
SENATE BILL NO. 160—SENATORS BROOKS, SPEARMAN, ATKINSON,
DENIS, PARKS; CANCELA, DONDERO LOOP, SETTELMAYER
AND WOODHOUSE

FEBRUARY 14, 2019

JOINT SPONSORS: ASSEMBLYMEN FRIERSON, YEAGER;
MONROE-MORENO, ROBERTS AND WATTS

Referred to Committee on Growth and Infrastructure

SUMMARY—Requires the Public Utilities Commission of Nevada
to adopt certain regulations concerning natural gas
infrastructure. (BDR 58-909)

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

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

AN ACT relating to gas utilities; requiring the Public Utilities
Commission of Nevada to adopt procedures for certain
natural gas utilities to recover expenditures relating to the
implementation of certain natural gas infrastructure
projects; and providing other matters properly relating
thereto.

Legislative Counsel’s Digest:

1 Existing regulations authorize a public utility which purchases natural gas for
2 resale to file an application with the Public Utilities Commission of Nevada seeking
3 authorization to impose a rate to recover the cost of gas infrastructure replacement
4 projects and to impose such a rate upon approval of the rate by the Commission.
5 (NAC 704.796-704.7985) **Section 1** of this bill requires the Commission to adopt
6 regulations establishing procedures for a natural gas utility to: (1) apply to the
7 Commission for approval of a gas infrastructure plan identifying projects to
8 construct, acquire, improve, maintain or repair gas infrastructure which the utility
9 intends to initiate within 60 months after applying for approval of the plan; and (2)
10 request approval from the Commission to impose a gas infrastructure rate and
11 adjust that rate on a quarterly basis to recover all prudent and reasonable
12 expenditures made by the utility to carry out a gas infrastructure project approved
13 by the Commission if the utility has made certain expenditures on gas infrastructure
14 projects in the immediately preceding 12 months. **Section 1** also requires a natural



15 gas utility which makes such quarterly rate adjustments to submit an annual report
16 containing certain information to the Commission for review.

17 **Sections 2-4** of this bill make conforming changes.

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. The Commission shall adopt regulations to establish*
4 *procedures for a public utility which purchases natural gas for*
5 *resale to:*

6 *(a) Apply to the Commission for approval of a gas*
7 *infrastructure plan.*

8 *(b) Except as otherwise provided in this paragraph, request*
9 *approval from the Commission to impose a gas infrastructure rate*
10 *or adjust that rate on a quarterly basis as necessary to recover in a*
11 *timely manner all prudent and reasonable expenditures made by*
12 *the public utility to carry out a gas infrastructure project*
13 *contained in a gas infrastructure plan approved by the*
14 *Commission pursuant to paragraph (a). A public utility which*
15 *purchases natural gas for resale shall not request approval from*
16 *the Commission to impose a gas infrastructure rate pursuant to*
17 *this paragraph until the public utility has made capital*
18 *expenditures on gas infrastructure projects in an amount equal to*
19 *the public utility's authorized depreciation expense for the 12-*
20 *month period immediately preceding submission of the request.*

21 *2. Each public utility which purchases natural gas for resale*
22 *and which imposes and adjusts a gas infrastructure rate pursuant*
23 *to paragraph (b) of subsection 1 shall furnish an annual report to*
24 *the Commission. The report must include, without limitation:*

25 *(a) A review of the rate adjustments made by the public utility*
26 *for each quarter of the preceding calendar year and information*
27 *sufficient to verify the calculation of such rates.*

28 *(b) The recorded costs of each gas infrastructure project for*
29 *which the public utility sought to recover its expenditures through*
30 *a rate adjustment in the preceding calendar year.*

31 *(c) Such other information as the Commission may prescribe.*

32 *3. The Commission shall review the report submitted*
33 *pursuant to subsection 2 and determine the prudence and*
34 *reasonableness of the costs of each gas infrastructure project for*
35 *which the public utility sought to recover its expenditures through*
36 *a rate adjustment in the preceding calendar year.*

37 *4. As used in this section:*



1 (a) *“Gas infrastructure plan” means a portfolio of one or more*
2 *gas infrastructure projects which a public utility intends to initiate*
3 *no later than 60 months after the plan is submitted to the*
4 *Commission for approval.*

5 (b) *“Gas infrastructure project” means a project in which a*
6 *public utility constructs, acquires, improves, maintains, repairs or*
7 *replaces any nonrevenue-producing natural gas infrastructure for*
8 *the purpose of enhancing the safety and reliability of the natural*
9 *gas infrastructure or to otherwise serve the public interest.*

10 (c) *“Prudent and reasonable expenditures” includes, without*
11 *limitation:*

12 (1) *Costs associated with the removal or abandonment of a*
13 *gas infrastructure project;*

14 (2) *Property taxes associated with a gas infrastructure*
15 *project;*

16 (3) *The return on investment for the gas infrastructure*
17 *project, adjusted for accumulated depreciation and accumulated*
18 *deferred income taxes, using the public utility’s authorized pretax*
19 *rate of return; and*

20 (4) *The recovery of expenditures on the gas infrastructure*
21 *project using the public utility’s authorized rate of depreciation.*

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

23 704.062 “Application to make changes in any schedule” and
24 “application” include, without limitation:

25 1. A general rate application;

26 2. An application to recover the cost of purchased fuel,
27 purchased power, or natural gas purchased for resale;

28 3. An annual deferred energy accounting adjustment
29 application; ~~and~~

30 4. An annual rate adjustment application ~~and~~; and

31 5. *A request for approval to impose or adjust a gas*
32 *infrastructure rate pursuant to the regulations adopted by the*
33 *Commission as required by section 1 of this act.*

34 **Sec. 3.** NRS 704.100 is hereby amended to read as follows:

35 704.100 1. Except as otherwise provided in NRS 704.075
36 and 704.68861 to 704.68887, inclusive, or as may otherwise be
37 provided by the Commission pursuant to NRS 704.095 or 704.097:

38 (a) A public utility shall not make changes in any schedule,
39 unless the public utility:

40 (1) Files with the Commission an application to make the
41 proposed changes and the Commission approves the proposed
42 changes pursuant to NRS 704.110; or

43 (2) Files the proposed changes with the Commission using a
44 letter of advice in accordance with the provisions of paragraph (f) or
45 (g).



1 (b) A public utility shall adjust its rates on a quarterly basis
2 between annual rate adjustment applications pursuant to subsection
3 8 of NRS 704.110 based on changes in the public utility's recorded
4 costs of natural gas purchased for resale. *A public utility which*
5 *purchases natural gas for resale may adjust its gas infrastructure*
6 *rate on a quarterly basis pursuant to the regulations adopted by*
7 *the Commission as required by section 1 of this act.*

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

12 (d) A public utility shall post copies of all proposed schedules
13 and all new or amended schedules in the same offices and in
14 substantially the same form, manner and places as required by NRS
15 704.070 for the posting of copies of schedules that are currently in
16 force.

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

24 (f) Except as otherwise provided in paragraph (g), if the
25 proposed change in any schedule does not change any rate or will
26 result in an increase in annual gross operating revenue in an amount
27 that does not exceed \$15,000:

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

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

33 ↪ A letter of advice filed pursuant to this paragraph must include a
34 certification by the attorney for the public utility or an affidavit by
35 an authorized representative of the public utility that to the best of
36 the signatory's knowledge, information and belief, formed after a
37 reasonable inquiry, the proposed change in schedule does not
38 change any rate or result in an increase in the annual gross operating
39 revenue of the public utility in an amount that exceeds \$15,000.

40 (g) If the applicant is a small-scale provider of last resort and the
41 proposed change in any schedule will result in an increase in annual
42 gross operating revenue in an amount that does not exceed \$50,000
43 or 10 percent of the applicant's annual gross operating revenue,
44 whichever is less:



1 (1) The small-scale provider of last resort may file the
2 proposed change with the Commission using a letter of advice in
3 lieu of filing an application if the small-scale provider of last resort:

4 (I) Includes with the letter of advice a certification by the
5 attorney for the small-scale provider of last resort or an affidavit by
6 an authorized representative of the small-scale provider of last resort
7 that to the best of the signatory's knowledge, information and belief,
8 formed after a reasonable inquiry, the proposed change in schedule
9 does not change any rate or result in an increase in the annual gross
10 operating revenue of the small-scale provider of last resort in an
11 amount that exceeds \$50,000 or 10 percent, whichever is less;

12 (II) Demonstrates that the proposed change in schedule is
13 required by or directly related to a regulation or order of the Federal
14 Communications Commission; and

15 (III) Except as otherwise provided in subsection 2, files
16 the letter of advice not later than 5 years after the Commission has
17 issued a final order on a general rate application filed by the
18 applicant in accordance with subsection 3 of NRS 704.110; and

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

21 ↪ Not later than 10 business days after the filing of a letter of
22 advice pursuant to subparagraph (1), the Regulatory Operations
23 Staff of the Commission or any other interested party may file with
24 the Commission a request that the Commission order an applicant to
25 file a general rate application in accordance with subsection 3 of
26 NRS 704.110. The Commission may hold a hearing to consider such
27 a request.

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

33 2. An applicant that is a small-scale provider of last resort may
34 submit to the Commission a written request for a waiver of the 5-
35 year period specified in sub-subparagraph (III) of subparagraph (1)
36 of paragraph (g) of subsection 1. The Commission shall, not later
37 than 90 days after receipt of such a request, issue an order approving
38 or denying the request. The Commission may approve the request if
39 the applicant provides proof satisfactory to the Commission that the
40 applicant is not earning more than the rate of return authorized by
41 the Commission and that it is in the public interest for the
42 Commission to grant the request for a waiver. The Commission
43 shall not approve a request for a waiver if the request is submitted
44 later than 7 years after the issuance by the Commission of a final
45 order on a general rate application filed by the applicant in



1 accordance with subsection 3 of NRS 704.110. If the Commission
2 approves a request for a waiver submitted pursuant to this
3 subsection, the applicant shall file the letter of advice pursuant to
4 subparagraph (1) of paragraph (g) of subsection 1 not earlier than
5 120 days after the date on which the applicant submitted the request
6 for a waiver pursuant to this subsection, unless the order issued by
7 the Commission approving the request for a waiver specifies a
8 different period for the filing of the letter of advice.

9 3. As used in this section, "electric utility" has the meaning
10 ascribed to it in NRS 704.187.

11 **Sec. 4.** NRS 704.110 is hereby amended to read as follows:

12 704.110 Except as otherwise provided in NRS 704.075 and
13 704.68861 to 704.68887, inclusive, or as may otherwise be provided
14 by the Commission pursuant to NRS 704.095 or 704.097:

15 1. If a public utility files with the Commission an application to
16 make changes in any schedule, including, without limitation,
17 changes that will result in a discontinuance, modification or
18 restriction of service, the Commission shall investigate the propriety
19 of the proposed changes to determine whether to approve or
20 disapprove the proposed changes. If an electric utility files such an
21 application and the application is a general rate application or an
22 annual deferred energy accounting adjustment application, the
23 Consumer's Advocate shall be deemed a party of record.

24 2. Except as otherwise provided in subsection 3, if a public
25 utility files with the Commission an application to make changes in
26 any schedule, the Commission shall, not later than 210 days after the
27 date on which the application is filed, issue a written order
28 approving or disapproving, in whole or in part, the proposed
29 changes.

30 3. If a public utility files with the Commission a general rate
31 application, the public utility shall submit with its application a
32 statement showing the recorded results of revenues, expenses,
33 investments and costs of capital for its most recent 12 months for
34 which data were available when the application was prepared.
35 Except as otherwise provided in subsection 4, in determining
36 whether to approve or disapprove any increased rates, the
37 Commission shall consider evidence in support of the increased
38 rates based upon actual recorded results of operations for the same
39 12 months, adjusted for increased revenues, any increased
40 investment in facilities, increased expenses for depreciation, certain
41 other operating expenses as approved by the Commission and
42 changes in the costs of securities which are known and are
43 measurable with reasonable accuracy at the time of filing and which
44 will become effective within 6 months after the last month of those
45 12 months, but the public utility shall not place into effect any



1 increased rates until the changes have been experienced and
2 certified by the public utility to the Commission and the
3 Commission has approved the increased rates. The Commission
4 shall also consider evidence supporting expenses for depreciation,
5 calculated on an annual basis, applicable to major components of the
6 public utility's plant placed into service during the recorded test
7 period or the period for certification as set forth in the application.
8 Adjustments to revenues, operating expenses and costs of securities
9 must be calculated on an annual basis. Within 90 days after the date
10 on which the certification required by this subsection is filed with
11 the Commission, or within the period set forth in subsection 2,
12 whichever time is longer, the Commission shall make such order in
13 reference to the increased rates as is required by this chapter. The
14 following public utilities shall each file a general rate application
15 pursuant to this subsection based on the following schedule:

16 (a) An electric utility that primarily serves less densely
17 populated counties shall file a general rate application not later than
18 5 p.m. on or before the first Monday in June 2010, and at least once
19 every 36 months thereafter.

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

24 (c) A public utility that furnishes water for municipal, industrial
25 or domestic purposes or services for the disposal of sewage, or both,
26 which had an annual gross operating revenue of \$2,000,000 or more
27 for at least 1 year during the immediately preceding 3 years and
28 which had not filed a general rate application with the Commission
29 on or after July 1, 2005, shall file a general rate application on or
30 before June 30, 2008, and at least once every 36 months thereafter
31 unless waived by the Commission pursuant to standards adopted by
32 regulation of the Commission. If a public utility furnishes both
33 water and services for the disposal of sewage, its annual gross
34 operating revenue for each service must be considered separately for
35 determining whether the public utility meets the requirements of this
36 paragraph for either service.

37 (d) A public utility that furnishes water for municipal, industrial
38 or domestic purposes or services for the disposal of sewage, or both,
39 which had an annual gross operating revenue of \$2,000,000 or more
40 for at least 1 year during the immediately preceding 3 years and
41 which had filed a general rate application with the Commission on
42 or after July 1, 2005, shall file a general rate application on or before
43 June 30, 2009, and at least once every 36 months thereafter unless
44 waived by the Commission pursuant to standards adopted by
45 regulation of the Commission. If a public utility furnishes both



1 water and services for the disposal of sewage, its annual gross
2 operating revenue for each service must be considered separately for
3 determining whether the public utility meets the requirements of this
4 paragraph for either service.

5 ➤ The Commission shall adopt regulations setting forth standards
6 for waivers pursuant to paragraphs (c) and (d) and for including the
7 costs incurred by the public utility in preparing and presenting the
8 general rate application before the effective date of any change in
9 rates.

10 4. In addition to submitting the statement required pursuant to
11 subsection 3, a public utility may submit with its general rate
12 application a statement showing the effects, on an annualized basis,
13 of all expected changes in circumstances. If such a statement is
14 filed, it must include all increases and decreases in revenue and
15 expenses which may occur within 210 days after the date on which
16 its general rate application is filed with the Commission if such
17 expected changes in circumstances are reasonably known and are
18 measurable with reasonable accuracy. If a public utility submits
19 such a statement, the public utility has the burden of proving that the
20 expected changes in circumstances set forth in the statement are
21 reasonably known and are measurable with reasonable accuracy.
22 The Commission shall consider expected changes in circumstances
23 to be reasonably known and measurable with reasonable accuracy if
24 the expected changes in circumstances consist of specific and
25 identifiable events or programs rather than general trends, patterns
26 or developments, have an objectively high probability of occurring
27 to the degree, in the amount and at the time expected, are primarily
28 measurable by recorded or verifiable revenues and expenses and are
29 easily and objectively calculated, with the calculation of the
30 expected changes relying only secondarily on estimates, forecasts,
31 projections or budgets. If the Commission determines that the public
32 utility has met its burden of proof:

33 (a) The Commission shall consider the statement submitted
34 pursuant to this subsection and evidence relevant to the statement,
35 including all reasonable projected or forecasted offsets in revenue
36 and expenses that are directly attributable to or associated with the
37 expected changes in circumstances under consideration, in addition
38 to the statement required pursuant to subsection 3 as evidence in
39 establishing just and reasonable rates for the public utility; and

40 (b) The public utility is not required to file with the Commission
41 the certification that would otherwise be required pursuant to
42 subsection 3.

43 5. If a public utility files with the Commission an application to
44 make changes in any schedule and the Commission does not issue a
45 final written order regarding the proposed changes within the time



1 required by this section, the proposed changes shall be deemed to be
2 approved by the Commission.

3 6. If a public utility files with the Commission a general rate
4 application, the public utility shall not file with the Commission
5 another general rate application until all pending general rate
6 applications filed by that public utility have been decided by the
7 Commission unless, after application and hearing, the Commission
8 determines that a substantial financial emergency would exist if the
9 public utility is not permitted to file another general rate application
10 sooner. The provisions of this subsection do not prohibit the public
11 utility from filing with the Commission, while a general rate
12 application is pending, an application to recover the increased cost
13 of purchased fuel, purchased power, or natural gas purchased for
14 resale pursuant to subsection 7, a quarterly rate adjustment pursuant
15 to subsection 8 or 10 ~~§~~ *or an adjustment to a gas infrastructure*
16 *rate pursuant to the regulations adopted by the Commission as*
17 *required by section 1 of this act*, any information relating to
18 deferred accounting requirements pursuant to NRS 704.185 or an
19 annual deferred energy accounting adjustment application pursuant
20 to NRS 704.187, if the public utility is otherwise authorized to so
21 file by those provisions.

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

26 (a) An electric utility which is required to adjust its rates on a
27 quarterly basis pursuant to subsection 10; or

28 (b) A public utility which purchases natural gas for resale and
29 which adjusts its rates on a quarterly basis pursuant to subsection 8.

30 8. A public utility which purchases natural gas for resale must
31 request approval from the Commission to adjust its rates on a
32 quarterly basis between annual rate adjustment applications based
33 on changes in the public utility's recorded costs of natural gas
34 purchased for resale. A public utility which purchases natural gas
35 for resale and which adjusts its rates on a quarterly basis may
36 request approval from the Commission to make quarterly
37 adjustments to its deferred energy accounting adjustment. The
38 Commission shall approve or deny such a request not later than 120
39 days after the application is filed with the Commission. The
40 Commission may approve the request if the Commission finds that
41 approval of the request is in the public interest. If the Commission
42 approves a request to make quarterly adjustments to the deferred
43 energy accounting adjustment of a public utility pursuant to this
44 subsection, any quarterly adjustment to the deferred energy
45 accounting adjustment must not exceed 2.5 cents per therm of



1 natural gas. If the balance of the public utility's deferred account
2 varies by less than 5 percent from the public utility's annual
3 recorded costs of natural gas which are used to calculate quarterly
4 rate adjustments, the deferred energy accounting adjustment must be
5 set to zero cents per therm of natural gas.

6 9. If the Commission approves a request to make any rate
7 adjustments on a quarterly basis pursuant to subsection 8:

8 (a) The public utility shall file written notice with the
9 Commission before the public utility makes a quarterly rate
10 adjustment. A quarterly rate adjustment is not subject to the
11 requirements for notice and a hearing pursuant to NRS 703.320 or
12 the requirements for a consumer session pursuant to subsection 1 of
13 NRS 704.069.

14 (b) The public utility shall provide written notice of each
15 quarterly rate adjustment to its customers by including the written
16 notice with a customer's regular monthly bill. The public utility
17 shall begin providing such written notice to its customers not later
18 than 30 days after the date on which the public utility files its
19 written notice with the Commission pursuant to paragraph (a). The
20 written notice that is included with a customer's regular monthly
21 bill:

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

24 (2) Must include the following:

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

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

31 (III) A statement that customers may send written
32 comments or protests regarding the rate adjustment to the
33 Commission;

34 (IV) A statement that the transactions and recorded costs
35 of natural gas which are the basis for any quarterly rate adjustment
36 will be reviewed for reasonableness and prudence in the next
37 proceeding held by the Commission to review the annual rate
38 adjustment application pursuant to paragraph (d); and

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

40 (c) The public utility shall file an annual rate adjustment
41 application with the Commission. The annual rate adjustment
42 application is subject to the requirements for notice and a hearing
43 pursuant to NRS 703.320 and the requirements for a consumer
44 session pursuant to subsection 1 of NRS 704.069.



1 (d) The proceeding regarding the annual rate adjustment
2 application must include a review of each quarterly rate adjustment
3 and the transactions and recorded costs of natural gas included in
4 each quarterly filing and the annual rate adjustment application.
5 There is no presumption of reasonableness or prudence for any
6 quarterly rate adjustment or for any transactions or recorded costs of
7 natural gas included in any quarterly rate adjustment or the annual
8 rate adjustment application, and the public utility has the burden of
9 proving reasonableness and prudence in the proceeding.

10 (e) The Commission shall not allow the public utility to recover
11 any recorded costs of natural gas which were the result of any
12 practice or transaction that was unreasonable or was undertaken,
13 managed or performed imprudently by the public utility, and the
14 Commission shall order the public utility to adjust its rates if the
15 Commission determines that any recorded costs of natural gas
16 included in any quarterly rate adjustment or the annual rate
17 adjustment application were not reasonable or prudent.

18 10. An electric utility shall adjust its rates on a quarterly basis
19 based on changes in the electric utility's recorded costs of purchased
20 fuel or purchased power. In addition to adjusting its rates on a
21 quarterly basis, an electric utility may request approval from the
22 Commission to make quarterly adjustments to its deferred energy
23 accounting adjustment. The Commission shall approve or deny such
24 a request not later than 120 days after the application is filed with
25 the Commission. The Commission may approve the request if the
26 Commission finds that approval of the request is in the public
27 interest. If the Commission approves a request to make quarterly
28 adjustments to the deferred energy accounting adjustment of an
29 electric utility pursuant to this subsection, any quarterly adjustment
30 to the deferred energy accounting adjustment must not exceed 0.25
31 cents per kilowatt-hour of electricity. If the balance of the electric
32 utility's deferred account varies by less than 5 percent from the
33 electric utility's annual recorded costs for purchased fuel or
34 purchased power which are used to calculate quarterly rate
35 adjustments, the deferred energy accounting adjustment must be set
36 to zero cents per kilowatt-hour of electricity.

37 11. A quarterly rate adjustment filed pursuant to subsection 10
38 is subject to the following requirements:

39 (a) The electric utility shall file written notice with the
40 Commission on or before August 15, 2007, and every quarter
41 thereafter of the quarterly rate adjustment to be made by the electric
42 utility for the following quarter. The first quarterly rate adjustment
43 by the electric utility will take effect on October 1, 2007, and each
44 subsequent quarterly rate adjustment will take effect every quarter
45 thereafter. The first quarterly adjustment to a deferred energy



1 accounting adjustment must be made pursuant to an order issued by
2 the Commission approving the application of an electric utility to
3 make quarterly adjustments to its deferred energy accounting
4 adjustment. A quarterly rate adjustment is not subject to the
5 requirements for notice and a hearing pursuant to NRS 703.320 or
6 the requirements for a consumer session pursuant to subsection 1 of
7 NRS 704.069.

8 (b) The electric utility shall provide written notice of each
9 quarterly rate adjustment to its customers by including the written
10 notice with a customer's regular monthly bill. The electric utility
11 shall begin providing such written notice to its customers not later
12 than 30 days after the date on which the electric utility files a written
13 notice with the Commission pursuant to paragraph (a). The written
14 notice that is included with a customer's regular monthly bill:

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

17 (2) Must include the following:

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

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

24 (III) A statement that customers may send written
25 comments or protests regarding the rate adjustment to the
26 Commission;

27 (IV) A statement that the transactions and recorded costs
28 of purchased fuel or purchased power which are the basis for any
29 quarterly rate adjustment will be reviewed for reasonableness and
30 prudence in the next proceeding held by the Commission to review
31 the annual deferred energy accounting adjustment application
32 pursuant to paragraph (d); and

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

34 (c) The electric utility shall file an annual deferred energy
35 accounting adjustment application pursuant to NRS 704.187 with
36 the Commission. The annual deferred energy accounting adjustment
37 application is subject to the requirements for notice and a hearing
38 pursuant to NRS 703.320 and the requirements for a consumer
39 session pursuant to subsection 1 of NRS 704.069.

40 (d) The proceeding regarding the annual deferred energy
41 accounting adjustment application must include a review of each
42 quarterly rate adjustment and the transactions and recorded costs of
43 purchased fuel and purchased power included in each quarterly
44 filing and the annual deferred energy accounting adjustment
45 application. There is no presumption of reasonableness or prudence



1 for any quarterly rate adjustment or for any transactions or recorded
2 costs of purchased fuel and purchased power included in any
3 quarterly rate adjustment or the annual deferred energy accounting
4 adjustment application, and the electric utility has the burden of
5 proving reasonableness and prudence in the proceeding.

6 (e) The Commission shall not allow the electric utility to recover
7 any recorded costs of purchased fuel and purchased power which
8 were the result of any practice or transaction that was unreasonable
9 or was undertaken, managed or performed imprudently by the
10 electric utility, and the Commission shall order the electric utility to
11 adjust its rates if the Commission determines that any recorded costs
12 of purchased fuel and purchased power included in any quarterly
13 rate adjustment or the annual deferred energy accounting adjustment
14 application were not reasonable or prudent.

15 12. If an electric utility files an annual deferred energy
16 accounting adjustment application pursuant to subsection 11 and
17 NRS 704.187 while a general rate application is pending, the
18 electric utility shall:

19 (a) Submit with its annual deferred energy accounting
20 adjustment application information relating to the cost of service
21 and rate design; and

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

25 13. A utility facility identified in a 3-year plan submitted
26 pursuant to NRS 704.741 and accepted by the Commission for
27 acquisition or construction pursuant to NRS 704.751 and the
28 regulations adopted pursuant thereto, or the retirement or
29 elimination of a utility facility identified in an emissions reduction
30 and capacity replacement plan submitted pursuant to NRS 704.7316
31 and accepted by the Commission for retirement or elimination
32 pursuant to NRS 704.751 and the regulations adopted pursuant
33 thereto, shall be deemed to be a prudent investment. The utility may
34 recover all just and reasonable costs of planning and constructing, or
35 retiring or eliminating, as applicable, such a facility. For the
36 purposes of this subsection, a plan or an amendment to a plan shall
37 be deemed to be accepted by the Commission only as to that portion
38 of the plan or amendment accepted as filed or modified with the
39 consent of the utility pursuant to NRS 704.751.

40 14. In regard to any rate or schedule approved or disapproved
41 pursuant to this section, the Commission may, after a hearing:

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

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



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

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

6 15. The Commission may, upon request and for good cause
7 shown, permit a public utility which purchases natural gas for resale
8 or an electric utility to make a quarterly adjustment to its deferred
9 energy accounting adjustment in excess of the maximum allowable
10 adjustment pursuant to subsection 8 or 10.

11 16. A public utility which purchases natural gas for resale or an
12 electric utility that makes quarterly adjustments to its deferred
13 energy accounting adjustment pursuant to subsection 8 or 10 may
14 submit to the Commission for approval an application to discontinue
15 making quarterly adjustments to its deferred energy accounting
16 adjustment and to subsequently make annual adjustments to its
17 deferred energy accounting adjustment. The Commission may
18 approve an application submitted pursuant to this subsection if the
19 Commission finds that approval of the application is in the public
20 interest.

21 17. As used in this section:

22 (a) "Deferred energy accounting adjustment" means the rate of a
23 public utility which purchases natural gas for resale or an electric
24 utility that is calculated by dividing the balance of a deferred
25 account during a specified period by the total therms or kilowatt-
26 hours which have been sold in the geographical area to which the
27 rate applies during the specified period.

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

30 (c) "Electric utility that primarily serves densely populated
31 counties" means an electric utility that, with regard to the provision
32 of electric service, derives more of its annual gross operating
33 revenue in this State from customers located in counties whose
34 population is 700,000 or more than it does from customers located
35 in counties whose population is less than 700,000.

36 (d) "Electric utility that primarily serves less densely populated
37 counties" means an electric utility that, with regard to the provision
38 of electric service, derives more of its annual gross operating
39 revenue in this State from customers located in counties whose
40 population is less than 700,000 than it does from customers located
41 in counties whose population is 700,000 or more.

42 **Sec. 5.** This act becomes effective on July 1, 2019.

