

STATEMENT REGARDING SMALL BUSINESS IMPACT (NRS 233B.0608)

LCB File No. R030-23 (PUCN Docket No. 18-11006)

- 1. A description of the manner in which comment was solicited from affected small businesses, a summary of their response and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

N/A. *See* Informational Statement accompanying the Regulation, Question Nos. 2-5 and 12.

Pursuant to NRS 233B.0608(1), the Regulatory Operations Staff (“Staff”) of the Public Utilities Commission of Nevada (“PUCN”) conducted an investigation to determine whether the proposed regulation is likely to: (a) impose a direct and significant economic burden upon a small business; or (b) directly restrict the formation, operation or expansion of a small business. In a Memorandum filed on October 23, 2024, Staff memorialized its conclusion that the proposed regulation does not impose a direct and significant economic burden upon small businesses nor does it directly restrict the formation, operation or expansion of a small business. *See* Attachment 1.

On October 31, 2024, the PUCN issued an Order adopting the findings of Staff and specifically found that the proposed regulation does not impose a direct and significant economic burden upon small businesses, nor does it directly restrict the formation, operation or expansion of a small business. *See* Attachment 2.

NRS 233B.0608(2)(a) only requires an agency to consult with owners and officers of small businesses “*if* an agency determines pursuant to subsection 1 that a proposed regulation *is* likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business” (emphasis added). Given the PUCN’s determination that the proposed regulation does not impose a direct and significant economic burden upon small businesses or directly restrict the formation, operation or expansion of a small business, the PUCN is not statutorily mandated to make this inquiry, as no such “affected” small businesses exist.

- 2. The manner in which the analysis was conducted.**

See Attachments 1 and 2. Staff used a version of the Delphi method that incorporates elements of the Staff Delphi method to determine the potential impact of a regulation on small businesses.

- 3. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate, including, without limitation:**
 - (a) Both adverse and beneficial effects; and**
 - (b) Both direct and indirect effects.**

See Informational Statement accompanying the Regulation, Question No. 7. See also Attachments 1 and 2.

4. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

N/A. See Attachments 1 and 2.

Pursuant to NRS 233B.0608(1), Staff conducted an investigation to determine whether the proposed regulation is likely to: (a) impose a direct and significant economic burden upon a small business; or (b) directly restrict the formation, operation or expansion of a small business.

On October 31, 2024, the PUCN issued an Order adopting the findings of Staff and specifically found that the proposed regulation does not impose a direct and significant economic burden upon small businesses nor does it directly restrict the formation, operation or expansion of a small business. See Attachment 2.

NRS 233B.0608(2)(c) only requires an agency to consider methods to reduce the impact of a proposed regulation on small businesses “*if* an agency determines pursuant to subsection 1 that a proposed regulation *is* likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business ...” (emphasis added). Given the PUCN’s determination that the proposed regulation does not impose a direct and significant economic burden upon small businesses or directly restrict the formation, operation or expansion of a small business, the PUCN is not statutorily mandated to make this inquiry as there are no impacts on small businesses and no methods that were considered for reducing the non-existent impacts.

5. The estimated cost to the agency for enforcement of the proposed regulation.

See Informational Statement accompanying the Regulation, Question No. 8. See also Attachment 1.

6. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

N/A. See Informational Statement accompanying the Regulation, Question No. 11.

7. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

See Informational Statement accompanying the Regulation, Questions Nos. 9 and 10. See also Attachment 1.

8. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.

The PUCN complied with NRS 233B.0608 by making a concerted effort to determine whether the proposed regulation imposes a direct and significant economic burden upon small businesses or directly restricts the formation, operation, or expansion of a small business. The PUCN concluded that no such impacts would occur from the adoption of the proposed regulation based upon the well-reasoned investigation of Staff.

I, STEPHANIE MULLEN, Executive Director of the PUCN, certify that, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and the information contained in the statement was prepared properly and is accurate.

DATED this 5th day of May, 2026.



STEPHANIE MULLEN,
Executive Director
PUBLIC UTILITIES COMMISSION OF NEVADA

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and Rulemaking to consider alternatives to)
improve the water resource planning process and clarify)
the processes for seeking System Improvement Rate) Docket No. 18-11006
eligibility for certain projects.)
_____)

At a general session of the Public Utilities
Commission of Nevada, held at its offices
on October 29, 2024.

PRESENT: Chair Hayley Williamson
Commissioner Tammy Cordova
Commissioner Randy J. Brown
Assistant Commission Secretary Trisha Osborne

ORDER

The Public Utilities Commission of Nevada (“Commission”) makes the following findings and conclusions:

I. INTRODUCTION

The Commission opened an investigation and rulemaking, designated as Docket No. 18-11006 (“Investigation and Rulemaking”), to consider alternatives to improve the water resource planning process and clarify the processes for seeking System Improvement Rate eligibility for certain projects.

II. SUMMARY

The proposed regulation in Docket No. 18-11006 is neither likely to impose a direct and significant economic burden upon small businesses, nor is it likely to directly restrict the formation, operation, or expansion of a small business. Therefore, a small business impact statement pursuant to Nevada Revised Statutes (“NRS”) 233B.0608(2) is not required.

III. PROCEDURAL HISTORY

- On May 1, 2019, the Commission opened the Investigation and Rulemaking.
- The Commission is conducting this Investigation and Rulemaking pursuant to the NRS and the Nevada Administrative Code (“NAC”) Chapters 703 and 704, including, but not limited to, NRS 703.025 and 704.210.

- On May 1, 2019, the Commission issued a Notice of Investigation, Notice of Request for Comments, and Notice of Workshop.
- On May 29, 2019, William Lyon Homes, Inc., Mountain Falls, LLC, Mountain Falls Golf Course, LLC, and Mountain Falls Homeowners Association (collectively “WLH”), the Nevada Bureau of Consumer Protection (“BCP”), and the Regulatory Operations Staff (“Staff”) of the Commission each filed comments.
- On May 30, 2019, Great Basin Water Co. (“GBWC”) submitted late-filed comments.
- On June 12, 2019, GBWC, WLH, and Staff each filed responsive comments. That same day, the BCP filed reply comments.
- On June 18, 2019, the Commission held a Workshop. Staff, WLH, the BCP, and GBWC made appearances. The participants discussed the next procedural steps that would be undertaken in this Docket.
- On January 10, 2022, the Commission issued a Notice of Workshop.
- On February 1, 2022, the Commission held a workshop. GBWC, WLH, Staff, and the BCP attended.
- On September 23, 2022, the Commission issued a procedural order, inviting comments regarding the updated, revised copy of the proposed regulation.
- On October 7, 2022, the Commission issued a Notice of Workshop.
- On October 18, 2022, GBWC, the BCP, and Staff filed comments.
- On November 1, 2022, GBWC, the BCP, and Staff filed reply comments.
- On November 3, 2022, the Commission held a workshop. GBWC, Staff, and the BCP attended. The participants discussed the proposed regulation and the next steps that would be undertaken in this Docket.
- On September 20, 2024, the Commission issued Procedural Order No. 2, directing Staff to investigate whether the proposed regulation is likely to impact small businesses and to report to the Commission the results of its investigation.
- On October 23, 2024, Staff filed a memorandum (“Staff’s Report”) with the Commission.

IV. SMALL BUSINESS IMPACT REPORT

Staff's Report

1. Staff conducted a Delphi Method exercise to determine the impact of the proposed regulation on small businesses. (Staff's Report at 2-3). The Delphi Method is a systematic, interactive, forecasting method based on independent inputs of selected experts. (*Id.*) In this instance, the participants were members of Staff, including three Staff engineers involved in the rulemaking. (*Id.* at 3). Each participant in the exercise used his or her background and expertise to reflect upon and analyze the impact of the proposed regulation on small businesses. (*Id.*)

2. Staff provides that the proposed regulation revises provisions governing water or sewage utilities' resource-plan submissions to the Commission, revises provisions governing the determination that a project included in a water or sewage utility's action plan is a prudent investment, allows a water or sewage utility to amend its action plan to request that a project be eligible for a system improvement rate to recover the project's cost, and revises provisions governing the eligibility of projects for a system improvement rate. (*Id.*)

3. Staff states that the proposed regulation will not have direct, immediate adverse effects on small businesses or direct, immediate beneficial effects on small businesses. (*Id.*)

4. Staff states that the proposed regulation will not have direct, long-term adverse effects on small businesses or direct, long-term beneficial effects on small businesses. (*Id.* at 3-4).

5. Staff states that under the proposed regulation, the Commission might incur administrative costs to review water utilities' resource plans, but that those costs should not exceed what the Commission currently spends. (*Id.* at 4).

6. Based on the foregoing, Staff recommends that the Commission find that the proposed regulation in Docket No. 18-11006 is neither likely to impose a direct and significant economic burden on small businesses nor directly restrict the formation, operation or expansion of a small business. (*Id.*)

Commission Discussion and Findings

7. The Commission finds that the proposed regulation is neither likely to impose a direct or significant economic burden upon small businesses, nor is it likely to directly restrict the formation, operation, or expansion of a small business. Therefore, a small business impact statement pursuant to NRS 233B.0608(2) is not required.

8. The Commission finds that the Delphi method was used in the determination of the impact of the proposed regulation on small businesses. The Commission further finds that the provisions of NRS 233B.0608 have been met.

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Therefore, it is ordered:

1. The proposed regulation in Docket No. 18-11006 is neither likely to impose a direct and significant economic burden upon small businesses, nor is it likely to directly restrict the formation, operation, or expansion of a small business.

By the Commission,

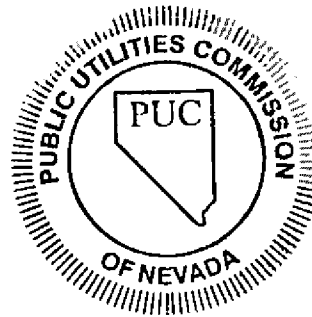


TRISHA OSBORNE,
Assistant Commission Secretary
On behalf of the Commissioners

Certified: /s/ Stephanie Mullen
STEPHANIE MULLEN,
Executive Director

Dated: Carson City, Nevada

10/31/24



(SEAL)

**PUBLIC UTILITIES COMMISSION OF NEVADA
MEMORANDUM**

DATE: October 15, 2024

TO: The Commission
Via Anne-Marie Cuneo, DRO

FROM: Tori N. Sundheim, Assistant Staff Counsel

SUBJECT: Small Business Impact Report
Agenda 21-24; Item No. 5A; Docket No. 18-11006;
Investigation and Rulemaking to consider alternatives to improve the water resource planning process and clarify the processes for seeking System Improvement Rate eligibility for certain projects.

I. Introduction:

On May 1, 2019, the Public Utilities Commission of Nevada (“Commission”) opened an Investigation and Rulemaking, designated as Docket No. 18-11006, to consider alternatives to improve the water resource planning process and clarify the processes for seeking System Improvement Rate eligibility for certain projects.

On May 1, 2019, the Commission issued a Notice of Investigation, Notice of Request for Comments, and Notice of Workshop.

On May 29, 2019, William Lyon Homes, Inc., Mountain Falls, LLC, Mountain Falls Golf Course, LLC, and Mountain Falls Homeowners Association (together, “WLH”), the Nevada Bureau of Consumer Protection (“BCP”), and the Regulatory Operations Staff (“Staff”) of the Commission each filed comments.

On May 30, 2019, Great Basin Water Co. (“GBWC”) submitted late-filed comments.

On June 12, 2019, GBWC, WLH, and Staff filed responsive comments and BCP filed reply comments.

On June 18, 2019, the Commission held a Workshop. Staff, WLH, BCP, and GBWC made appearances. The participants discussed the next procedural steps that would be undertaken in this Docket.

On January 10, 2022, the Commission issued a Notice of Workshop.

On February 1, 2022, the Commission held a Workshop. GBWC, WLH, Staff, and the BCP attended.

On September 23, 2022, the Commission issued a procedural order with a revised copy of the proposed regulation, inviting comments regarding the updated, revised proposed regulation.

On October 7, 2022, the Commission issued a Notice of Workshop.

On October 18, 2022, GBWC, the BCP, and Staff filed comments.

On November 1, 2022, GBWC, the BCP, and Staff filed reply comments.

On November 3, 2022, the Commission held a workshop. GBWC, Staff, and the BCP attended. The participants discussed the proposed regulation and the next steps that would be undertaken in this Docket.

On September 20, 2024, the Commission issued Procedural Order No. 2, directing Staff to investigate whether the proposed regulation is likely to impact small business as contemplated in NRS 233B.0608(1). The Commission directed Staff to present its report with the results of this investigation along with a statement identifying the methodology used in determining the impact on small business.

II. Investigation and Analysis:

This briefing memo constitutes the Staff Report regarding the Small Business Impact of the proposed regulation as directed by Procedural Order No. 2.

Standard of Review

NRS 233B.0608(1) requires an agency to make a concerted effort to determine whether a proposed regulation is likely to:

- a. impose a direct and significant economic burden upon small businesses; or
- b. directly restrict the formation, operation, or expansion of small business.

A small business is defined in NRS 233B.0382 as “a business conducted for profit which employs fewer than 150 full-time or part-time employees.” NRS 233B.0608 (1) further requires that the assessment must be made prior to conducting a workshop regarding the proposed regulation.

NRS 233B.0608(3) requires that an agency considering a proposed regulation to “prepare a statement identifying the methods used by the agency in determining the impact of a proposed regulation on a small business and the reasons for the conclusions of the agency.”

Methodology

In accordance with NRS 233B.0608 (3), Staff used a version of the Delphi method that incorporates elements of the Policy Delphi method to determine the potential impact of a regulation on small businesses. The Delphi method is a systematic interactive forecasting method based on independent inputs of selected experts. It recognizes the value of expert

opinion, experience, and intuition and allows the use of limited information when full scientific knowledge is lacking.

Three Staff Engineers, all of whom were involved in the rulemaking and who are most familiar with the subject matter of the rulemaking, participated in this analysis. Each participant in the exercise used their background and expertise to reflect upon and analyze the impact of the regulation on small businesses. Following receipt of the written responses, the Delphi participants engaged in a critique of the other participants' responses, arriving at a consensus position.

The proposed regulation applies to public utilities in the business of furnishing water or services for the disposal of sewage. The proposed regulation (1) revises provisions governing water utility resource plan submissions to the Commission, (2) revises provisions governing the determination that a project included in the action plan of a water or sewage utility is a prudent investment, (3) authorizes a water or sewage utility to amend its action plan to request the eligibility of a project for a system improvement rate to recover the cost of the project, and (4) revises provisions governing the eligibility of projects for a system improvement rate. The purpose of these changes is to permit the recovery of larger capital costs for necessary system improvement projects only.

Immediate Adverse Effects:

The proposed regulation will not have any direct immediate adverse effects on small businesses. The proposed regulation relates to revisions to the plan filing requirements and implementation measures for system improvement rates. Regulation revisions include, but are not limited to, further definition regarding requirements for an application by a water utility to establish a system improvement rate.

Overall costs of service between standard rate making versus an imposed system improvement rate should be nearly identical over time. The proposed regulation reduces the scope for which a utility can request a system improvement rate for a designated project. However, the proposed regulation still allows the utility to propose projects outside the parameters of the proposed system improvement regulation.

Immediate Beneficial Effects:

The proposed regulation will not have any direct immediate beneficial effects on small businesses. The proposed regulation affects cost recovery and should not change the underlying cost.

Long-Term Adverse Effects:

Similar to the immediate adverse effects outlined previously, the proposed regulation will not have any direct long-term adverse effects on small businesses. The reduction in the scope for which a utility can request a system improvement rate for a designated project will have a long-term effect on the utility as it will reduce the number of projects which the utility may propose a system improvement rate during the integrated resource planning process. However, as stated

herein, the proposed regulation still allows the utility to propose projects outside the parameters of the proposed system improvement regulation. Therefore, overall adverse effects on the utility should be minimal, if any.

Long-Term Beneficial Effects:

Similar to the immediate adverse effects outlined previously, the proposed regulation will not have any direct long-term beneficial effects on small businesses. The reduction in the scope for which a utility can request a system improvement rate for a designated project should have no beneficial impact on the utility.

Cost to the Commission to enforce or administer the proposed regulation, including start-up and ongoing costs:

Under the proposed regulation, the Commission may incur on-going administrative costs to review the resource plans required to be submitted by water utilities. While exact costs are unknown at this time, they should not exceed what the Commission currently experiences.

As a result of the investigation, Staff concludes that the proposed regulation is intended to regulate the activities of water utilities, not small businesses. The proposed regulation is not likely to: (a) impose a direct and significant economic burden upon small business; or (b) directly restrict the formation, operation, or expansion of small business. Therefore, a small business impact statement pursuant to NRS 233B.0608(2) is not required.

III. Notice and Subsequent Action:

On September 20, 2024, the Commission issued Procedural Order No. 2, directing Staff to investigate pursuant to NRS 233B.0608(1) whether the proposed regulation is likely to (a) impose a direct and significant economic burden upon a small business; or (b) directly restrict the formation, operation, or expansion of a small business.

IV. Conclusion:

The proposed regulation is intended to regulate the activities of water utilities, not small businesses.

Staff recommends that, in accordance with NRS 233B.0608(1), the Commission find that the proposed regulation is not likely to impose a direct or significant economic burden on a small business, or to restrict the formation, operation or expansion of a small business.

Staff further recommends that, pursuant to NRS 233B.0608(3), the Commission state that the Delphi method was used in the determination of the impact of the proposed regulation on small business.