

SENATE BILL NO. 296—SENATOR CANNIZZARO

MARCH 22, 2021

Referred to Committee on Growth and Infrastructure

SUMMARY—Establishes provisions governing natural gas infrastructure. (BDR 58-248)

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 utilities; authorizing a gas utility to apply to the Public Utilities Commission of Nevada for approval of a gas infrastructure modernization plan; requiring a gas utility to submit an application for approval of the rates charged to recover certain gas infrastructure project expenses; establishing requirements for contracts entered into by a gas utility for the performance of a gas infrastructure project; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 **Section 6** of this bill authorizes a public utility which sells natural gas for resale  
2 to apply to the Public Utilities Commission of Nevada for approval of a gas  
3 infrastructure modernization plan consisting of one or more gas infrastructure  
4 projects which the gas utility intends to implement not more than 60 months after  
5 the plan is approved by the Commission. **Section 6** establishes criteria for the types  
6 of gas infrastructure projects which the Commission is authorized to approve as  
7 part of a gas infrastructure modernization plan. **Section 6** requires a gas utility to  
8 recover all prudent and reasonable gas infrastructure project expenditures through a  
9 separate monthly rate charged to customers which the gas utility is authorized to  
10 adjust on a quarterly basis.

11 **Section 7** of this bill requires a gas utility which imposes a separate monthly  
12 rate to recover gas infrastructure project expenditures incurred by the gas utility to  
13 file an annual application with the Commission for approval of the rates charged in  
14 the previous calendar year. **Section 7** requires the Commission to review each  
15 application to determine if the gas infrastructure project expenditures were  
16 prudently incurred and, if not, to issue an order requiring the gas utility to refund  
17 the imprudently incurred expenses to the customers of the gas utility to the extent  
18 that such expenses were recovered through the gas utility’s rates.



19 **Section 8** of this bill establishes requirements for a contract entered into by a  
20 gas utility for the performance of a gas infrastructure project, including a  
21 requirement to include in express terms the hourly and daily rate of wages for each  
22 of the classes of mechanics and workers employed on the project, which wages  
23 must not be less than the prevailing wage determined by the Labor Commissioner  
24 for the region where the gas infrastructure project is located. **Section 8** requires a  
25 contract between a contractor and a gas utility for the performance of a gas  
26 infrastructure project to include certain provisions prohibiting discrimination in  
27 employment by the contractor and requiring the contractor to include the same  
28 provisions in any subcontract for the performance of the gas infrastructure project.

29 Existing law establishes procedures for the Commission to review an  
30 application to make changes in any schedule. (NRS 704.110) **Section 9** of this bill  
31 adds an application for approval of a gas infrastructure modernization plan and an  
32 application for approval of the rates charged to recover gas infrastructure project  
33 expenditures to the definition of "application to make changes in any schedule,"  
34 such that these procedures apply to those applications.

35 Existing law prohibits a utility from filing a general rate application while  
36 another general rate application is pending before the Commission. (NRS 704.110)  
37 **Section 10** of this bill provides that this provision does not prohibit a utility from  
38 filing an application for approval of a gas infrastructure modernization plan or an  
39 application for approval of the rates charged to recover gas infrastructure project  
40 expenditures while a general rate application is pending before the Commission.

41 **Sections 3-5** of this bill define certain terms relevant to gas infrastructure  
42 modernization plans.

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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 the provisions set forth as sections 2 to 8, inclusive, of this  
3 act.

4 **Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless*  
5 *the context otherwise requires, the words and terms defined in*  
6 *sections 3, 4 and 5 of this act have the meanings ascribed to them*  
7 *in those sections.*

8 **Sec. 3.** *"Gas infrastructure project" means a project to*  
9 *replace natural gas infrastructure which meets one or more of the*  
10 *criteria set forth in subsections 3 and 4 of section 6 of this act.*

11 **Sec. 4.** *"Gas infrastructure project expenditures" includes,*  
12 *without limitation:*

13 1. *The costs associated with the replacement, removal or*  
14 *abandonment of existing gas infrastructure to carry out an*  
15 *approved gas infrastructure project;*

16 2. *Incremental property taxes associated with a gas*  
17 *infrastructure project;*

18 3. *An amount that reflects a return on the gas utility's*  
19 *investment in a gas infrastructure project, adjusted for*  
20 *accumulated depreciation and accumulated deferred income*  
21 *taxes, using the gas utility's authorized pretax rate of return; and*



1       4. *Depreciation expenses for the gas infrastructure project,*  
2 *using the gas utility's authorized rate of depreciation.*

3       **Sec. 5.** *"Gas utility" means a public utility which purchases*  
4 *natural gas for resale.*

5       **Sec. 6. 1.** *In accordance with such procedures as the*  
6 *Commission may establish by regulation, a gas utility may apply to*  
7 *the Commission for approval of a gas infrastructure*  
8 *modernization plan consisting of one or more gas infrastructure*  
9 *projects which the gas utility intends to implement not more than*  
10 *60 months after the plan is approved by the Commission.*

11       2. *The Commission may approve a plan submitted pursuant*  
12 *to subsection 1, approve the plan in part or reject the plan.*

13       3. *Except as otherwise provided in subsection 5, the*  
14 *Commission shall approve a gas infrastructure project which is*  
15 *included in a plan submitted pursuant to subsection 1 if the*  
16 *project is for the replacement of:*

17       (a) *Infrastructure composed of steel which was manufactured*  
18 *or installed before January 1, 1971;*

19       (b) *Infrastructure composed of Driscopipe Series 7000 or*  
20 *Driscopipe Series 8000 high density polyethylene pipe*  
21 *manufactured by Chevron Phillips Chemical Company LP or any*  
22 *of its subsidiaries;*

23       (c) *Primary customer-owned yard lines;*

24       (d) *Infrastructure composed of material that the Pipeline and*  
25 *Hazardous Materials Safety Administration of the United States*  
26 *Department of Transportation has prohibited from future use as a*  
27 *material in newly constructed pipelines, including, without*  
28 *limitation:*

29       (1) *Acrylonitrile butadiene styrene, cellulose acetate*  
30 *butyrate, polybutylene, polyvinyl chloride and any other*  
31 *nonpolyethylene plastic used as a material for pipelines, before*  
32 *January 1, 1990; and*

33       (2) *Century Utility Products medium density polyethylene*  
34 *produced after January 1, 1970, and before January 1, 1975,*  
35 *DuPont Aldyl A medium density polyethylene and 3306 high*  
36 *density polyethylene; or*

37       (e) *Infrastructure composed of materials, components or other*  
38 *physical facilities which have been prohibited from future use in*  
39 *newly constructed pipelines or the integrity of which has been the*  
40 *subject of an advisory bulletin, recommendation or notification*  
41 *issued by the Pipeline and Hazardous Materials Safety*  
42 *Administration of the United States Department of Transportation,*  
43 *the National Transportation Safety Board or the Plastic Pipe*  
44 *Database Committee, or a successor organization.*



1       4. Except as otherwise provided in subsection 5, the  
2 Commission may approve a gas infrastructure project which is  
3 included in a plan submitted pursuant to subsection 1 if the  
4 project is:

5       (a) A project that involves the replacement of materials,  
6 components or other physical facilities that have been recalled by  
7 the manufacturer or the integrity of which has been raised in an  
8 advisory bulletin, recommendation or notification issued by the  
9 manufacturer;

10       (b) A project that will reduce or has the potential to reduce  
11 greenhouse gas emissions through a reduction in natural gas  
12 system leaks; or

13       (c) Any other project which the Commission finds will be in  
14 the public interest and will mitigate system integrity risks,  
15 including, without limitation, customer outages, corrosion,  
16 equipment failures, material failures or natural forces.

17       5. The Commission shall not approve a gas infrastructure  
18 project which is included in a plan submitted pursuant to  
19 subsection 1 unless the Commission determines that:

20       (a) The project is not revenue-producing, including, without  
21 limitation, that the project will not result in increased revenues by  
22 directly connecting the infrastructure to new customers;

23       (b) The project is not already included in the utility's rate base  
24 following its most recent rate case filed pursuant to NRS 704.110;  
25 and

26       (c) The project has not already been approved by the  
27 Commission.

28       6. A gas infrastructure project approved by the Commission  
29 pursuant to subsection 3 or 4 may involve the replacement or  
30 abandonment of materials, components and other physical  
31 facilities which do not independently meet the criteria for a gas  
32 infrastructure project set forth in subsections 3 and 4 if the  
33 replacement or abandonment of such materials, components or  
34 physical facilities will help facilitate the efficient completion of the  
35 gas infrastructure project.

36       7. All prudent and reasonable gas infrastructure project  
37 expenditures incurred by a gas utility to implement a plan  
38 submitted pursuant to subsection 1 and approved by the  
39 Commission must be recovered through a separate monthly rate  
40 charged to the customers of the gas utility. The gas utility shall  
41 designate the amount charged to each customer as a separate line  
42 item on the bill of the customer. The gas utility may make  
43 quarterly adjustments to the rate. A quarterly rate adjustment  
44 made pursuant to this subsection is not subject to the requirements  
45 for notice and a hearing pursuant to NRS 703.320.



1 8. A gas utility is not eligible to file a plan pursuant to  
2 subsection 1 if the gas utility has not filed a general rate  
3 application with the Commission pursuant to NRS 704.110 within  
4 the immediately preceding 60 months, absent a waiver by the  
5 Commission.

6 9. As used in this section, "primary customer-owned yard  
7 lines":

8 (a) Means gas piping that is owned and maintained by a  
9 customer of the gas utility that begins from the service point of  
10 delivery at the gas utility's meter located at the property line or  
11 public right of way and extends underground to a house or  
12 building or gas equipment where gas is consumed.

13 (b) Does not include secondary customer gas piping that may  
14 exist further downstream on a customer's houseline pipe facilities.

15 **Sec. 7. 1.** In accordance with such procedures as the  
16 Commission may establish by regulation, a gas utility which  
17 imposes or adjusts any rate pursuant to subsection 7 of section 6  
18 of this act shall file with the Commission an annual application  
19 for approval of the rates charged during the immediately  
20 preceding calendar year to recover the reasonable and prudent gas  
21 infrastructure project expenditures incurred to implement the  
22 approved gas infrastructure modernization plan. The application  
23 must include:

24 (a) Information regarding the rate adjustments made by the  
25 gas utility for each quarter of the immediately preceding calendar  
26 year, presented in a manner sufficient to verify the calculation of  
27 such rates;

28 (b) The recorded costs of each gas infrastructure project for  
29 which the gas utility recovered its gas infrastructure expenditures  
30 through a rate adjustment in the immediately preceding calendar  
31 year, including, without limitation, information sufficient to  
32 demonstrate the recorded costs were prudently incurred; and

33 (c) Such other information as the Commission may require.

34 2. The Commission shall review each application submitted  
35 pursuant to this section to determine if the gas infrastructure  
36 expenditures were prudently incurred. For the purpose of  
37 determining if gas infrastructure project expenditures were  
38 prudently incurred, a gas infrastructure project which was  
39 approved by the Commission as part of a plan submitted pursuant  
40 to section 6 of this act shall be deemed to be a prudent investment.  
41 If the Commission determines that the gas infrastructure project  
42 expenditures were not prudently incurred, the Commission shall  
43 issue an order requiring the gas utility to refund to the customers  
44 of the gas utility any gas infrastructure project expenditures that  
45 were not prudently incurred and which were previously recovered



1 *by the gas utility from the customers of the gas utility through the*  
2 *rates charged by the gas utility.*

3 **Sec. 8. 1.** *Every contract entered into by a gas utility for a*  
4 *gas infrastructure project approved as part of a gas infrastructure*  
5 *modernization plan which requires the employment of skilled*  
6 *mechanics, skilled workers, semiskilled mechanics, semiskilled*  
7 *workers or unskilled labor in the performance of the gas*  
8 *infrastructure project must contain in express terms the hourly*  
9 *and daily rate of wages to be paid each of the classes of mechanics*  
10 *and workers. The hourly and daily rate of wages must:*

11 *(a) Not be less than an amount equal to the rate of such wages*  
12 *then prevailing in the region in which the gas infrastructure*  
13 *project is located, as determined by the Labor Commissioner for*  
14 *public works located in the same region pursuant to NRS 338.030.*

15 *(b) Be posted on the site of the gas infrastructure project in a*  
16 *place generally visible to the workers.*

17 **2.** *When a gas infrastructure project is performed by day*  
18 *labor, the wage requirements of subsection 1 apply for each class*  
19 *of mechanics and workers so employed and the rate of wages must*  
20 *be stated clearly to such mechanics and workers when employed.*

21 **3.** *Except as otherwise provided in subsection 4, a gas utility*  
22 *shall require any contractor or subcontractor of a gas utility to pay*  
23 *to a mechanic or worker employed by the contractor or*  
24 *subcontractor on the gas infrastructure project not less than one*  
25 *and one-half times the rate of wages applicable to the class of the*  
26 *mechanic or worker for each hour the mechanic or worker works*  
27 *on the gas infrastructure project in excess of:*

28 *(a) Forty hours in any scheduled week of work by the*  
29 *mechanic or worker for the contractor or subcontractor,*  
30 *including, without limitation, hours worked for the contractor or*  
31 *subcontractor on work other than the gas infrastructure project;*  
32 *or*

33 *(b) Eight hours in any workday that the mechanic or worker*  
34 *was employed by the contractor or subcontractor, including,*  
35 *without limitation, hours worked for the contractor or*  
36 *subcontractor on work other than the gas infrastructure project,*  
37 *unless by mutual agreement the mechanic or worker works a*  
38 *scheduled 10 hours per day for 4 calendar days within any*  
39 *scheduled week of work.*

40 **4.** *The provisions of subsection 3 do not apply to a mechanic*  
41 *or worker who is covered by a collective bargaining agreement*  
42 *that provides for the payment of wages at not less than one and*  
43 *one-half times the rate of wages set forth in the collective*  
44 *bargaining agreement for work in excess of:*

45 *(a) Forty hours in any scheduled week of work; or*



1 (b) Eight hours in any workday unless the collective  
2 bargaining agreement provides that the mechanic or worker shall  
3 work a scheduled 10 hours per day for 4 calendar days within any  
4 scheduled week of work.

5 5. The wage required pursuant to subsection 1 and any wages  
6 paid for overtime pursuant to subsection 3 or 4 to each class of  
7 mechanics or workers must be in accordance with the  
8 jurisdictional classes recognized in the region in which the work is  
9 performed for the purpose of public works pursuant to NRS  
10 338.020 to 338.090, inclusive.

11 6. Nothing in this section prevents an employer who is  
12 signatory to a collective bargaining agreement from assigning  
13 such work in accordance with established practice.

14 7. A gas utility entering into a contract for work on a gas  
15 infrastructure project, or otherwise undertaking a gas  
16 infrastructure project, shall ascertain the prevailing wage  
17 established by the Labor Commission pursuant to NRS 338.030 in  
18 the region in which the gas infrastructure project is to be  
19 performed for each craft or type of work and shall use that  
20 prevailing wage to determine the wages required pursuant to  
21 subsection 1.

22 8. Upon request, the Labor Commission shall make the wages  
23 determined pursuant to NRS 338.030 available to any gas utility  
24 which is undertaking a gas infrastructure project pursuant to an  
25 approved gas infrastructure modernization plan.

26 9. The rate of wages required pursuant to subsection 1 in  
27 effect on the date on which the contract is entered into must be  
28 paid until the completion or termination of the contract or for the  
29 36 months immediately following the date on which the contract  
30 was entered into, whichever is earlier.

31 10. If a contract for a gas infrastructure project is not  
32 completed or terminated within 36 months immediately following  
33 the date on which the contract was entered into, within 36 months  
34 immediately following the date the contract was entered into, for  
35 any 36-month period thereafter until the contract is completed or  
36 terminated:

37 (a) Except as otherwise provided in paragraph (b), the rate of  
38 wages required pursuant to subsection 1 in effect on the last day of  
39 the 36-month period must be paid for the immediately following 36  
40 months.

41 (b) If the rate of wages required pursuant to subsection 1 in  
42 effect on the last day of the 36-month period are lower than the  
43 rate of wages required pursuant to subsection 1 that were paid  
44 during that 36-month period under the contract, the rate of wages  
45 required pursuant to subsection 1 that were paid during that 36-





1 *month period must be paid for the immediately following 36*  
2 *months.*

3 *11. Nothing contained in this section may be construed to*  
4 *authorize the fixing of any wage below any rate which may now or*  
5 *hereafter be established as a minimum wage for any person*  
6 *employed upon any gas infrastructure project, or employed by any*  
7 *gas utility.*

8 *12. Except as otherwise provided in this subsection, the*  
9 *obligation of a contractor engaged on a gas infrastructure project*  
10 *or a subcontractor engaged on a gas infrastructure project to pay*  
11 *wages in accordance with subsection 1 may be discharged in part*  
12 *by providing bona fide fringe benefits in the name of the worker.*  
13 *A contractor or subcontractor may discharge any part of his or*  
14 *her obligation to pay wages in accordance with subsection 1 only*  
15 *to the extent that the bona fide fringe benefits provided in the*  
16 *name of the worker are annualized. Any contractor or*  
17 *subcontractor of a gas utility who so discharges any part of his or*  
18 *her obligation to pay wages pursuant to subsection 1, and any gas*  
19 *utility that contracts with such a contractor, shall provide to the*  
20 *Commission any information requested by the Commission to*  
21 *verify compliance with this subsection. The provisions of this*  
22 *subsection do not apply with regard to:*

23 *(a) A worker whose benefits are determined pursuant to a*  
24 *collective bargaining agreement; or*

25 *(b) Contributions made in the name of the worker by a*  
26 *contractor or subcontractor to a defined contribution plan to the*  
27 *extent that the amount contributed does not exceed 25 percent of*  
28 *the hourly rate of wages required pursuant to subsection 1 for the*  
29 *worker on the gas infrastructure project.*

30 *13. For the purposes of determining the rate of wages*  
31 *required pursuant to subsection 1, the four wage regions shall be*  
32 *the same as those established pursuant to NRS 338.025.*

33 *14. Workers who are:*

34 *(a) Employed at the site of a gas infrastructure project; and*

35 *(b) Necessary in the execution of the contract for the gas*  
36 *infrastructure project,*

37 *↪ are deemed to be employed on the gas infrastructure project.*

38 *15. For the purpose of this section, except as otherwise*  
39 *provided by specific statute, every worker who performs work for a*  
40 *gas infrastructure project covered by a contract therefor is subject*  
41 *to all of the provisions of this section regardless of any contractual*  
42 *relationship alleged to exist between such worker and his or her*  
43 *employer.*

44 *16. A gas utility shall keep or cause to be kept the records*  
45 *required to be kept by a contractor engaged on a public work*





1 *pursuant to subsection 5 of NRS 338.070 for each employee, or*  
2 *employee of a contractor or subcontractor, who performed work*  
3 *on the gas infrastructure project. The records in the possession of*  
4 *the gas utility may be discarded by the gas utility 2 years after final*  
5 *payment is made by the gas utility for the work performed on the*  
6 *gas infrastructure project. The records maintained by the gas*  
7 *utility pursuant to this section must be open at all reasonable*  
8 *hours to inspection by the Commission.*

9 *17. Contracts between contractors and a gas utility for the*  
10 *performance of a gas infrastructure project must contain the*  
11 *following contractual provisions, the violation of which by a*  
12 *contractor shall constitute a material breach of contract:*

13  
14 *In connection with the performance of work under this*  
15 *contract, the contractor agrees not to discriminate against*  
16 *any employee or applicant for employment because of race,*  
17 *creed, color, national origin, sex, sexual orientation, gender*  
18 *identity or expression, or age, including, without limitation,*  
19 *with regard to employment, upgrading, demotion or*  
20 *transfer, recruitment or recruitment advertising, layoff or*  
21 *termination, rates of pay or other forms of compensation*  
22 *and selection for training, including, without limitation,*  
23 *apprenticeship.*

24 *The contractor further agrees to insert this provision in*  
25 *all subcontracts hereunder, except subcontracts for*  
26 *standard commercial supplies or raw materials.*

27  
28 *18. As used in this section:*

29 *(a) "Annualized" means an amount paid equally for all hours*  
30 *worked in a calendar year by the worker for the contractor or*  
31 *subcontractor who is providing bona fide fringe benefits.*

32 *(b) "Defined contribution plan" has the meaning ascribed to it*  
33 *in 29 U.S.C. § 1002(34).*

34 **Sec. 9.** NRS 704.062 is hereby amended to read as follows:

35 704.062 "Application to make changes in any schedule" and  
36 "application" include, without limitation:

- 37 1. A general rate application;  
38 2. An application to recover the cost of purchased fuel,  
39 purchased power, or natural gas purchased for resale;  
40 3. An annual deferred energy accounting adjustment  
41 application; ~~and~~  
42 4. An annual rate adjustment application ~~;~~;  
43 5. *An application for approval of a gas infrastructure*  
44 *modernization plan pursuant to section 6 of this act; and*



1 ***6. An application for approval of the rates charged to recover***  
2 ***the reasonable and prudent gas infrastructure project***  
3 ***expenditures incurred to implement a gas infrastructure***  
4 ***modernization plan pursuant to section 7 of this act.***

5 **Sec. 10.** NRS 704.110 is hereby amended to read as follows:

6 704.110 Except as otherwise provided in NRS 704.075,  
7 704.68861 to 704.68887, inclusive, and 704.7865, or as may  
8 otherwise be provided by the Commission pursuant to NRS  
9 704.095, 704.097 or 704.7621:

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

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

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



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

11 (a) An electric utility that primarily serves less densely  
12 populated counties shall file a general rate application:

13 (1) Not later than 5 p.m. on or before the first Monday in  
14 June 2019; and

15 (2) Once every 36 months thereafter or on a date specified in  
16 an alternative rate-making plan approved by the Commission  
17 pursuant to NRS 704.7621.

18 (b) An electric utility that primarily serves densely populated  
19 counties shall file a general rate application:

20 (1) Not later than 5 p.m. on or before the first Monday in  
21 June 2020; and

22 (2) Once every 36 months thereafter or on a date specified in  
23 an alternative rate-making plan approved by the Commission  
24 pursuant to NRS 704.7621.

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

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



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

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

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

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

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

44 5. If a public utility files with the Commission an application to  
45 make changes in any schedule and the Commission does not issue a



1 final written order regarding the proposed changes within the time  
2 required by this section, the proposed changes shall be deemed to be  
3 approved by the Commission.

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

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

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

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

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



1 approves a request to make quarterly adjustments to the deferred  
2 energy accounting adjustment of a public utility pursuant to this  
3 subsection, any quarterly adjustment to the deferred energy  
4 accounting adjustment must not exceed 2.5 cents per therm of  
5 natural gas. If the balance of the public utility's deferred account  
6 varies by less than 5 percent from the public utility's annual  
7 recorded costs of natural gas which are used to calculate quarterly  
8 rate adjustments, the deferred energy accounting adjustment must be  
9 set to zero cents per therm of natural gas.

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

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

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

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

28 (2) Must include the following:

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

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

35 (III) A statement that customers may send written  
36 comments or protests regarding the rate adjustment to the  
37 Commission;

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

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

44 (c) The public utility shall file an annual rate adjustment  
45 application with the Commission. The annual rate adjustment



1 application is subject to the requirements for notice and a hearing  
2 pursuant to NRS 703.320 and the requirements for a consumer  
3 session pursuant to subsection 1 of NRS 704.069.

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

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

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

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

42 (a) The electric utility shall file written notice with the  
43 Commission on or before August 15, 2007, and every quarter  
44 thereafter of the quarterly rate adjustment to be made by the electric  
45 utility for the following quarter. The first quarterly rate adjustment





1 by the electric utility will take effect on October 1, 2007, and each  
2 subsequent quarterly rate adjustment will take effect every quarter  
3 thereafter. The first quarterly adjustment to a deferred energy  
4 accounting adjustment must be made pursuant to an order issued by  
5 the Commission approving the application of an electric utility to  
6 make quarterly adjustments to its deferred energy accounting  
7 adjustment. A quarterly rate adjustment is not subject to the  
8 requirements for notice and a hearing pursuant to NRS 703.320 or  
9 the requirements for a consumer session pursuant to subsection 1 of  
10 NRS 704.069.

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

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

20 (2) Must include the following:

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

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

27 (III) A statement that customers may send written  
28 comments or protests regarding the rate adjustment to the  
29 Commission;

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

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

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

43 (d) The proceeding regarding the annual deferred energy  
44 accounting adjustment application must include a review of each  
45 quarterly rate adjustment and the transactions and recorded costs of



1 purchased fuel and purchased power included in each quarterly  
2 filing and the annual deferred energy accounting adjustment  
3 application. There is no presumption of reasonableness or prudence  
4 for any quarterly rate adjustment or for any transactions or recorded  
5 costs of purchased fuel and purchased power included in any  
6 quarterly rate adjustment or the annual deferred energy accounting  
7 adjustment application, and the electric utility has the burden of  
8 proving reasonableness and prudence in the proceeding.

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

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

22 (a) Submit with its annual deferred energy accounting  
23 adjustment application information relating to the cost of service  
24 and rate design; and

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

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

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



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

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

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

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

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

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

24 17. As used in this section:

25 (a) "Deferred energy accounting adjustment" means the rate of a  
26 public utility which purchases natural gas for resale or an electric  
27 utility that is calculated by dividing the balance of a deferred  
28 account during a specified period by the total therms or kilowatt-  
29 hours which have been sold in the geographical area to which the  
30 rate applies during the specified period, not including kilowatt-hours  
31 sold pursuant to an expanded solar access program established  
32 pursuant to NRS 704.7865.

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

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

41 (d) "Electric utility that primarily serves less densely populated  
42 counties" means an electric utility that, with regard to the provision  
43 of electric service, derives more of its annual gross operating  
44 revenue in this State from customers located in counties whose



- 1 population is less than 700,000 than it does from customers located
- 2 in counties whose population is 700,000 or more.

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