

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

LCB File No. R182-24

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

AUTHORITY: §§ 1-25, NRS 704.762.

A REGULATION relating to electric utilities; establishing requirements and procedures for the filing of an alternative rate-making application by an electric utility; establishing evaluation criteria and procedures for the review and approval or disapproval by the Public Utilities Commission of Nevada of such an application; establishing requirements for an electric utility that operates pursuant to an alternative rate-making plan; requiring an electric utility to file a petition to adopt a list of goals and outcomes that an alternative rate-making plan should seek to achieve; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law authorizes an electric utility to apply to the Public Utilities Commission of Nevada to establish an “alternative rate-making plan,” or a plan to implement one or more rate-making mechanisms to be used in addition to or in lieu of the rate-making process otherwise established for public utilities. (NRS 704.7612, 704.7621) The Commission is required to adopt regulations establishing procedures for such an application and the evaluation of an alternative rate-making plan. (NRS 704.762)

Sections 2-12 of this regulation define terms related to alternative rate-making plans.

Section 13 of this regulation requires an alternative rate-making application to be filed concurrently with a general rate application. **Section 13** authorizes an electric utility that has previously submitted at least two alternative rate-making applications to seek a waiver from the Commission of the requirement to submit an alternative rate-making application concurrently with a general rate application.

Section 14 of this regulation requires an electric utility to meet and confer with personnel from the Bureau of Consumer Protection in the Office of the Attorney General, the Regulatory Operations Staff of the Commission and any other interested person not less than 45 days before the anticipated filing date of an alternative rate-making plan and to attempt to reach an agreement on certain matters relating to the filing, including the review of any existing alternative rate-making plan.

Section 15 of this regulation authorizes the Commission to extend the time to act upon an alternative rate-making application upon its own motion or at the request of certain parties.

Section 15 authorizes an electric utility to accept or reject a modification to its proposed alternative rate-making plan by filing a notice with the Commission and provides that, if a

modification to the proposed alternative rate-making plan is rejected, the plan is deemed withdrawn.

Section 16 of this regulation sets forth the burden of proof which an electric utility that files an alternative rate-making application must sustain and requires the material in the application to be of such composition, scope and format that it would serve as the complete case of the electric utility in a hearing.

Section 17 of this regulation prescribes the required contents of an alternative rate-making application.

Section 18 of this regulation sets forth the burden of proof which must be sustained by an electric utility that seeks to modify the frequency of general rate application filings and prescribes the contents of an order approving a multi-year rate plan or other alternative rate-making mechanism that modifies the frequency of general rate application filings. **Section 18** also prohibits an electric utility that is operating under an alternative rate-making plan from filing a general rate application or proposing to terminate its alternative rate-making plan without approval from the Commission.

Sections 11 and 19 of this regulation provide terms for certain mechanisms, known as off-ramps, which may prompt the re-evaluation, amendment or termination of an alternative rate-making plan and which the Commission may include in an order approving an alternative rate-making application.

Section 20 of this regulation requires an electric utility operating pursuant to an alternative rate-making plan to file an annual update to the plan and to hold a consumer session to solicit comments from the public if the annual update has the potential to affect rates.

Section 21 of this regulation authorizes an electric utility to file an amendment to an alternative rate-making plan under certain circumstances.

Section 22 of this regulation establishes the criteria the Commission will use to evaluate an alternative rate-making application and requires an electric utility to state in the application whether the alternative rate-making plan and each alternative rate-making mechanism within the plan will support, contradict or be neutral with respect to the evaluation criteria. **Section 22** also requires an electric utility to include certain information in its application regarding the cost-benefit methodology used to determine whether an alternative rate-making mechanism satisfies the evaluation criteria and authorizes certain persons to propose the use of an alternative cost-benefit methodology.

Section 23 of this regulation requires each electric utility to file a petition to adopt a list of goals and outcomes that alternative rate-making plans should seek to achieve after soliciting input from stakeholders regarding the appropriate goals and outcomes to include. **Section 23** requires each electric utility, on a biennial basis, to file a petition to update the list of goals and outcomes or file a notice that no changes are necessary.

Section 24 of this regulation provides that the Commission will conduct a consumer session, in coordination with an electric utility that has filed an alternative rate-making application. **Section 24** requires an electric utility to take certain steps to educate customers regarding any proposed alternative rate-making mechanism that has not been previously approved by the Commission.

Section 25 of this regulation requires an electric utility that has an alternative rate-making plan approved by the Commission to retain certain information and records.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 25, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 25, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 12, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Alternative rate-making application” means an application for the approval of an alternative rate-making plan submitted pursuant to NRS 704.7621 and section 13 of this regulation.*

Sec. 4. *“Alternative rate-making mechanism” has the meaning ascribed to it in NRS 704.7611 and does not include an existing alternative rate-making mechanism unless the existing alternative rate-making mechanism has been designated as an alternative rate-making mechanism in an order of the Commission.*

Sec. 5. *“Deadband” means a range approved by the Commission around a performance target within which the performance of an electric utility is deemed reasonable, for which performance the electric utility does not receive a reward or penalty and which recognizes the inherent uncertainty or margin of error in measuring and calculating a given benchmark or baseline.*

Sec. 6. *“Existing alternative rate-making mechanism” includes, without limitation:*

1. Any schedule, tariff or rate rider approved by the Commission that applies only to a select set of residential or nonresidential customers and is not applicable to an entire class of service or class of customers;

2. Any time-of-use rate for residential or nonresidential customers;

3. An earnings-sharing mechanism;

4. An electric utility investment support mechanism, including, without limitation, any incentive for critical facilities, rate-based construction work in progress, enhanced return on allowance for funds used during construction and regulatory assets and liabilities;

5. Any decoupling or lost revenue adjustment mechanism approved in accordance with regulations adopted pursuant to NRS 704.785;

6. Any financial incentive awarded to an electric utility for the implementation of an energy efficiency and conservation program;

7. Any mitigation for the impact of imputed debt on the capital structure of the electric utility approved by the Commission pursuant to NAC 704.88875; and

8. Any recovery of expenses associated with the issuance or maintenance of a variable-rate security approved by the Commission pursuant to NRS 704.324.

Sec. 7. “Greenhouse gas emissions” means the emission of any greenhouse gas, as defined in NRS 445B.137.

Sec. 8. “Historically underserved community” has the meaning ascribed to it in NRS 704.78343.

Sec. 9. “Low-income household” has the meaning ascribed to it in NRS 704.78347.

Sec. 10. “Metric” means the data or analysis used to set a performance benchmark, deadband or incentive level or to track and evaluate the progress of an electric utility towards an outcome or specified performance.

Sec. 11. “Off-ramp” means a mechanism approved by the Commission in an alternative rate-making plan to authorize or require, under specific circumstances:

1. A petition to be submitted to the Commission to determine whether the alternative rate-making plan continues to serve the public interest;

2. *An electric utility to file an amendment to the alternative rate-making plan;*
3. *The alternative rate-making plan to terminate and the electric utility to file a general rate application pursuant to NRS 704.110 within a specified time period; or*
4. *The Commission, in its discretion, to order an electric utility to file a general rate application or an amendment to the alternative rate-making plan.*

Sec. 12. *“Performance incentive mechanism” means a mechanism proposed during an alternative rate-making proceeding and approved by the Commission that:*

1. *Provides a specific incentive or disincentive, which may be symmetrical or asymmetrical, and in monetary or any other form, based on an electric utility’s achievement of benchmarks, metrics or measurements of performance approved by the Commission;*
2. *Is based on actual or statistical methods of measuring whether an electric utility has achieved benchmarks or measurements of performance approved by the Commission; and*
3. *Is subject to reasonable conditions or limitations approved by the Commission.*

Sec. 13. 1. *Except as otherwise provided in subsection 2, an alternative rate-making application filed by an electric utility must be filed concurrently with a general rate application filed pursuant to NRS 704.110.*

2. *An electric utility that has previously submitted at least two alternative rate-making applications may petition the Commission for a waiver of the requirement in subsection 1 that an alternative rate-making application be filed concurrently with a general rate application. The Commission may grant a petition filed pursuant to this subsection if the electric utility demonstrates with reasonable justification that:*

(a) The rates adopted through the alternative rate-making plan of the electric utility will be comparable to rates established pursuant to NRS 704.110, as demonstrated with evidence that includes, without limitation, an embedded class cost-of-service study;

(b) The filing of a new alternative rate-making application is administratively efficient and will benefit ratepayers as compared to the filing of a general rate application pursuant to NRS 704.110; or

(c) The alternative rate-making application will include evidence that is equivalent to or consistent with the evidentiary requirements for a general rate application filed pursuant to NRS 704.110.

3. The Commission will issue an order granting, with or without modifications, or denying a petition filed pursuant to subsection 2 within 90 days after the receipt of the petition.

4. As used in this section, “reasonable justification” means evidence sufficient for the Commission to find that a given claim of an electric utility is verifiably true and accurate.

Sec. 14. 1. *An electric utility shall meet and confer with personnel from the Bureau of Consumer Protection in the Office of the Attorney General, the Regulatory Operations Staff of the Commission and any other interested person not less than 45 days before the anticipated date for filing an alternative rate-making plan with the Commission. The electric utility shall provide advance notice of the meeting in a manner that is reasonably calculated to inform potentially interested persons.*

2. If an alternative rate-making plan is filed concurrently with a general rate application pursuant to NRS 704.110, the meeting conducted pursuant to this section must be conducted separately from the meeting required by NAC 703.2209.

3. *At the meeting conducted pursuant to this section, the electric utility shall provide information regarding the alternative rate-making application, including, without limitation:*

(a) Information about the design of the proposed alternative rate-making mechanisms;

(b) Whether the electric utility intends to propose any performance incentive mechanisms in the alternative rate-making application;

(c) A description of how the alternative rate-making application deviates from traditional rate-making principles generally understood in the industry and provided for in any relevant statutes and regulations governing electric utilities, including, without limitation, NRS 704.110 and NAC 703.2201 to 703.2481, inclusive;

(d) Expected changes to the cost of capital, depreciation, cost of service or rate design that will be proposed in the alternative rate-making application, as compared to the immediately preceding general rate application or alternative rate-making application of the electric utility; and

(e) If the electric utility has not filed a general rate application in the immediately preceding 2 years or the Commission has granted a petition filed pursuant to subsection 2 of section 13 of this regulation, the information that the electric utility will be filing to demonstrate that the rates proposed in the alternative rate-making application are comparable to the rates that would be adopted in a general rate case pursuant to NRS 704.110.

4. *The electric utility shall include in the alternative rate-making application the information provided at the meeting conducted pursuant to this section and a detailed description of any changes to the alternative rate-making application made as a result of the meeting.*

5. The electric utility, the Bureau of Consumer Protection in the Office of the Attorney General and the Regulatory Operations Staff of the Commission shall discuss and attempt to reach an agreement on:

(a) A plan and schedule for discovery, and methods of minimizing the duplication of discovery requests.

(b) Guidelines for a preliminary plan for conducting audits. The guidelines must address all matters relating to the audits, including, without limitation:

(1) The timing of the audits and any necessary meetings to coordinate audits conducted on-site, whether within or outside this State, by the Regulatory Operations Staff of the Commission and specialized personnel from the electric utility and the Bureau of Consumer Protection in the Office of the Attorney General.

(2) The number of persons representing each interest who will participate in the audits.

(3) The facilities and supplies that the auditors will need at the locations of the audits.

(c) The use of agreements for the confidentiality of information.

(d) The items on the master document for the request of data that are applicable to the alternative rate-making plan and which the electric utility must provide upon the filing of its alternative rate-making application.

(e) The need for and timing of future meetings, including, without limitation, meetings regarding settlement conferences.

6. If the rates of the electric utility are subject to an existing alternative rate-making plan approved by the Commission, the electric utility, the Bureau of Consumer Protection in the Office of the Attorney General and the Regulatory Operations Staff of the Commission shall confer and make a good faith effort to reach an agreement on the development of guidelines

for the examination and review of the currently effective alternative rate-making plan. The guidelines must address all matters relating to the review of any necessary books, records and data, including, without limitation:

(a) The timing of the review of any necessary books, records and data of the electric utility and any necessary meetings to coordinate reviews conducted at the same site, whether within or outside of this State, by the Regulatory Operations Staff of the Commission and specialized personnel from the electric utility and the Bureau of Consumer Protection in the Office of the Attorney General;

(b) The number of persons representing each interest who will participate in the review of any necessary books, records and data of the electric utility;

(c) The facilities and supplies that the Bureau of Consumer Protection in the Office of the Attorney General and the Regulatory Operations Staff of the Commission will need at the locations of the reviews; and

(d) Whether the Bureau of Consumer Protection in the Office of the Attorney General or the Regulatory Operations Staff of the Commission will need access to any specialized modeling programs or software used by the electric utility in support of its currently effective alternative rate-making plan.

7. If the provisions of subsection 6 apply and the electric utility, the Bureau of Consumer Protection in the Office of the Attorney General and the Regulatory Operations Staff of the Commission cannot reach an agreement pursuant to that subsection, the presiding officer may prescribe the guidelines for the examination and review of the currently effective alternative rate-making plan.

Sec. 15. 1. *Pursuant to subsection 2 of NRS 704.7621, the Commission may extend the time to act upon an alternative rate-making application by not more than 90 days, upon its own motion or at the request of:*

(a) An electric utility;

(b) The Bureau of Consumer Protection in the Office of the Attorney General;

(c) The Regulatory Operations Staff of the Commission; or

(d) Any person granted leave to intervene in the alternative rate-making application proceeding.

2. If the Commission issues an order pursuant to NRS 704.7621 approving, with modifications, the proposed alternative rate-making plan, the electric utility may accept or reject the modified alternative rate-making plan by filing with the Commission a notice to that effect. Any such notice must be filed not later than 30 days after the date of issuance of the order.

3. If the electric utility rejects the modified alternative rate-making plan pursuant to subsection 2, the alternative rate-making application shall be deemed withdrawn and:

(a) If the general rate application which was concurrently filed with the alternative rate-making application pursuant to NRS 704.110 is approved, in whole or in part, the otherwise applicable rates resulting from the approval of the general rate application shall take effect; or

(b) If no general rate application was concurrently filed with the alternative rate-making application because a petition for a waiver was granted pursuant to subsection 2 of section 13 of this regulation or if the general rate application which was concurrently filed with the alternative rate-making application is disapproved in whole, the rates which were most

recently approved by the Commission remain in effect until changed or modified by the Commission, or pursuant to NRS 703.373 to 703.376, inclusive.

Sec. 16. 1. An electric utility that files an alternative rate-making application must be prepared to go forward at a hearing on the data which have been submitted and to sustain the burden of proof described in subsection 2. To avoid delay by the Commission in its consideration of the proposed changes, the applicant must ensure that the material included in the alternative rate-making application is of such composition, scope and format that it would serve as its complete case if the matter is set for hearing.

2. An electric utility that files an alternative rate-making application must sustain the burden of proof of establishing that:

(a) Any changes proposed in the alternative rate-making plan are just and reasonable and not unduly discriminatory or preferential; and

(b) The alternative rate-making plan satisfies the criteria set forth in subsection 1 of section 22 of this regulation.

Sec. 17. 1. An alternative rate-making application must include all applicable statements and schedules described in NAC 703.2271 to 703.2452, inclusive, and be filed, if applicable, with supporting workpapers in paper and electronic executable file format. If the electric utility omits any statement or schedule described in NAC 703.2271 to 703.2452, inclusive, in the belief that it is not applicable, the electric utility shall provide a written explanation of the omission.

2. At a minimum, an electric utility shall include in any alternative rate-making application:

(a) An embedded class cost-of-service study;

(b) An analysis estimating and comparing the rates that would be charged and the revenue that would be collected under the alternative rate-making plan proposed in the alternative rate-making application with the rates that would be charged and the revenue that would be collected through the rate-making process established by NRS 704.110; and

(c) Proposed off-ramps.

3. An electric utility shall provide the following supporting information for any existing alternative rate-making mechanism in its alternative rate-making application:

(a) A list of all existing alternative rate-making mechanisms previously approved by the Commission and the date and docket number of the proceeding in which each existing alternative rate-making mechanism was approved; and

(b) An update on the performance of each existing alternative rate-making mechanism, including, without limitation:

(1) The number of customers subject to any schedule, tariff or rate rider approved by the Commission that is in an existing alternative rate-making mechanism and an accounting of the revenues collected from such customers pursuant to the schedule, tariff or rider;

(2) The total dollar amount of electric utility investment support mechanisms or other incentives that qualify as existing alternative rate-making mechanisms paid to or that otherwise benefit an electric utility, the length of time for which the mechanisms or incentives are intended to continue and a full analysis of all customer rates affected by the mechanisms or incentives;

(3) A detailed description of each regulatory asset and liability, the docket number of the proceeding in which the regulatory asset or liability was approved, the amortization period that applies to the regulatory asset or liability and an estimate of the revenue and rate impact

that the regulatory asset or liability will have on customer rates throughout the amortization period of the regulatory asset or liability;

(4) The status of any previously approved earnings-sharing mechanism, whether that mechanism has resulted in any earnings returned to customers and the amount of any such earnings;

(5) The status of any revenues collected pursuant to a decoupling or lost revenue adjustment mechanism approved in accordance with the regulations adopted pursuant to NRS 704.785; and

(6) Any other details regarding existing alternative rate-making mechanisms requested by the Commission, the Bureau of Consumer Protection in the Office of the Attorney General or the Regulatory Operations Staff of the Commission.

4. In addition to the embedded class cost-of-service study required by subsection 2, an electric utility may submit additional cost-of-service studies for consideration by the Commission.

5. Any alternative rate-making application that seeks a multi-year rate plan must include as part of the alternative rate-making plan an earnings-sharing mechanism that balances the interests of the ratepayers and shareholders of the electric utility. Nothing in this subsection shall be construed to prohibit the inclusion of an earnings-sharing mechanism in an alternative rate-making application that does not seek a multi-year rate plan or in any other type of proceeding.

6. Nothing in this section shall be construed to exempt an electric utility from the requirement to file a study of depreciation pursuant to NAC 703.276.

7. Unless otherwise ordered by the Commission, an electric utility is not required to file for approval of any existing alternative rate-making mechanism previously approved by the Commission.

Sec. 18. *1. If an electric utility files for approval of a multi-year rate plan or any other alternative rate-making mechanism that modifies the time between general rate application filings to a frequency other than at least once every 36 months as provided in NRS 704.110, the electric utility must demonstrate that the modified timeline:*

(a) Serves the public interest;

(b) Results in just and reasonable rates over the proposed effective period of the rates; and

(c) Includes appropriate off-ramps that will ensure just and reasonable rates.

2. If the Commission approves a multi-year rate plan or any other alternative rate-making mechanism that modifies the time between general rate application filings to a frequency other than at least once every 36 months as provided in NRS 704.110, the order of the Commission approving the multi-year rate plan or other alternative rate-making mechanism must:

(a) Specify the time period that the alternative rate-making plan will be in effect;

(b) Establish off-ramps that would require the filing of a general rate application pursuant to NRS 704.110; and

(c) Set a deadline for an electric utility to file its next general rate application pursuant to NRS 704.110.

3. An electric utility that is operating under an approved alternative rate-making plan may not file a general rate application pursuant to NRS 704.110 or propose to terminate the alternative rate-making plan without specific authority from the Commission.

Sec. 19. 1. *Except as otherwise provided in subsection 2 of section 18 of this regulation, the Commission may include in an order approving an alternative rate-making application one or more off-ramps selected by the Commission that may result in:*

(a) A requirement to file a new alternative rate-making application;

(b) A requirement to file a new general rate application pursuant to NRS 704.110;

(c) A requirement to reinstate rates approved in the last general rate case filed by the electric utility pursuant to NRS 704.110;

(d) A requirement for the electric utility to file an amendment to an existing alternative rate-making plan; or

(e) Any combination of the requirements listed in paragraphs (a) to (d), inclusive.

2. *The Commission may provide for the triggering of an off-ramp by:*

(a) Action taken by the Commission on its own initiative;

(b) Action of the Commission in granting a petition filed by the electric utility, the Bureau of Consumer Protection in the Office of the Attorney General, the Regulatory Operations Staff of the Commission or any customer of the electric utility who can demonstrate that the customer has been directly and substantially harmed by the alternative rate-making plan; or

(c) Information received in an annual update filed pursuant to section 20 of this regulation to the alternative rate-making plan of the electric utility.

3. *A petition to trigger an off-ramp must adequately demonstrate that:*

(a) Good cause exists to utilize the off-ramp; and

(b) The criteria established by the applicable approved alternative rate-making plan for that off-ramp have been met.

4. Off-ramps which the Commission may elect to include in an order approving an alternative rate-making application include, without limitation, the following scenarios:

(a) Earnings are significantly higher or lower than a deadband approved by the Commission around a specified return on equity such that the financial integrity of the electric utility is threatened, the balance between the interests of the shareholders and the ratepayers of the electric utility is no longer maintained or future harm to ratepayers is anticipated;

(b) The electric utility is not achieving the metrics or performance incentive mechanisms specified by the Commission;

(c) Payments or incentives associated with performance incentive mechanisms are threatening the financial integrity of the electric utility or pose a risk of future harm to ratepayers;

(d) A force majeure or other events are threatening the financial integrity of the electric utility or pose a risk of future harm to ratepayers; or

(e) A restructuring, transfer of control, merger or other corporate-level change.

5. Any party to an alternative rate-making proceeding may propose one or more off-ramps not included in the underlying alternative rate-making application.

Sec. 20. 1. An electric utility operating pursuant to an approved alternative rate-making plan shall file an annual update to the alternative rate-making plan on the first Monday in June which occurs not less than 12 full calendar months after the implementation of the alternative rate-making plan and on the first Monday in June of each year thereafter until the alternative rate-making plan is discontinued or a new alternative rate-making plan is adopted.

2. Each annual update filed pursuant to this section must include a narrative explanation of the manner in which the alternative rate-making plan is functioning. The explanation must separately address the manner in which the alternative rate-making plan as a whole and each alternative rate-making mechanism is affecting:

(a) The revenue of the electric utility;

(b) The costs of the electric utility, including, without limitation, the administrative costs of the electric utility;

(c) The creditworthiness of the electric utility;

(d) The reliability and resilience of electric service;

(e) Customer acceptance of the alternative rate-making plan;

(f) The achievement of metrics, performance incentive mechanisms and goals approved by the Commission;

(g) The reduction of greenhouse gas emissions;

(h) The balance of interests between customers and shareholders of the electric utility;
and

(i) The interests of low-income households and historically underserved communities.

3. Each annual update must include data and workpapers to support the update in paper and electronic executable file format.

4. The Commission will use the data and information included in the annual update to determine if the electric utility is achieving the earnings-sharing mechanisms and performance incentive mechanisms approved by the Commission, if any such mechanisms are included in the alternative rate-making plan.

5. All progress towards the achievement of incentives in the alternative rate-making plan must be calculated in the annual update.

6. After an opportunity for a hearing, the Commission may issue an order adjusting any rate or schedule consistent with the terms of an approved alternative rate-making plan based upon the annual update.

7. The electric utility shall hold a consumer session to solicit comments from the public for any annual update that has the potential to affect rates.

Sec. 21. *An electric utility may file an amendment to an alternative rate-making plan that has been approved by the Commission only:*

1. If an off-ramp requires the filing of an amendment; or

2. The Commission directs the electric utility to file such an amendment, upon its own motion or in response to a petition from the electric utility, the Bureau of Consumer Protection in the Office of the Attorney General or the Regulatory Operations Staff of the Commission.

Sec. 22. *1. In evaluating whether to approve an alternative rate-making application, the Commission will consider whether the proposed alternative rate-making plan and each alternative rate-making mechanism contained therein, taken as a whole, will support, contradict or be neutral with respect to each of the following criteria:*

(a) Align an economically viable utility model with state public policy goals, including, without limitation, the reduction of greenhouse gas emissions;

(b) Provide for just and reasonable rates that are comparable to rates established pursuant to NRS 704.110;

(c) Enable electric service options that provide value to customers without imposing incremental net costs to customers;

(d) Foster statewide improvements to the economic and operational efficiency of the electrical grid;

(e) Further the public interest, including, without limitation, the promotion of safe, economic, efficient and reliable electric service to all customers of the electric utility;

(f) Enhance the resilience and security of the electrical grid while addressing concerns regarding customer privacy;

(g) Ensure that customers of the electric utility benefit from lower regulatory administrative costs where appropriate;

(h) Facilitate the research and development of innovative electric utility services and options to benefit customers;

(i) Balance the interests of customers and shareholders of the electric utility by providing services that customers want while preserving reasonable shareholder value; and

(j) Ensure that the interests of low-income households and historically underserved communities are meaningfully considered and that the economic interests of low-income households and historically underserved communities are addressed.

2. In demonstrating whether the proposed alternative rate-making mechanisms will support, contradict or be neutral with respect to the criteria listed in subsection 1, the electric utility shall:

(a) Describe the cost-benefit methodology the electric utility has relied upon in determining whether each alternative rate-making mechanism satisfies those criteria;

(b) Explain why the utility has chosen the selected cost-benefit methodology, including, without limitation, stating whether the selected methodology is externally validated and has been adopted by other states and explaining why the selected methodology is appropriate for evaluating the alternative rate-making mechanisms proposed by the electric utility; and

(c) Using the cost-benefit methodology chosen by the electric utility:

(1) Quantify the measurable costs and benefits of each alternative rate-making mechanism; or

(2) If insufficient data is available to quantify the measurable costs and benefits, state that insufficient data is available and explain why qualitative information should be considered by the Commission instead.

3. The Bureau of Consumer Protection in the Office of Attorney General, the Regulatory Operations Staff of the Commission and any party given leave to intervene in the proceeding may propose one or more alternative cost-benefit methodologies to be used in determining whether each alternative rate-making mechanism satisfies the criteria listed in subsection 1. Any such proposal must include a justification for the use of the proposed methodology supported by models that support the proposed methodology, filed in an electronic executable file format with documentation sufficient to reproduce the modeling results.

4. Using the evidence submitted pursuant to this section, the Commission will evaluate whether the alternative rate-making application is sufficient to support a finding that the alternative rate-making plan:

(a) Is in the public interest;

(b) Will result in just and reasonable rates;

(c) Protects the interests of the customers of the electric utility; and

(d) Supports, rather than being contradictory or neutral to, the criteria listed in subsection 1.

Sec. 23. 1. *On or before May 1, 2026, each electric utility shall file with the Commission a petition, or joint petition with another electric utility, as applicable, to adopt a list of goals and outcomes that alternative rate-making plans should seek to achieve. The goals and outcomes should be consistent with one or more of the criteria listed in subsection 1 of section 22 of this regulation. The Commission will accept or reject the petition, or set the petition for further proceedings to consider modifications to the list of goals and outcomes.*

2. Not less than 30 days before filing a petition pursuant to subsection 1, an electric utility shall solicit input from and engage with stakeholders regarding the goals and outcomes to be included in the petition.

3. Upon notice and hearing, the Commission may consider and adopt modifications to the list of goals and outcomes included in any petition filed pursuant to subsection 1. Proceedings to consider and adopt modifications to the list may be initiated by the Commission or through a petition filed with the Commission.

4. A person who wishes to participate in a proceeding pursuant to this section must file a timely petition for leave to intervene pursuant to NAC 703.578 to 703.600, inclusive. A petition for leave to intervene must be filed with the Commission not later than 10 business days after the issuance of the notice of hearing pursuant to this section unless otherwise prescribed by the Commission. Any response to a petition for leave to intervene filed pursuant to this section must be filed with the Commission not later than 5 business days after the earlier of:

- (a) The date of the deadline for filing a petition for leave to intervene; or*
- (b) The date on which the petition for leave to intervene was filed.*

5. *The Commission will publish on its Internet website each list of goals and outcomes approved by the Commission pursuant to this section.*

6. *The list of goals and outcomes in place at the time an alternative rate-making application is filed remains in effect for the duration of the resulting alternative rate-making plan, unless altered as the result of an off-ramp.*

7. *After the Commission approves a list of goals and outcomes pursuant to this section, on or before October 1 of each odd-numbered year thereafter, each electric utility shall file with the Commission:*

(a) A petition or joint petition, as applicable, to adopt an updated list of goals and outcomes that alternative rate-making plans should seek to achieve, accounting for any necessary updates pursuant to changes in state policy; or

(b) An informational filing notifying the Commission that no changes are necessary to the adopted list of goals and outcomes that alternative rate-making plans should seek to achieve.

Sec. 24. 1. *If an electric utility files an alternative rate-making application, the Commission, in coordination with the electric utility, will conduct at least one consumer session to educate customers about the alternative rate-making application and solicit comments from the public. The Commission may conduct more than one consumer session regarding any alternative rate-making application.*

2. *If the alternative rate-making application of an electric utility proposes an alternative rate-making mechanism that has not previously been approved by the Commission, the electric utility shall:*

(a) Explain each new alternative rate-making mechanism to customers in at least one consumer session in the most populous county of the service territory of the utility;

(b) Provide a notice to customers of the proposed alternative rate-making mechanism that explains the proposed alternative rate-making mechanism by:

- (1) Prominently displaying the notice on the Internet website of the electric utility;*
- (2) Distributing the notice via electronic mail; and*
- (3) Providing the notice through any mobile application of the electric utility; and*

(c) File with the Commission a plan for the education of customers of the electric utility with respect to the alternative rate-making mechanism. The plan must include:

(1) Provisions for the use of various means of furnishing information to and engaging with customers which may include, without limitation, the use of social media, focus groups, informational or learning sessions or a dedicated Internet website with interactive tools.

(2) If an electric utility proposes subscription pricing or any special tariff, schedule or rate rider that applies only to a select set of residential or nonresidential customers and is not applicable to an entire class of service or class of customers, a specific proposal to educate such customers or to engage customers that may qualify for such pricing, tariff, schedule or rider, and a specific proposal to educate noneligible customers of any potential cost shifts.

3. Nothing in this section shall be construed to relieve an electric utility of any otherwise applicable requirement to provide outreach or notification to customers.

Sec. 25. 1. *An electric utility that has an alternative rate-making plan approved by the Commission shall keep or cause to be kept any information and records which the electric utility would have been required to submit to the Commission as part of an application filed pursuant to NRS 704.110 or 704.187.*

2. An electric utility shall produce the information and records required to be kept pursuant to subsection 1 upon the request of the Commission, the Bureau of Consumer

Protection in the Office of the Attorney General or the Regulatory Operations Staff of the Commission.