

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

LCB File No. R101-98

July 7, 1998

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

AUTHORITY: §§ 2-12, NRS 703.025 and 704.997.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 12, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 12, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3, 4 and 5 of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Effective competition” means, with respect to a particular service, a market structure and a process under which an individual seller is not able to influence significantly the price of the service as a result of:*

- 1. The number of sellers of the service;*
- 2. The size of each seller’s share of the market;*
- 3. The ability of the sellers to enter or exit the market; and*
- 4. The price and availability of comparable substitutes for the service.*

Sec. 4. *“Person” means a natural person, corporation, partnership, public utility, government, governmental agency or political subdivision of a government.*

Sec. 5. *“Potentially competitive service” has the meaning ascribed to it in NRS 704.996.*

Sec. 6. Sections 2 to 12, inclusive, of this regulation do not apply to services provided to generating, industrial and large commercial customers pursuant to NRS 704.075.

Sec. 7. 1. A person may request that the commission classify a natural gas service as a potentially competitive service.

2. A request made pursuant to subsection 1 must be submitted in writing to the commission and must:

(a) Identify and fully describe the natural gas service to be classified as a potentially competitive service, including, without limitation, a description of:

(1) The technical and common names of the service;

(2) The facilities, personnel and any other resources that are being used or will be used to provide the service;

(3) Any other components of a natural gas service that are necessary to provide the service to be classified as a potentially competitive service;

(4) The geographic market area for which the classification is being sought;

(5) The nature and extent of the market in which the service is being provided or will be provided, including, without limitation:

(I) The classes of customers to whom the service will be provided; and

(II) The source of revenues for the service;

(b) Set forth any fact that is favorable to classifying the service as a potentially competitive service, including, without limitation, any fact that demonstrates that provision of the service by alternative sellers:

(1) Will not unduly harm a class of customers;

(2) Will decrease the cost of providing the service to customers in this state or increase the quality or innovation of the service to customers in this state;

(3) Is a service for which effective competition in the market is likely to develop;

(4) Will advance the competitive position of this state relative to surrounding states; and

(5) Will not otherwise jeopardize the safety and reliability of the natural gas service in this state; and

(c) Contain an acknowledgment that a copy of the application has been served upon any existing provider of the service to be classified as a potentially competitive service.

Sec. 8. *The commission will limit the classification of a natural gas service as a potentially competitive service to the boundaries of the certificated service area of a single natural gas utility.*

Sec. 9. *If the commission receives a request to classify a natural gas service as a potentially competitive service and the request satisfies the requirements set forth in section 7 of this regulation, the commission will classify the service as a potentially competitive service.*

Sec. 10. *A natural gas service that is not classified as a potentially competitive, competitive or discretionary service, or that has been determined by statute or the commission to be unsuitable for purchase by customers from alternative sellers, is a noncompetitive service.*

Sec. 11. *Once the commission has classified a natural gas service as potentially competitive, the commission will establish an alternative plan of regulation for the service pursuant to NRS 704.997.*

Sec. 12. *The commission will:*

- 1. Monitor the market for a natural gas service that it has classified as potentially competitive to determine whether effective competition is occurring in the market;*
- 2. Classify a natural gas service as competitive upon determining that effective competition is occurring in the market for a natural gas service which the commission has previously classified as potentially competitive; and*
- 3. Remove any pricing provisions contained in an alternative plan of regulation established pursuant to section 11 of this regulation upon determining that effective competition is occurring in the market for a natural gas service.*