

Chapter 704 of NAC

LCB File No. T004-08

REVISED PROPOSED TEMPORARY REGULATION OF THE  
PUBLIC UTILITIES COMMISSION OF NEVADA

Docket No. 07-06046—Phase II

August 25, 2008

Explanation- Matter in *italics* is new; matter in ~~strikethrough~~ is material to be omitted.

**Sec. 1 NAC 704.953 Definitions.** As used in NAC 704.953 to ~~704.973~~ 704.\_\_\_\_, *inclusive, sections 2 to 5, inclusive, of the regulations in LCB File No. R150-06, sections 2 to 13, inclusive, of Phase I of this regulation, and sections 2 to 13, inclusive, of Phase II of this regulation* unless the context otherwise requires, the words and terms defined in NAC ~~704.9535 to 704.9605~~, 704.054 to 704.\_\_\_\_, *sections 2 to 4, inclusive, of the regulations in LCB File No. R150-06, sections 2 to 7, inclusive, of Phase I of this regulation, and sections 2 to 9 of Phase II of this regulation* ~~[inclusive.]~~ have the meanings ascribed to them in those sections.

**Sec. 2 “Amortization Period” defined.** *“Amortization period” means the twelve month period after the end of the prior related tracking period, as determined by the Commission.*

**Sec. 3 “Base Tariff General Rate” defined.** *“Base Tariff General Rate” means the rates determined to collect all revenues except those collected in the Base Tariff Energy Rate as defined in NAC 704.032, the Deferred Energy Accounting Adjustment as defined in NAC 704.037, the adjustment to the BTGR to recover accumulated deferred interest as defined in NAC 704.217, and the General Revenues Adjustment as defined in NAC \_\_\_\_.*

**Sec. 4 “General Revenues Decoupling Methodology” defined.** *“General Revenue Decoupling Methodology” means the mechanism established pursuant to Section \_\_\_\_ to allow the gas utility to recover the Base Tariff General Rate revenues without regard to the difference in the quantity of natural gas actually sold.*

**Sec. 5** *“Customer class” defined. “Customer class” means the customer class categories in the rate schedules under the gas utility’s Nevada tariff.*

**Sec. 6** *“General Revenues” defined. “General revenues” means the revenues collected by the Base Tariff General Rate for the tracking period.*

**Sec. 7** *“Tracking period” defined. “Tracking period” means the first full 12-month period following the implementation of the most recently authorized general rates, and each 12-month period thereafter.*

**Sec. 8** *General Revenues Decoupling Request.*

*1. A gas utility seeking Commission approval to decouple general revenues shall file its request with the Commission as part of a general rate application pursuant to NRS 704.110. If the gas utility files a request to decouple general revenues, the gas utility’s application shall include a discussion identifying any change in risk for the gas utility and a calculation to adjust for the change in risk and demonstrate the impact on the current and requested rate design for the gas utility.*

*2. As part of its general rate case application to implement general revenues decoupling, the gas utility shall outline its plan to educate the customers as to general revenues decoupling.*

*3. In conjunction with the gas utility’s request to continue with decoupling filed pursuant to subsection \_\_\_, the gas utility shall include the results of the qualitative and quantitative market research studies of its customers assessing the level of customer acceptance of general revenues decoupling. In developing the market research studies the gas utility will perform, the gas utility shall consult with the Commission’s Regulatory Operations Staff and the Attorney General’s Bureau of Consumer Protection in the development of the market research studies and the agreeable level of customer acceptance. In conjunction with the conservation and energy efficiency plan report for each year of the first reporting cycle and for every rate case filing thereafter, the gas utility shall file an analysis of customer acceptance of general revenues decoupling to include without limitation the level of customer acceptance.*

*4. In its consideration of the general revenues decoupling methodology request the Commission shall seek to harmonize the incentives of general revenues decoupling methodology with the company’s rate design. Harmonization shall include without limitation*

*the use of the information contained in the approved conservation and energy efficiency plan to modify the customer class billing determinants used to establish the Base Tariff General Rates in the general rate application filed pursuant to NRS 704.110 that includes the request to decouple general revenues. The gas utility must apply the approved general revenues decoupling methodology to all customer classes, excluding customers served under negotiated agreements.*

*5. The gas utility must have a Commission order accepting the conservation and energy efficiency plan with the acceptance occurring within one year of the gas utility filing its general revenue decoupling request. Execution of the plan will be deferred until such time as the general revenues decoupling methodology is implemented.*

*6. If a gas utility receives Commission approval for its requested methodology pursuant to this section, it may continue to use that methodology for five years. A gas utility's request to either continue or discontinue the methodology must be included in a general rate application filed pursuant to NRS 704.110. The general rate case application must be filed no later than the end of the fifth year less the number of days the Commission has pursuant to NRS 704.110(2) and 704.110(3) to issue an order approving or disapproving, in whole or in part, the general rate application.*

#### **Sec. 9 General Revenues Adjustment**

*1. The gas utility authorized to use the general revenues decoupling methodology shall recover its deferred general revenues by applying a per therm general revenues adjustment for each applicable customer class. The general revenues adjustment rate shall remain in effect until changed by the Commission.*

*2. The general revenues adjustment rate shall be adjusted annually in the Annual Conservation and Energy Efficiency Plan Report and Conservation and Energy Efficiency Plan file subsequent the implementation of the general revenue decoupling methodology.*

*3. The general revenues adjustment rate shall be calculated individually for each customer class, excluding customers served under negotiated agreements, and accounted for as follows:*

*(a) A separate sub account to Account No. 182.3 shall be maintained for each customer class, excluding customers served under negotiated agreements, the balance of which will be used to calculate the general revenues adjustment.*

*(b) Annually the gas utility shall calculate the deferred general revenues. The deferred general revenues equals the difference between the general revenues on a per customer basis authorized in the general rate application wherein the decoupling request is approved or, if applicable, the subsequent change in general rate revenues approved by the Commission and the tracking period general revenues on a per customer basis. The general revenues per customer difference shall be multiplied by the tracking period number of customers.*

*(c) The net amount of deferred general revenues calculated pursuant to sub-paragraph (a) for the tracking period shall be recorded in a sub-account of Account No. 182.3 and included in the determination of the sub-account to Account No. 182.3 balance used to calculate the general revenues adjustment.*

*(d) Monthly, a credit entry or debit entry, if negative, for the amortization of the general revenues adjustment shall be recorded in the sub-account to Account 182.3. The amortization amount shall be equal to the amount of revenues derived by applying the general revenues adjustment(s) to the applicable customer class' jurisdictional sales.*

*(e) The balance in the sub-account to Account No. 182.3 at the end of the tracking period adjusted pursuant to sub-paragraph (c) shall be divided by the total sales for the tracking period.*

*4. The general revenues adjustment shall be identified on the customers' bills as a separate line item.*