. A Commission order authorizing, ~~denying or modifying~~ a gas infrastructure expansion application ***proposal within a plan filed pursuant to NAC 704.961*** is not a determination of prudence with respect to any execution or costs of a gas infrastructure expansion activity that is authorized by the Commission and set forth in such an application.
2. A gas utility shall seek a determination of prudence in the first general rate application filed pursuant to NRS 704.110 after the costs of each gas infrastructure expansion activity are accounted for in gas infrastructure expansion rates. In the general rate application, the public utility shall submit evidence in support of the recorded cost for each gas infrastructure expansion activity completed since the last general rate application filed by the gas utility, including, ~~without limitation~~:
  - (a) Each invoice for gas infrastructure expansion costs, including invoices segregated at the project level if blanket contracts or invoices were used by the gas utility;
  - (b) Each work order for the gas infrastructure expansion activity, including work orders segregated at the project level if blanket contracts or work orders were used by the gas utility;
  - (c) An accounting of the labor performed by outside contractors and the gas utility for the gas infrastructure expansion activity undertaken; and
  - (d) Any other evidence which demonstrates that the incurred costs of the gas infrastructure expansion activity were prudent, just and reasonable.

**NAC 704.9758 Utility required to file annual report with Commission; contents; termination of requirement. (NRS 704.9925)**

1. A gas utility shall, on an annual basis, file with the Commission a status report for each gas infrastructure expansion activity that is authorized by the Commission. A status report filed pursuant to this subsection must include, ~~without limitation~~:
  - (a) The actual billing determinants and a comparison of those billing determinants to the projected billing determinants used to establish the gas infrastructure expansion rates;
  - (b) The actual revenues received from customers and a comparison of those revenues to the projected revenues;
  - (c) The actual gas infrastructure expansion costs and a comparison of those costs to the projected gas infrastructure expansion costs;
  - (d) An updated projection of all billing determinants, revenues and costs; and
  - (e) A calculation of the gas utility's earned rate of return for the 12-month period ending on the last month of the most recently completed calendar quarter.

A gas utility's obligation to file status reports with the Commission pursuant to subsection 1 terminates when the revenue requirement associated with the gas infrastructure expansion activity has been fully recovered by the utility.