

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

LCB File No. R006-26

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

AUTHORITY: §§ 1 and 2, NRS 703.025, 704.095 and 704.210; § 3, NRS 703.025, 704.110 and 704.210.

A REGULATION relating to public utilities; revising provisions governing letters of advice for certain proposed changes in rates or fees by certain water or sewage utilities; revising the applicability of certain requirements for a general rate case filed by certain water or sewage utilities; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Before the enactment of Assembly Bill No. 449 (A.B. 449) of the 2025 Legislative Session, existing law required the Public Utilities Commission of Nevada to adopt regulations which provide simplified procedures or methodologies for a change of rates for certain water or sewage utilities which: (1) serve 3,000 or fewer persons; and (2) had during the immediately preceding 12-month period gross sales for water or services for the disposal of sewage amounting to \$2,000,000 or less. Existing law also required the regulations adopted by the Commission to authorize utilities that satisfy those requirements to file letters of advice to change rates based on a nationally recognized inflation index approved by the Commission. (NRS 704.095, as that section existed before October 1, 2025) A.B. 449 instead requires the regulations adopted by the Commission to provide for simplified procedures or methodologies for a change of any rates or fees for certain water or sewage utilities which: (1) serve 4,000 or fewer persons; and (2) had during the immediately preceding 12-month period gross sales for water or services for the disposal of sewage amounting to \$4,000,000 or less. In addition to providing for the filing of letters of advice to change rates based on an approved nationally recognized inflation index, A.B. 449 also requires those regulations to provide for the filing of letters of advice to change fees, as authorized by the Commission, based on such an index. (NRS 704.095, as amended by section 1 of Assembly Bill No. 449, chapter 150, Statutes of Nevada 2025, at page 843)

Existing regulations adopted before the enactment of A.B. 449 establish procedures by which certain water and sewage utilities may file a gross domestic product deflator advice letter, which existing regulations define to mean a letter that a utility files with the Commission to request an increase or decrease, consistent with the percentage change in the gross domestic

product deflator, in the fee for basic service or the charges for a commodity provided by the utility. (NAC 704.5714, 704.584) **Sections 1 and 2** of this regulation revise those provisions, consistent with the authorization provided by A.B. 449, to provide for the filing of a gross domestic product deflator advice letter to request an increase or decrease in any rates or fees for the utility.

Existing regulations provide for the preparation and review of certain cost of service studies for the purpose of establishing the rates which may be charged and collected by certain water and sewage utilities. (NAC 704.6344-704.63455) Under existing regulations, those provisions apply only to a utility whose annual gross operating revenue with respect to the provision of water or sewer service had an annual gross operating revenue of \$2,000,000 or more for at least 1 year during the immediately preceding 3 years. (NAC 704.6344) **Section 3** of this regulation instead makes those provisions applicable only to a utility whose gross sales for water or services for the disposal of sewage exceeds the amount specified in existing law for a utility to qualify to use the simplified procedures or methodologies established by the Commission by regulation for a change of rates or fees. A.B. 449 sets that amount at \$4,000,000. (NRS 704.095, as amended by section 1 of Assembly Bill No. 449, chapter 150, Statutes of Nevada 2025, at page 843)

Section 1. NAC 704.5714 is hereby amended to read as follows:

704.5714 “Gross domestic product deflator advice letter” means a letter that a utility files with the Commission to request an increase or decrease, consistent with the percentage change in the gross domestic product deflator, in ~~the fee for basic service or the charges for a commodity provided by~~ *any rates or fees* for the utility.

Sec. 2. NAC 704.584 is hereby amended to read as follows:

704.584 1. Except as otherwise provided in this subsection, on or before April 1 of each year, a utility may file a gross domestic product deflator advice letter. A utility may not file a gross domestic product deflator advice letter pursuant to this subsection if, within the preceding calendar year, the utility filed:

- (a) An application for a general rate change pursuant to NAC 704.586; or
- (b) An application to recover increased costs of fuel or power pursuant to NAC 704.595.

2. A gross domestic product deflator advice letter must include:

(a) A schedule of the proposed ~~{fee for basic service and charges for a commodity;}~~ *rates or fees for the utility;*

(b) A comparison of the existing ~~{fee for service and charges for a commodity}~~ *rates or fees for the utility* and the proposed ~~{fee for service and charges for a commodity;}~~ *rates or fees for the utility;*

(c) The dollar amount of the total increase or decrease in annual gross revenues expected to result from the proposed changes;

(d) The percentage amount of the total increase or decrease in annual gross revenues expected to result from the proposed changes;

(e) The dollar amount of the total increase or decrease in annual gross revenues expected to result from the proposed changes for each class or category of service or commodity;

(f) The percentage amount of the total increase or decrease in annual gross revenues expected to result from the proposed changes for each class or category of service or commodity;

(g) The number of customers at the time the gross domestic product deflator advice letter is filed to whom the proposed changes are expected to apply; and

(h) A copy of the workpapers that reflect the calculation of the proposed changes.

3. The utility must file copies of the gross domestic product deflator advice letter with the Regulatory Operations Staff and the Consumer's Advocate. The gross domestic product deflator advice letter filed with the Commission must be accompanied by proofs of service that copies of the gross domestic product deflator advice letter were filed pursuant to this subsection.

4. The Regulatory Operations Staff shall file with the Commission and serve on the parties a memorandum setting forth the recommendations of the Regulatory Operations Staff with respect to approval by the Commission of the proposed changes in the ~~fee for service and charges for a commodity~~ *rates or fees for the utility* and such other action by the Commission as the Regulatory Operations Staff deems reasonable under the circumstances. The Regulatory Operations Staff shall file the memorandum required pursuant to this subsection within the later of:

(a) Thirty days after the utility filed the gross domestic product deflator advice letter with the Commission; or

(b) If the Commission has conducted a consumer session pursuant to NRS 704.069 relating to the proposed changes, 5 business days after the consumer session.

5. Not later than 10 business days after receipt of service of a memorandum served by the Regulatory Operations Staff pursuant to subsection 4, any party may file a response to the memorandum.

Sec. 3. NAC 704.6344 is hereby amended to read as follows:

704.6344 The provisions of NAC 704.63445, 704.6345 and 704.63455 apply only to a general rate case filed pursuant to NRS 704.110 by a utility that ~~is, with respect to the provision of~~ *had during the immediately preceding 12-month period gross sales for* water or ~~sewer service had an annual gross operating revenue of \$2,000,000 or more for at least 1 year during the immediately preceding 3 years.~~ *services for the disposal of sewage in an amount greater than the amount set forth in paragraph (b) of subsection 1 of NRS 704.095.* If the utility furnishes both water and services for the disposal of sewage, its ~~annual gross operating revenue~~

gross sales for each service must be considered separately for determining whether the utility meets the requirements of this section for either service.