LCB File No. R004-04

PROPOSED REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

Docket No. 02-5030

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

AUTHORITY: §§1-9, NRS 703.025 and 704.210

Section 1. NAC 704.8783 is hereby amended to read as follows:

NAC 704.8783 Requirements for reporting data: ~~[Long-term and s]~~*S*hort-term avoided costs; analysis and calculations for determining proposed rates; proposed limits concerning availability of rates.

1. ~~[Except as otherwise provided in subsection 7, each utility shall file with the commission the estimated long-term avoided costs on its electric system, including a capacity component and an energy component, suitable for determining rates for purchases from qualifying facilities. Each utility shall file with the commission the analyses and calculations used to determine the proposed rates. The avoided costs must be stated so that rates for various contract periods may be calculated. Rates for a 20-year contract must be stated. The levels of purchases must be stated in blocks of not more than 100 megawatts for systems with a peak demand of 1,000 megawatts or more and in blocks of not more than 10 percent of the peak demand of the system for systems having a peak demand of less than 1,000 megawatts. The avoided costs must be stated in dollars per kilowatt-hour for peak and off-peak periods. If the avoided costs depend upon the year the qualifying facility begins delivery of power, the costs must be provided for delivery beginning in each of the next 5 years beginning the year after the year the information required pursuant to this section is filed with the commission.~~

~~2.]~~ Each utility shall file annually with the commission, in the format for a tariff, the:

(a) Short-term avoided costs for its electric system, including a capacity component and an energy component. The costs must be stated in dollars per kilowatt-hour for peak and off-peak periods.

(b) Analyses and calculations used to determine the proposed rates.

~~[3]~~***2***. The ***short-term*** avoided costs of each utility must be filed with the commission within 60 days after the commission's order accepting the utility's resource plan is issued.

~~[4]~~***3***. The ***short-term*** avoided costs for each utility must be consistent with and based upon the resource plan accepted by the commission.

~~[5. The commission may determine long-term avoided costs which will be the basis for rates to be available to qualifying facilities. The long-term avoided costs of each utility must be stated in dollars for the base year used in the resource plan. The provisions of this subsection do not limit the parties from negotiating or mutually agreeing to rates or limiting the utility from using another method for determining rates.~~

~~6. Each utility shall file with the commission its proposed limits concerning the availability of the rates based upon its long-term avoided costs which are consistent with the resource plan accepted by the commission.~~

~~7. The Idaho Power Company shall file with the commission only a copy of all data which it has placed on file with the Idaho Public Service Commission.]~~

Section 2. NAC 704.8791 is hereby amended to read as follows:

NAC 704.8791 Rates for purchase of power.

1. ***Short-term*** ~~[R]~~***r***ates for the purchase of power from qualifying facilities must:

(a) Be just and reasonable to the customers of the utility and in the public interest;

(b) Not discriminate against qualifying facilities; and

(c) Reflect not more than the full avoided costs of the utility.

2. An electric utility may enter into a contract for the purchase of power from any qualifying facility. The utility shall file with the commission any contract entered into with a qualifying facility.

3. The rates for sales to qualifying facilities must be identical to the rates applicable to customers within the same class of customers as the qualifying facility.

~~[4. The rates for purchases made from qualifying facilities must be in accordance with subsection 1, whether or not the utility making the purchases is simultaneously making sales to the qualifying facility.]~~

Section 3. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 4 of this regulation.

Section 4. ***"Action plan" defined.*** "Action plan" means the detailed specification of the actions the utility intends to undertake during the three calendar years following the year in which the resource plan was filed to meet its demand and energy requirements.

Section 5. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 6 of this regulation.

Section 6. ***"Capacity" defined. "Capacity" means the rated continuous load-carrying ability, expressed in watts or volt-amperes of generation, transmission or electrical equipment.***

Section 7. NAC 704.904 is hereby amended to read as follows:

NAC 704.904 "Conservation" defined. "Conservation" means ~~[increases of]~~ efficiency ***improvements*** in the production, distribution, or use of energy ~~[which]~~ ***that*** result in reductions in the consumption of electric power.

Section 8. NAC 704.9055 is hereby amended to read as follows:

NAC 704.9055 "Demand" defined. "Demand" means the ~~[rate]~~ ***level*** at which electric energy is ~~[delivered to or]~~ ***required*** by a system, a part of a system, or a ~~[piece of equipment]~~ load, expressed in ~~[kilo]~~watts ~~[or other suitable units]~~, at a given instant or averaged over any designated period of time.

Section 9. NAC 704.911 is hereby amended to read as follows:

NAC 704.911 "~~[Load]~~ *Demand* management" defined. "~~[Load]~~ ***Demand*** management" means a deliberate reshaping of the customers' patterns of use in order to shift the time of use of electricity and reduce its consumption at times of the utility's peak load.

Section 10. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 11 of this regulation.

Section 11. ***"Demand side plan" defined. "Demand side plan" means the programs proposed by the utility to promote conservation and demand management.***

Section 12. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 13 of this regulation.

Section 13. ***"Distributed generation" defined. "Distributed generation" means generation that is located on a utility's customer's property, that is not owned by the utility, and the output from which is ordinarily consumed locally without flowing on the utility's transmission system.***

Section 14. NAC 704.906 is hereby amended to read as follows:

NAC 704.906 "End-use" defined. "End-use" means ~~[the]~~ ***energy consumption by a*** specific type of appliance or equipment ~~[which converts energy to a service]~~.

Section 15. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 16 of this regulation.

Section 16. ***"Energy supply plan" defined. "Energy supply plan" means a plan that establishes energy supply portfolio parameters for the three year period covered by the action plan that balances the objectives of minimizing the cost of supply, minimizing retail price volatility, and maximizing the reliability of supply over the term of the plan. The energy supply plan is comprised of a purchase power procurement plan, a fuel procurement plan, and a risk management strategy, which at a minimum demonstrates a reduction in the retail customer's bill volatility.***

Section 17. NAC 704.9063 is hereby amended to read as follows:

NAC 704.9063 "Environmental costs and economic benefits to the state" defined.

1. "Environmental costs and economic benefits to the state" means the costs and benefits ~~[which]~~ ***that*** inure to the state from electricity produced for consumption within the state whether or not the generation source is located in Nevada.

2. To calculate environmental costs of generation from sources outside the state, the cost should be calculated ***in*** the same ***manner*** as if the electricity were generated in Nevada.

Section 18. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 19 of this regulation.

Section 19. ***"Net economic impact of renewable resource" defined. "Net economic impact" means the present worth of the economic costs of the contract for a renewable resource minus the present worth of the economic development benefits to the state over a 20-year period.***

Section 20. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 21 of this regulation.

Section 21. ***"Environmental benefit of renewable resource" defined. "Environmental benefit" means the present worth over a 20-year period of the benefits associated with the operation and maintenance of a renewable resource for supply of capacity and/or energy that results in a reduction from harm or risks of harm to the environment.***

Section 22. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 23 of this regulation.

Section 23. ***"Financial plan" defined. "Financial plan" means a plan that demonstrates the financial impact of the preferred plan on the utility and its customers.***

Section 24. NAC 704.907 is hereby amended to read as follows:

NAC 704.907 "Firm energy" defined. "Firm energy" means energy ~~[which]~~ that is ~~[intended]~~ ***required*** to be available at all times during the period covered by a commitment unless the supply is interrupted by uncontrollable forces.

Section 25. NAC 704.9075 is hereby amended to read as follows:

NAC 704.9075 "Forecast of base growth" defined. "Forecast of base growth" means a forecast of the ~~[load on a utility's system]~~ ***peak demand and energy consumption for the utility's bundled retail and wholesale customers that the utility has an obligation to serve***, based on the most likely set of future conditions or forces which would have an effect on ~~[that load]~~ ***such peak demand and energy consumption***. ~~[Conservation is induced by price, conservation resulting from laws and regulations, and governmental programs, and conservation resulting from existing programs sponsored by utilities are included in the forecast.]~~ ***The forecast of base growth is that for which the actual value attained in each future year is***

equally likely to be higher or lower than the forecast value cited in the subject resource plan forecast.

Section 26. NAC 704.9085 is hereby amended to read as follows:

NAC 704.9085 "Forecast of high growth" defined. "Forecast of high growth" means a forecast ~~[of the upper limit for expected growth of the load on a utility's system]~~ ***with the highest rate of growth consistent with the highest rates of economic and population growth that can reasonably be expected to occur within the utility's service territory during the forecast period.***

Section 27. NAC 704.9095 is hereby amended to read as follows:

NAC 704.9095 "Forecast of low growth" defined. "Forecast of low growth" means a forecast ~~[of the lower limit for expected growth of the load on a utility's system]~~ ***with the lowest rate of growth consistent with the lowest rates of economic and population growth that can reasonably be expected to occur within the utility's service territory during the forecast period.***

Section 28. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 29 of this regulation.

Section 29. ***"Fuel procurement plan" defined. "Fuel procurement plan" means a plan that establishes fuel supply portfolio parameters that balances the objectives of: minimizing the cost of fuel, minimizing retail price volatility, and maximizing reliability of fuel supply over the term of the energy supply plan.***

Section 30. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 31 of this regulation.

Section 31. ***"Independent power producer" defined. "Independent power producer" means a generating facility, excluding distributed generation but including any qualifying***

cogeneration or small power production facility as defined in 18 CFR Part 292 or exempt wholesale generator as defined in 15 U.S.C.A. 79z-5a, which is not owned by a public utility that is connected to the system.

Section 32. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 33 of this regulation.

Section 33. ***"Intermittent energy resources" defined. "Intermittent energy resources" means those resources using renewable energy as defined in NRS 704.7811 whose electrical output cannot be accurately forecast for day-ahead scheduling.***

Section 34. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 35 of this regulation.

Section 35. ***"Long-term avoided cost" defined. "Long-term avoided cost" means the incremental costs to an electric utility of electric energy or capacity or both which, but for the purchase from the qualifying facility or qualifying facilities, the electric utility would generate itself or purchase from another source over a period of time exceeding one year.***

Section 36. NAC 704.9113 is hereby amended to read as follows:

NAC 704.9113 "Long-term purchase *power* obligation" defined. "Long-term purchase ***power*** obligation" means:

1. A new renewable energy contract that must be submitted to the commission for approval pursuant to NAC 704.8885, regardless of the term of the contract or the amount of ***capacity and/or*** electric~~[ity]~~ ***energy*** to be acquired pursuant to the contract; and

2. Any other contract***, including multiple seasonal contracts,*** for the purchase of more than 5 megawatts and having a term of ~~[more than]~~ 3 years ***or more***.

Section 37. NAC 704.9115 is hereby amended to read as follows:

NAC 704.9115 "Losses" defined. "Losses" means the difference between the electrical energy ~~[which]~~ ***that*** is generated or purchased by a utility and the electrical energy ~~[which]~~ ***that*** is used or sold by the utility.

Section 38. NAC 704.915 is hereby amended to read as follows:

NAC 704.915 "Pooling of power" defined. "Pooling of power" means the coordinating of plans and operations by two or more electric utilities ***or independent power producers*** through the interconnection of their systems to supply power to their customers in a reliable and economical fashion.

Section 39. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 40 of this regulation.

Section 40. "Preferred plan" defined. ***"Preferred plan" means the utility's selection of supply options for the twenty-year period.***

Section 41. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 42 of this regulation.

Section 42. ***"Purchase power procurement plan" defined.***

"Purchase power procurement plan" means a plan that establishes purchase power portfolio parameters that balances the objectives of: minimizing the cost of purchase power, minimizing retail price volatility, and maximizing reliability of energy supply over the term of the energy supply plan.

Section 43. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 44 of this regulation.

Section 44. ***"Resource plan" defined.***

"Resource plan" means the plan that a utility is required by NRS 704.741 to submit every third year to the commission. The resource plan consists of: a load forecast, a demand side plan, a supply plan, a financial plan, an energy supply plan, and an action plan.

Section 45. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 46 of this regulation.

Section 46. ***"Risk management strategy" defined.***

"Risk management strategy" means a systematic method utilized by the utility to identify risks inherent in procuring and obtaining a supply portfolio and to establish the means by which the utility plans to address and balance or hedge the identified risks related to cost, price volatility, and reliability.

Section 47. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 48 of this regulation.

Section 48. ***"Staff" defined.***

"Staff" means persons employed by the commission that are assigned by the commission to regulatory operations.

Section 49. NAC 704.9163 is hereby amended to read as follows:

NAC 704.9163 "Substantially accurate data" defined. "Substantially accurate data" means data:

1. ~~[Which]~~ ***That*** a utility demonstrates has been gathered from the best sources of information available to it; or

2. ~~[Whose]~~ ***The*** validity ***of which*** is inherently uncertain but ~~[whose]~~ ***the*** use ***of which*** does not substantially contribute to the risk of incorrect conclusions.

Section 50. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 51 of this regulation.

Section 51. *"Supply plan" defined.*

"Supply plan" means the utility's plan to use existing and proposed resources to meet its forecasted demand and energy requirements.

Section 52. NAC 704.9208 is hereby amended to read as follows:

NAC 704.9208 Dates for certain utilities to file plans.

1. The ***resource*** plans required to be submitted by Nevada Power Company pursuant to NRS 704.741 must be filed on July 1, 1988, and every 3 years thereafter.

2. The ***resource*** plans required to be submitted by Sierra Pacific Power Company pursuant to NRS 704.741 must be filed on July 1, 1989, and every 3 years thereafter.

Section 53. NAC 704.9215 is hereby amended to read as follows:

NAC 704.9215 Summary of plan.

1. A utility's ***resource*** plan must be accompanied by a summary ~~[which]~~ ***that*** is suitable for distribution to the public. The summary must contain easily interpret~~[ed]~~***able*** tables, graphs, and maps and must not contain any complex explanations or highly technical language. It must be separately bound and approximately ~~[2]~~***3***0 pages in length.

2. The summary must include:

(a) A brief introduction, addressed to the public, describing the utility, its facilities and the purpose of the ***resource*** plan.

(b) The forecast of low growth, the forecast of high growth, and the forecast of base growth of the peak demand for electricity and of the annual electric~~[al]~~ ***energy*** consumption for the next 20 ***calendar*** years ***commencing with the calendar year following the year in which the resource***

plan is filed, both with and without ~~[the program to decrease demand]~~ ***the impacts of conservation and load management programs*** and an explanation of the economic and demographic assumptions associated with each ***forecast***.

(c) A summary of the ***demand side*** plan, ~~[to reduce demand]~~ listing each program and its effectiveness in terms of costs and showing the 20-year forecast of the reduction of demand and the contribution of each program to this forecast.

(d) A summary of the ***preferred*** plan ~~[to increase supply]~~, showing each planned addition to the system for the next 20 ***calendar*** years ***commencing with the calendar year following the year in which the plan is filed,*** with its anticipated capacity, cost, and date of beginning service.

(e) A summary of renewable energy showing how the utility intends to comply with the renewable portfolio standard, listing each existing renewable energy contract and existing contract for the purchase of renewable energy credits with the term and anticipated cost of each.

(f) A summary of the energy supply plan for the next three calendar years setting out the energy supply plan's anticipated cost, price volatility and reliability risks, risk management strategy, and fuel and purchase power procurement plans.

(~~[e]~~***g***) A summary of the activities, acquisitions, and costs included in the utility's ~~[plan of]~~ action ***plan***.

(~~[f]~~***h***) Any other information useful in presenting to the public a comprehensive summary of the utility and its expected development.

Section 54. NAC 704.922 is hereby amended to read as follows:

NAC 704.922 Technical appendix.

1. A utility's ***resource*** plan must include a technical appendix. The appendix must contain sufficient~~[:]~~

~~[(a) D]~~***d***etail to enable a technically proficient reader to understand how the ***resource*** plan and its forecasts were prepared and to ~~[verify]~~ ***evaluate*** the ~~[accuracy]~~ ***validity*** of the assumptions and ***the accuracy of the*** data used~~[.]~~***, including a***

~~[(b)Information to enable the technically proficient reader to reproduce the results from the computations]~~ ***list of the major assumptions, a description of the forecasting methods employed and a description of the software utilized***.

2. The ***technical*** appendix must ~~[include:]~~ ***contain sufficient information to enable the technically proficient reader to reproduce the results from computations shown, including but not limited to:***

(a) Citations to the sources of all significant information used in the ***resource*** plan.

(b) ~~[A list of information put]~~ ***Descriptions of all data inputs*** ~~[in]~~to the models ~~[which were]~~ used in developing the ***resource*** plan, ~~[with]~~ ***accompanied by*** an explanation of any modification***s*** made to the data.

(c) Generation operating characteristics, including the:

(1) Rates of forced outages;

(2) Rates of scheduled outages;

(3) Heat rates;

(4) Rate at which pollutants are emitted;

(5) Controls required to mitigate pollution at planned facilities and estimates of the costs of such controls;

(6) Projections for the availability and price of fuels;

(d) Output characteristics or profiles of renewable resources for each type of renewable resource that is being considered as a resource option or that is currently owned or under contract with the utility.

(e) A summary of the impacts of intermittent energy resources on the utility's electric system.

(~~[c]~~***f***) The final results derived from the models.

(~~[d]~~***g***) Documentation of all models and formulas used consistent with any proprietary requirements imposed upon the utility by outside suppliers of the models.

(~~[e]~~***h***) Such other information as is necessary to enable an informed reader to examine the ***resource*** plan and verify the adequacy and accuracy of the data, assumptions, and methods used in developing the ***resource*** plan.

Section 55. NAC 704.9225 is hereby amended to read as follows:

NAC 704.9225 Forecasts of ~~[load: Generally]~~ *peak demand and energy consumption*.

1. A utility's ***resource*** plan must contain a series of forecasts of ***peak*** ~~[load for]~~ demand and ***annual*** energy ***consumption*** ~~[which]~~ ***that*** represent the range of future load which its system may be required to serve. The range of future ~~[load]~~ ***peak demand and energy consumption*** must be based upon and consistent with the upper and lower limits of expected economic and demographic change in the utility's service territory in the next 20 ***calendar*** years ***commencing with the calendar year following the year in which the resource plan is filed***, as follows:

(a) A forecast of high growth;

(b) A forecast of base growth; and

(c) A forecast of low growth.

2. In each of the forecasts described in subsection 1, the utility shall account for ~~[conservation induced by higher prices and the continuation of current programs undertaken by utilities and governments to achieve conservation of energy]~~ ***customer response to changes in prices of electricity and substitute energy sources and impacts of existing and proposed programs undertaken by the utility or required by government regulation to alter current energy use patterns***.

3. To the extent data is available, ~~[total]~~ ***peak*** demand must be forecasted ~~[without subtracting for]~~ ***before accounting for the effects of*** cogeneration.

4. The utility shall~~[:]~~

~~[(a) M]~~***m***aintain internal consistency among its forecasts. The forecast of peak demand must be consistent with the forecast of energy ***consumption*** and must be based on data ~~[which is normalized for weather]~~ ***account for weather effects pursuant to NAC 704.9245***.

~~[(b) Use methods of forecasting which take into account the prices of electricity which is supplied to customers.]~~

Section 56. NAC 704.923 is hereby amended to read as follows:

NAC 704.923 Periods to be covered by *the resource* plan. The periods ~~[which]~~ ***that*** must be covered by the utility's ***resource*** plan are as follows:

1. For historical data, the 10-***calendar***-year period preceding the year in which the ***resource*** plan is filed. If estimated data are used, the utility shall ~~[indicate that]~~ ***identify such*** data ***and describe the procedure by which the estimates were made***.

2. For the forecast***s*** of ~~[loads, both in terms of energy and]~~ peak demand ***and energy consumption***, the 20-***calendar***-year period beginning with the ***calendar*** year ***following the year*** in which the ***resource*** plan is filed.

Section 57. NAC 704.9235 is hereby amended to read as follows:

NAC 704.9235 Formats.

1. The utilit~~[ies]~~***y*** shall, in consultation with ~~[each other and the commission's]~~ staff ***and subject to the commission's approval***, develop suitable formats to be used for all information required in the plan ~~[subject to the commission's approval]~~.

2. ~~[Whenever g]~~***G***raphical ***and tabular*** information ~~[is presented, it]~~ must be accompanied by explanatory narratives.

3. A plan may include text which is not specifically related to those formats but is of importance to the utility's ***resource*** plan.

Section 58. NAC 704.9245 is hereby amended to read as follows:

NAC 704.9245 Normalizing data on weather. ~~[Data on weather must be normalized against dry bulb temperatures, with consideration being given to wet bulb temperatures if appropriate within the utility's area of service.]~~ ***All forecast values of peak demand and energy consumption must be adjusted to account for normal weather conditions within the utility's service territory as defined in NAC 704.9135.***

Section 59. NAC 704.925 is hereby amended to read as follows:

NAC 704.925 Forecasts of ~~[load]~~ *peak demand and energy consumption*: Contents; methods.

1. A utility's ~~[forecasts of load]~~ ***resource plan*** must include forecasts of ~~[sales of]~~ energy ***consumption*** and the peak demand for summer and winter for the ~~[total]~~ system~~, [and]~~ disaggregated by ~~[class]~~ ***rate*** ~~[of customer]~~ ***schedule***, for the 20-***calendar***-year period beginning with the ***calendar*** year ***following the year*** in which the plan is filed. ***The utility may combine rate schedules if necessary to protect the confidentiality of individual customers.***

2. ~~[In forecasting the load of residential and commercial classes of customers, the utility shall disaggregate the forecasts to a level of end use sufficient for analyzing the impact of existing and proposed programs for conservation and load management.]~~ ***The utility shall identify components of residential and commercial energy and demand for which conservation and demand management initiatives are applicable. The utility shall include in its forecast an assessment of the impacts of such initiatives on the components identified and on overall levels of energy consumption and demand by residential and commercial customers.***

3. ~~[The utility's forecasts of load by classes of customers other than residential, commercial, or industrial customers must be made at the levels of disaggregation shown in NAC 704.926.~~

~~4. The utility's forecast of industrial load must be reported on the basis of specific industries and the two digit categories shown in the Standard Industrial Classification Manual. In forecasting the load of industrial customers, the utility shall consider the effect of prices for electricity and competing fuels.]~~

~~[5.]~~ The utility's forecast must include:

(a) Estimated ***annual*** losses of energy on the system for the 20-***calendar***-year period of the ***resource*** plan; and

(b) Estimated ***annual*** energy used by the utility for the 20-***calendar***-year period of the ***resource*** plan.

~~[6. If competition from appliances using other sources of fuel significantly effects forecasts of customers' use of electrical appliances, the utility shall identify those appliances using other fuels and their effect on the forecast.]~~

~~[7]~~***4***. The utility shall ~~[estimate]~~ ***consider*** the impact of applicable new technologies and the impact of applicable new governmental programs or regulations.

5. The utility shall consider the impact of distributive generation and independent power production.

~~[9]~~6. The utility shall ~~[identify]~~ ***provide a reasonable estimate of the demand from*** interruptible ***loads and, separately, the total demand of each type of interruptible load.***

7. The utility shall identify all ~~[and]~~ standby loads ***and, separately, the total demand of each type of standby load, together with an analysis of the likelihood and effect of incurring such demands at the time of the utility's system peak.***

~~[10]~~***8***. ~~[Any loads occurring outside this state must be estimated separately.]~~ ***All forecast values for the utility's entire system shall be reported. The utility shall estimate the contribution to peak demand and energy consumption for Nevada and non-Nevada components.***

~~[11]~~***9***. The utility's ~~[forecasts of load]~~ ***resource plan*** must contain a graphical representation of projected load duration curves for the ***calendar*** year ***following the year*** in which the ***resource*** plan was filed and every fifth ***calendar*** year thereafter ***for the remainder of the forecast period***.

~~[12]~~***10***. To verify and complete the final forecasts, the utility may evaluate the forecasts with the results of alternative forecasting methods.

~~[13]~~***11***. Any change in the utility's methodology of forecasting from that used in the utility's previous ***resource*** plan must ~~[have the prior approval of the commission]~~ ***be identified in the resource*** plan.

Section 60. NAC 704.9281 is hereby amended to read as follows:

NAC 704.9281 Data on ~~[sales]~~ ***consumption*** **of energy and peak demands.**

1. The historical ~~[data and the data on weather normalized pursuant to NAC 704.9245 which relates to]~~ peak demand and ~~[sales of energy and is]~~ ***energy consumption data*** submitted in a utility's ***resource*** plan must contain:

(a) The recorded and ***weather-***normalized coincident peak demand in the summer and winter for the total system ~~[and disaggregated by class of customer,]~~ for the 10-***calendar-***year period immediately preceding the year in which the plan is filed;

(b) The recorded and ***weather-***normalized annual ~~[sales of]~~ energy ***consumption*** for the total system ~~[and disaggregated by class of customer,]~~ for ***each year of*** the 10-***calendar-***year period immediately preceding the year in which the plan is filed;

(c) The estimated losses of energy for the system for ***each year of*** the 10-***calendar-***year period preceding the year in which the ***resource*** plan is filed; ***and***

(d) The estimated or actual amount of electricity used by the utility in the operation of its business for ***each year of*** the 10-***calendar-***year period immediately preceding the year in which the ***resource*** plan is filed~~[;]~~**.**

~~[(e) The annual average use of electricity by residential customers for the 10 year period immediately preceding the year in which the plan is filed; and~~

~~(f) A graphical representation of load duration curves for each of the 10 years preceding the year in which the plan is filed.]~~

2. The data on ~~[sales of]~~ energy ***consumption*** and peak demands must include data on all ~~[sales]~~ ***consumption*** and demands of ultimate customers ~~[which]~~ ***that*** reflect firm, contractual commitments.

~~[3. The utility shall identify:~~

~~(a) Interruptible sales and loads. The periods for the interruption of sales must be shown.~~

~~(b) Standby loads.]~~

Section 61. NAC 704.9231 is hereby amended to read as follows:

NAC 704.9321 Reliability of basic data; adjustment of forecasts; maps of area; testimony in support of *resource* plan.

1. ***To the extent consistent with accepted cost-effective procedures,*** ~~[A]~~***a***ll assumptions, forecasts, conclusions, and information used by a utility in its ***resource*** plan must be:

(a) Based on substantially accurate data;

(b) Adequately demonstrated and defended; ***and***

(c) Adequately documented and justified~~[; and]~~**.**

~~[(d) Based on accepted cost effective procedures.]~~

2. ~~[If a]~~ ***Adjustments to*** forecast***s*** ~~[of an affected service or a published forecast is]~~ ***obtained from external or published sources that are*** adjusted on the basis of factors specifically relating to the utility~~[, the adjustment]~~ must be explained.

3. Each utility shall provide a suitable map or maps to show all areas covered by the plan. Each such map must show at least:

(a) The service territory covered by the ***resource*** plan;

(b) ***The locations of*** ~~[T]~~***t***he utility's facilities for generation of electricity;

(c) The location of renewable resources, independent power producers and distributed generation located within the utility's service territory and under contract with the utility.

(~~[c]~~***d***) The interconnections with other utilities and ~~[nonutility generators]~~ ***independent power producers***; and

(~~[d]~~***e***) The utility's facilities for transmission of electricity.

4. All testimony offered in support of the plan must be filed with the ***resource*** plan.

Section 62. NAC 704.934 is hereby amended to read as follows:

NAC 704.934 *Demand side* ~~[P]~~*p*lan ~~[for conservation and load management]~~: Submission; contents.

1. As part of a utility's ***resource*** plan, it shall submit a ***demand side*** plan ~~[for conservation and load management]~~.

2. The ***demand side*** plan ~~[for conservation and load management]~~ must include:

(a) An identification of ~~[classes of customers and]~~ end-uses for ~~[programs for]~~ conservation and ~~[load]~~ ***demand*** management ***programs***.

(b) An assessment of savings attributable to technically feasible programs for conservation and ~~[load]~~ ***demand*** management, as determined by the utility. The programs must be ranked in a list according to the level of savings in energy or reduction in demand, or both.

(c) An assessment of ~~[the]~~ technically feasible programs to determine which will produce ***peak demand or energy consumption*** benefits ~~[exceeding costs, based on a determination of the costs and benefits of particular programs to various classes of customers]~~. The utility shall ~~[rank the programs on the basis of their overall relationship between benefits and costs and identify the programs or groups of programs whose benefits will clearly exceed their costs]~~ ***estimate the cost of each program***. The methods used for the assessment must be stated in detail, specifically listing the data and assumptions considered in the assessment.

~~[(d) A list of proposed programs for reducing energy and demand.]~~

3. The demand side plan must provide a list of the programs for which the utility requests commission approval that includes:

(~~[e]~~***a***) A***n*** ~~[determination]~~ ***estimate*** of the reduction in the ~~[use]~~ ***consumption*** of energy and ~~[the]~~ ***peak*** demand ~~[for energy which]~~ ***that*** would result from the proposed programs, in

kilowatt-hours and kilowatts saved per program. The programs must be listed according to their expected savings and their contribution to a reduction in energy ***consumption*** and peak demand based upon realistic estimates of the penetration of the market and the average life of the programs.

(~~[~~f~~]~~***b***) An assessment of the costs of the proposed programs and the savings ~~[in the utility's costs]~~ produced by the proposed programs ~~[, assuming a realistic level of penetration of the market]~~. The assessment must include the savings in the costs of transmission and distribution ***if the program can be relied upon to reduce peak demand on a firm basis***.

(~~[~~g~~]~~c) An assessment of the impact on the utility's load shapes of proposed and existing programs for conservation and ~~[load]~~ ***demand*** management.

(d) The utility's projected expenses for educational programs.

~~[(h) An assignment of priorities to the programs for conservation and load management on the basis of a more detailed analysis of the benefits and costs of each program as compared with other options. In assigning the priorities, the utility shall also take into account considerations of:~~

~~(1) Equity, such as requiring one group of ratepayers to subsidize another group, which may result from putting into effect certain types of programs; and~~

~~(2) The needs of the utility's system to meet the requirements of customers.]~~

~~[(i)]~~***4. The utility shall include with its demand side plan*** ~~[A]~~***a*** report on the status of all ***commission approved*** programs for conservation and ~~[load]~~ ***demand*** management. The report must include tables for each ~~[trial and full]~~ program showing, for each year, the planned and achieved reduction in ~~[demand in]~~ kilowatt-hours, the reduction in kilowatts, ***and*** the cost of the program~~[, and the cost effectiveness of the program]~~.

Section 63. NAC 704.9355 is hereby amended to read as follows:

NAC 704.9355 Analyses of options for supply.

1. A utility shall develop a set of analyses of its options for supply to be considered for meeting the expected future ~~[load]~~ ***demand*** on its system. These analyses must include an examination of the ~~[effect of each option on the environment]~~ ***environmental impact of each option***, taking into account the best available technologies. The options to be analyzed must include:

(a) ~~[Expansion of its generating facilities]~~ ***Construction of new generation facilities or upgrades to existing generation facilities, including retrofitting existing facilities with more efficient systems or converting to other fuels***;

(b) ~~[Upgrading of its facilities for transmission]~~ ***Construction of new transmission facilities, or upgrades to existing transmission facilities***;

(c) ~~[Conversion to other fuels]~~ ***Purchase of long-term transmission rights on transmission facilities owned by others***;

~~[(d) Retrofitting of existing plants with more efficient systems;~~

~~(e) Transactions with nonutility generators;]~~

(~~[f]~~***d***) Improvements in the efficiency of operations and scheduling; and

(~~[g]~~***e***) Transactions with other utilities ***or independent power producers*** for:

(1) Pooling of power;

(2) Purchases of power; or

(3) Exchanges of power.

~~[2. A utility shall evaluate nonutility generators in the same manner as other sources of supply.]~~

Section 64. NAC 704.9357 is hereby amended to read as follows:

NAC 704.9357 Analysis of net economic benefits to state.

1. An analysis of the changes ~~[which]~~ ***that*** result in net economic benefits to Nevada from electricity-producing or electricity-saving resources must be conducted by the utility in selecting a resource option. The net economic benefit to the state must be quantified to reflect both the positive and negative changes. The projected present worth of societal cost of a competing resource plan must be within 10 percent of the lowest societal costs plan before proceeding with an analysis of the economic benefits to Nevada.

2. The economic benefits analysis must be achieved by calculating the portion of the present worth of future requirements for revenue that is expended within the state including the following for both the construction and operation phases of any project:

(a) Capital expenditures for land and facilities located within the state or equipment manufactured in the state;

(b) The portion of the cost of materials, supplies, and fuel purchased in the state;

(c) Wages paid for work done within the state;

(d) Taxes and fees paid to the state or subdivisions thereof; and

(e) Fees paid for services performed within the state.

3. In the analysis the utility shall consider only the net benefit added to the economy of the state of that portion of expenditures made within the state.

4. The present worth of societal costs of the competing resources must then be adjusted by the commission to take into consideration either all, or only a portion, of the calculated economic benefit.

Section 65. NAC 704.9359 is hereby amended to read as follows:

NAC 704.9359 Determination of environmental costs to state. The environmental costs to the state associated with operating and maintaining a ***supply*** plan ~~[for supply]~~ or ***a*** demand ***side plan*** must be quantified for air emissions, water, and land use. Environmental costs are those costs, wherever they may occur, ~~[which]~~ ***that*** result from harm or risks of harm to the environment after the application of all mitigation measures required by existing environmental regulation or otherwise included in the ***resource*** plan.

Section 66. NAC 704.937 is hereby amended to read as follows:

NAC 704.937 List of options for future supply of electricity; criteria for selection.

1. A utility's ***supply*** plan must ***contain a list of options for the supply of capacity and energy that*** include***s*** a ~~[list]~~ ***description*** of all existing and planned facilities for ~~[conventional]~~ generation ***and transmission***, ***existing and planned power purchases*** ~~[facilities for using renewable resources, nonutility generators, programs for reducing demand for and use of energy]~~, and other ***re***sources available as options to the utility for the future supply of electricity. The ~~[listing]~~ ***description*** must include the ***expected*** capacity ~~[and projected loads]~~ of the facilities and resources for each year of the plan.

2. A utility shall identify the criteria it has used for the selection of its options for meeting the expected future demands for electricity and shall explain how any conflicts among criteria are resolved.

3. In comparing alternate plans containing different resource options, ~~[the basic criterion which]~~ the utility ~~[shall use to select and rank the alternative plans for the supply of power is]~~ ***calculate*** the present worth of future requirements for revenue ***for each alternative plan for the supply of power***. A comparison of the present worth of future requirements for revenue for each alternate plan must be presented in each resource plan.

4. ~~[In addition to the basic criterion required by subsection 3, t]~~***T***he utility shall ~~[use the]~~ ***calculate*** the present worth of societal costs ~~[to select and rank its options]~~ ***for each plan*** for the supply of power. The present worth of societal costs of a particular plan must be determined by adding the environmental costs to the present worth of future requirements for revenue.

5. ~~[Other criteria which t]~~***T***he utility shall consider ~~[are the avoidance]~~ ***for each alternative supply plan mitigation*** of risk by means of:

(a) Flexibility;

(b) Diversity;

(c) Reduced size of commitments;

(d) Choice of projects ~~[which]~~ ***that*** can be completed in short periods;

(e) Displacement of fuel; ~~[and]~~

(f) Reliability***;***

(g) Selection of its fuel and energy supply portfolios; and

(h) Financial instruments or electricity products.

6. The utility's selections must:

(a) Provide adequate reliability;

(b) Be within regulatory and financial constraints; ~~[and]~~

(c) Meet the portfolio standard for renewable energy and energy from qualified energy recovery process; and

(~~[c]~~***d***) Meet the requirements for environmental protection.

7. ~~[If a plan selected by t]~~***T***he utility ~~[as]~~ ***shall identify*** its preferred plan ~~[fails to produce the lowest present worth of future revenue requirements or the lowest present worth of societal costs,~~

~~the utility]~~ ***and*** shall fully justify its choice by setting forth the ~~[other]~~ criteria ~~[which]~~ ***that*** influenced ~~[the utility's]~~ ***its*** choice.

Section 67. NAC 704.9378 is hereby amended to read as follows:

NAC 704.9378 ***Proposed resources for supply:*** **Graphs ~~[of proposed programs for supply]~~.** The ***supply*** plan must contain time-line graphs for the utility's proposed ~~[programs for]~~ ***resources for*** supply ***that***~~[,]~~ includ~~[ing]~~***e*** major activities***, milestones*** and points of decision. The following subjects must be included ***in the graphs*** for each proposed ~~[program]~~ ***resource***:

1. Preparation of any required environmental impact statements;
2. Applications for significant permits;
3. Commitments of significant expenditures; ~~[and]~~
4. Periods for construction***; and***~~[.]~~
5. ***Commercial operation date.***

Section 68. NAC 704.9385 is hereby amended to read as follows:

NAC 704.9385 ***Supply*** ~~**[P]**~~***p*****lan ~~[for supply]~~: Contents; tables; map of facilities.**

The utility's supply plan must develop and document the origins of:

1. Its assumptions, data, and projections used to calculate the costs and benefits of its options.

2. Its assessment of current and anticipated electric market conditions for the region in which it operates.

3. Its basic economic and financial limitations.

4. Its assumptions for developing the environmental costs and the net economic benefits to the state from each of its options for future supply.

5. Its criteria for determining the reserve margin.

6. Its assumptions for renewable resources.

7. Its assumptions for independent power producers.

8. Its assumptions for reduction in demand and energy requirements associated with customers exiting utility service and customers utilizing distributed generation resources.

~~[1.]~~***9. Regarding generation,*** ~~[A.]~~***a*** utility's ***supply*** plan ~~[for supply]~~ must contain a ~~[list]~~ ***table*** of all its existing and planned facilities for electric generation ~~[which]~~ ***that*** it expects to be operating in each of the 20 ***calendar*** years covered by its forecast.

~~[2.]~~***(a)*** ~~[The list must be in the form of a table.]~~ Each of the following items of information must be set forth i***n the table*** if applicable to a listed facility:

(~~[a.]~~***i***) The ~~[date on which]~~ ***actual or planned*** commercial operation ***date*** of the facility ~~started or is planned to start~~];

(~~[b.]~~***ii***) The ~~[date of its]~~ planned retirement ***date, including the date selection criteria***;

(~~[c.]~~***iii***) The type of facility;

(~~[d.]~~***iv***) Its ***rated*** generating capacity ***and net expected generating capacity***;

(~~[e.]~~***v***) The fuel used;

(~~[f.]~~***vi***) Its ***fuel storage*** capacity ~~[for storing fuel]~~;

(vii) Its capacity type designation (e.g., base load, intermediate, peaking).

~~[(g) Its operating characteristics, including the:~~

~~(1) Rates of forced outages;~~

~~(2) Rates of scheduled outages;~~

~~(3) Cost of fuel per million British Thermal Units;~~

~~(4) Heat rates; and~~

~~(5) Rate at which pollutants are emitted; and~~

~~(h) Firm contracts for electric energy within the utility's planning area or areas.]~~

10. Regarding transmission, the utility's supply plan shall include a transmission plan for the 20 calendar years covered by its forecast that will include, but not be limited to, the following:

(a) A summary of the capabilities, including import, export and the rating of significant transmission paths within the utility's system, and its existing and planned transmission system for each year in the resource planning period.

(b) A description of the transmission projects it is considering for expanding or upgrading the capabilities of its transmission system, the anticipated timing of such projects, and the impact of these projects on the transmission capabilities of its existing and planned transmission system.

(c) Identification of the transmission capacity required to serve bundled retail transmission customers, unbundled retail transmission customers, and those wholesale transmission customers for whom the utility has a transmission planning obligation for annual and peaking periods throughout the resource planning period.

(d) Identification of all existing and proposed transmission service agreements, and their expiration dates, with transmission customers for transmission service on the utility's transmission system and the impact of these agreements on available capacity for bundled retail transmission customers on the proposed or existing transmission facilities.

(e) A table identifying all of the transmission capacity that the utility has secured for its bundled retail transmission customers on both its transmission system and other entities transmission systems.

(f) A description of the utility's participation in regional planning organizations and an explanation of the organization's role in the utility's transmission planning process.

(g) A summary of the impacts of relevant orders of the Federal Energy Regulatory Commission issued since the utility's last resource plan filing.

(h) A demonstration that the utility has attempted to reduce the impact of line losses upon its future resource requirements.

11. Regarding purchase power, the utility's supply plan must contain a list showing:

(a) All sources of electric power from which the utility has plans or potential opportunities to buy electric power during the 20 calendar-years covered by the plan;

(b) The amount of electric power to be purchased from each source and the years for which delivery is contracted.

(c) Except as otherwise provided in this subsection, the utility shall submit for review the contract for each long-term purchase obligation or any other purchase power obligation that the utility seeks commission approval, to which the utility is committed or plans to become committed during the action plan period. If any such contract is not executed at the time the action plan is filed, the utility shall submit the contract, upon execution, to the commission for review. The utility shall, for each such contract, disclose the existence of any affiliate relationship between the parties.

~~[~~3~~]~~*12*. ~~[The list must be accompanied by a map which shows the location of each facility, including facilities for transmission, whether current or proposed, and designates its type and capacity.]~~ *The utility shall include a map or maps that identify the location of each existing or planned generation or transmission facility, renewable energy system and independent power producer that are projected to be relied upon during the planning period.*

~~[4. The utility shall:~~

~~(a) Analyze the capacity, reliability, and compatibility of new and existing facilities for transmission in conjunction with existing or proposed resources; and~~

~~(b) Demonstrate that it has made efforts to reduce the impact of line losses on future requirements for resources.~~

~~5. The plan must forecast the annual factors for capacity of each existing and planned facility and the reserve margins of the system for each year in the period covered by the forecast.~~

~~6. The utility shall:~~

~~(a) Include a table with an entry for each unit and each agreement or contract with a nonutility generator or another utility for the purchase of power, depicting the following by year:~~

~~(1) The capacity; and~~

~~(2) The annual capacity factor; and~~

~~(b) Identify existing and proposed long-term agreements to wheel power for another entity on a regular basis and the impact of those agreements on available capacity on the proposed or existing facility for transmission.]~~

Section 69. NAC 704.9395 is hereby amended to read as follows:

NAC 704.9395 Financial and economic characteristics of planned facilities. A utility's ***resource*** plan must contain information on the financial and economic characteristics of planned facilities. The information must include:

1. The estimated costs of construction, including:

(a) Annual flows of expenditures~~[, in current dollars,]~~ with allowance for funds used during construction; and

(b) Annual flows of expenditures~~[, in current dollars,]~~ without allowance for funds used during construction;

2. The estimated costs of operation, including:

(a) ~~[Costs which are v]~~***V***ariable ***costs*** ~~[, in current dollars,]~~ per kilowatt-hour, with expenses for fuel and other items indicated separately; and

(b) ~~[Costs which are f]~~***F***ixed costs~~[, in current dollars,]~~ per kilowatt-hour;

3. Net environmental costs and net economic benefits to the state;

4. ~~[The rates of escalation of c]~~Cost ***escalation rates***, including:

(a) Capital costs;

(b) ~~[Costs which are v]~~***V***ariable ~~[and related to]~~ fuel ***costs***;

(c) ***Non-fuel*** ~~[O]~~***o***perating costs ~~[which are variable and related to fuel]~~;

(d) Environmental costs; and

(e) ~~[Operating costs which are f]~~***F***ixed ***operating costs***. ~~[; and]~~

5. The ~~[annual]~~ average cost per kilowatt-hour at projected loads in current dollars for each year of the plan for each ~~[facility, both]~~ existing and planned ***facility***.

Section 70. NAC 704.9401 is hereby amended to read as follows:

NAC 704.9401 Financial information and assumptions used to develop *the financial* plan.

1. The assumptions and methodologies for modeling used to develop the utility's financial plan must be described in the ***resource*** plan. The following estimated financial information for the selected ***supply*** plan must be included in the ***financial*** plan:

(a) Present worth of revenue requirements.

(b) Nominal revenue requirements by year.

(c) Average system rates per kilowatt-hour by year.

(d) Total rate base by year.

(e) ~~[Any other f]~~***F***inancial results ~~[the utility considers meaningful and appropriate]~~ ***attributed to the utility's risk management strategy***.

2. The financial assumptions used to develop the ***supply*** plan must be stated in the plan. The following items must be stated for each year in the ***financial*** plan:

(a) The general rate of inflation.

(b) The AFUDC rates used in the plan.

(c) The cost of capital rates used in the plan.

(d) The discount rates used in the calculations to determine present worth.

(e) The tax rates used in the plan.

(f) Other assumptions used in the financial plan.

Section 71. NAC 704.944 is hereby amended to read as follows:

NAC 704.944 Alternative strategies. A utility shall include in its ***supply*** plan a comprehensive discussion of the alternative strategies ~~[which]~~ ***that*** it would pursue if any preferred resource or facility were not available as described in the ***supply*** plan.

Section 72. NAC 704.945 is hereby amended to read as follows:

NAC 704.945 Graphs and tables of plan.

1. The ~~[results of a utility's plan must be presented in graphs and tables.]~~ ***utility must include in its resource plan a***

~~[2. A]~~ table of loads and resources ~~[must be included]~~ for each ***supply*** plan analyzed ~~[for each year of the plan]~~. The table must include ***the following data for each year of the plan***:

(a) The capacity provided by each supply resource;

(b) The total ***expected*** capacity of all resources;

(c) The forecasted ~~[load for]~~ peak ***demand***;

(d) The estimated impact of new programs for conservation and load management;

(e) The expected capacity and energy provided by renewable resources categorized by type;

(~~[e]~~***f***) The required ***planning*** reserves;

(~~[f]~~g) The total capacity required ~~[by the utility to meet its needs]~~;

(~~[g]~~***h***) The excess or ***deficiency*** of capacity without additional resources; and

(~~[h]~~***i***) The excess or deficiency of capacity with additional planned resources.

~~[3]~~***2***. A graph must be included for the ~~[final selected case]~~ ***preferred plan*** showing, over the 20-***calendar***-year planning period:

(a) The total ***resource*** requirements;

(b) The total ~~[load]~~ ***demand*** without new programs for conservation and ~~[load]~~ ***demand*** management;

(c) The total ~~[load]~~ ***demand*** with new programs for conservation and ***demand*** management;

(d) The total capacity with additional planned resources; and

(e) The total capacity without additional resources.

~~[4]~~***3***. A graph must be included for the ~~[final selected case]~~ preferred plan showing, ~~[over]~~ ***for each year of*** the 20-***calendar***-year planning period, the excess or required capacity with and without the additional planned resources.

4. A graph or table must be provided that portrays the allocation of the capacity of the utility's transmission system between bundled retail transmission customers, unbundled retail transmission customers and wholesale transmission customers.

Section 73. NAC 704.9465 is hereby amended to read as follows:

NAC 704.9465 Integrated analysis to establish priorities among options.

1. The utility shall perform an analysis ~~[which]~~ integrat~~[es]~~***ing***:

(a) Planning based on demand;

(b) Planning based on supply;

(c) Financial planning; and

(d) Planning to meet ***other*** regulatory constraints.

2. The primary function of the integrated analysis is to establish priorities among the utility's options for demand and supply so that it can ~~[determine]~~ ***demonstrate*** the minimum costs of providing electricity to the utility's customers.

3. The utility shall ~~[use]~~ ***consider*** the results of the integrated analysis as a basis for its ***preferred*** plan ***along with other selection criteria set forth in NAC 704.937***. ~~[Any discrepancy between the results or conclusions of the integrated analysis and the plan it has selected must be documented and fully justified.]~~

Section 74. NAC 704.9475 is hereby amended to read as follows:

NAC 704.9475 Analysis of sensitivity for major *resource plan* assumptions and estimates.

1. A utility shall conduct an analysis of sensitivity for all major assumptions and estimates used in its ***resource*** plan. The analysis must include the:

(a) Forecast of ~~[load]~~ ***peak demand and energy consumption***;

(b) Dates when proposed acquisitions will be in service;

(c) Unit availability;

(d) Costs of power plants;

(e) Prices of fuel;

(f) Amounts of purchased power and corresponding costs;

(g) Schedule, impact, and costs of programs for conservation and load management;

(h) Capacity of plants in megawatts;

(i) Discount rates;

(j) Rate of inflation;

(k) Cost of capital;

(l) Environmental costs; and

(m) Economic benefit.

2. The utility shall state the ranges and consequences of uncertainty for each of the assumptions and ***shall describe the*** methods of combining various uncertainties.

Section 75. NAC 704.948 is hereby amended to read as follows:

NAC 704.948 Analysis of decisions.

1. A utility shall analyze its decisions, taking into account its assessment of risk and identifying particular risks with respect to:

(a) Costs;

(b) Reliability; ~~[and]~~

(c) ~~[Any other uncertainties the utility has identified.]~~ ***Financial risk;***

(d) Purchased power and fuel price volatility; and

(e) Any other uncertainties the utility has identified.

2. The utility's analysis must address the relationship among the factors used in making the utility's decision including the relationship between ~~[avoidance of]~~ ***mitigating*** risk, ~~[and]~~ minimiz~~[ation]~~***ing*** ~~[of]~~ cost ***and volatility, and maximizing reliability***.

Section 76. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 77 of this regulation.

Section 77. ***Energy supply plan: Requirements and content.***

1. The utility's resource plan shall contain an energy supply plan for the three-year action plan period that is consistent with its action plan.

2. The energy supply plan shall be developed using the utility's base forecast and target planning reserve margin.

3. The purchase power procurement plan shall include, without limitation:

(a) The proposed mix of purchased power products by type of resource (e.g., base load, intermediate, peaking) and delivery profile (e.g., annual, seasonal, call option) and term that the utility considers appropriate for the expected demand.

(b) A description of the criteria used to determine the proposed mix of power products and the material factors influencing the selection of the criteria.

(c) The proposed schedule for procuring the purchased power products, including a description of any competitive procurement processes to be undertaken.

(d) A regional assessment of the availability of fuel and purchased power resources for the period covered by the energy supply plan.

(e) A projection of remaining capacity and energy requirements for each year of the period covered by the energy supply plan, after accounting for all existing resources and proposed long-term purchased power resources.

(f) A description of each existing purchased power contract with deliveries during the energy supply plan period, by type and term.

(g) A description by type, delivery profile and term of the purchased power products expected to be available to the utility during the energy supply plan period.

4. The utility shall develop a fuel procurement plan for each fuel that the utility uses to generate at least five percent of its annual energy requirements. The utility's fuel procurement plan shall include, without limitation:

(a) A projection for each year of the energy supply plan of the quantity each fuel the utility expects to use for each generating unit owned or controlled by the utility.

(b) A description of each existing fuel contract with deliveries during the energy supply plan period, including the type of product (e.g., physical, financial), quantity to be delivered, delivery point, and term.

(c) A description of the fuel products available to the utility during the energy supply plan period including the type of product (e.g., physical and financial), pricing method (e.g., fixed price, index price), delivery point, and term.

(d) The proposed mix of fuel products.

(e) A description of the criteria used to determine the proposed mix of products and the material factors influencing the selection of the criteria.

(f) The proposed schedule for procurement, including a description of any competitive procurement process to be undertaken.

5. The utility's risk management strategy shall include, without limitation:

(a) A description of how the risk management strategy was reflected in the determination of the utility's proposed energy supply plan.

(b) A description of the criteria used to select the proposed risk management strategy and identification of the material factors that influenced the utility's criteria selection.

(c) A description of each risk mitigation technique considered.

(d) The criteria to be used to evaluate the risk management strategy effectiveness.

6. The utility shall file annually an evaluation of its purchased power procurement plan, its fuel procurement plan, its risk management strategy, and the results of any natural gas performance base cost recovery methodology for each calendar year included in its deferred energy application file pursuant to NAC 704.023 through 704.195, inclusive.

7. The energy supply plan must include a technical appendix that conforms to NAC 704.922.

Section 78. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 79 of this regulation.

Section 79. ***Financial Incentives.***

1. Financial incentives for critical facilities:

(a) The utility may request the commission deem a portion of the individual facilities listed in the preferred plan as critical for reliability, diversity of supply, and/or retail price stability.

(b) If the commission accepts the utility's designation of a facility as being critical, the utility may include the construction work in progress associated with a designated critical facility as a component of rate base in an application to change general rates filed pursuant to NAC 703.2201 through 703.2481.

2. Performance methodology for natural gas supply:

(a) The utility may propose the establishment of a performance base methodology for the recovery of natural gas costs used as a fuel for generation. Any proposed performance methodology shall be based upon an objective standard and criteria.

(b) If the utility requests the establishment of a performance base cost methodology, the utility shall include its energy supply plan the proposed methodology. The utility shall file the information sufficient to evaluate its request, including but not limited to:

(i) The criteria to be used in measuring the utility's performance;

(ii) The rationale for using the selected criteria;

(iii) If appropriate, the proposed sharing allocation between the utility and the consumers;

(iv) Duration of the program; and

(v) Supporting documentation.

(c) If the commission authorizes a performance base methodology, the utility shall report the results of the commission approved methodology in the utility's deferred energy application filed pursuant to NAC 704.023 through 704.195, inclusive. At a minimum, the report shall cover the period of time between the then recent deferred energy application adjustment date and the immediate proceeding deferred energy application adjustment date.

Section 80. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 81 of this regulation.

Section 81. ***Action Plan: Required to be based on integrated analysis; contents.***

1. Each resource plan of a utility must include a detailed action plan based on an integrated analysis of the demand side plan and supply plan. In the action plan the utility shall specify all its actions that are to take place during the 3 calendar years commencing with the calendar years following the year in which the resource plan is filed. The action plan must contain:

(a) A list of actions for which the utility is seeking commission approval.

(b) A schedule for the acquisition of data, including planned activities to update and refine the quality of the data used in forecasting.

(c) A specific timetable for acquisition of options for the supply of electricity and for programs for conservation and demand management.

(d) Any proposed changes in methodology must be fully justified, including an analysis of the costs and benefits. Any changes in methodology that are approved by the commission must be maintained for the period described in the action plan.

(e) A section describing any plans to acquire additional modeling instruments.

(f) A section for the utility's program for conservation and demand management including:

(1) A description of continued planning efforts.

(2) A plan to carry out and continue selected measures for conservation and load management that have been identified as desirable.

(g) A section for the utility's program for acquisition of resources for the supply of electricity for the period covered by the action plan, including:

(1) The immediate plans for construction of facilities or long-term purchases of power.

(2) The expected time for construction of facilities and acquisition of long-term purchases identified in subsection (1).

(3) The major milestones of construction.

2. The action plan must contain an energy supply plan.

3. The action plan must contain a budget for planned expenditures suitable for comparing planned and achieved expenditures. Expenses must be listed in a format that is consistent with the categories and periods to be presented in subsequent filings for the recovery of costs. The budget must be organized in the following categories:

(a) Forecasting of loads;

(b) Conservation and demand management;

(c) Plan for supply;

(d) Financial plan.

4. Each category in subsection 3 must be organized in the following sections, including a list of all of the utility's existing resources and any personnel and equipment which have been drawn from within the organization of the utility in addition to the personnel and equipment for planning resources:

(a) Personnel and acquisition of personnel;

(b) Models and acquisition of models;

(c) Collection and verification of data;

(d) Equipment and acquisition of equipment;

(e) Facilities and acquisition of facilities;

(f) Rebates provided by the utility for participation in programs for conservation and demand management;

(g) Consulting services;

(h) A tabulation of all costs associated with the development of the resource plan;

(i) A tabulation of all costs proposed for balancing account recovery indicating the requirements for revenue;

(j) An estimate of the total and recoverable costs for each of the next succeeding 5 years; and

(k) Other expenditures.

5. The action plan must contain schedules suitable for comparing planned and actual activities and accomplishments. Milestones and points of decision committing major expenditures must be shown.

Section 82. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 83 of this regulation.

Section 83. ***Long-term avoided cost.***

1. The utility must file as part of its resource plan the utility's estimated long-term avoided cost rates, including a capacity component and energy components. The long-term avoided cost rates shall be based upon the utility's preferred plan and consistent with 18 CFR 292.304(a)-(c) and (e).

2. The estimated long-term avoided cost rate shall be established for various megawatt size blocks. However, the stated blocks shall not be more than 100 megawatts for systems with peak demand of at least 1,000 megawatts and for utilities with peak demand of less than 1,000 megawatts the blocks shall not exceed ten percent of the system peak.

3. The estimated long-term avoided cost capacity and energy rate components shall be stated on a cents per kilowatt-hour basis for daily and seasonal peak and off-peak periods and in such a manner so that rates for various contract periods may be calculated. At a minimum, the estimated long-term avoided cost rates will be provided for a 20-year contract and by year for five years commencing in the year following the filing of the resource plan.

4. In developing the estimated long-term avoided cost rates the utility shall consider that the proposed rates shall not be applicable to energy that pursuant to NRS 704.7811 would be defined as renewable energy or pursuant to section 6 of Assembly Bill 429 passed during the 72nd session of the Nevada Legislature would be defined as a qualified energy recovery.

5. The utility shall specify its proposed limits concerning the availability of the long-term avoided cost rates.

6. The utility's filing shall include the methodology, analyses, and calculations used to determine the proposed rates.

Section 84. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 85 of this regulation.

Section 85. ***Approval of the action plan.***

1. The commission will issue an order approving a utility's action plan as filed or specifying any part of the plan it considers inadequate.

2. Approval of the action plan shall constitute a finding that the programs and projects contained in the action plan as approved, including without limitation construction of facilities, purchase power obligations as determined by the commission, programs for conservation and demand management, and energy supply plan, are prudent. If it is subsequently determined that the information relied upon in the determination of prudence was based upon information that was known to be untrue or false at the time the information was presented the commission may revoke, rescind, or otherwise modify its determination of prudence.

3. In order to make a determination that the elements of the energy supply plan are prudent the:

(a) The utility's energy supply plan shall not contain any feature or mechanism if the commission finds that such feature or mechanism would impair the restoration of the utility's creditworthiness or would lead to a deterioration of the utility's creditworthiness.

(b) The utility's energy supply plan shall optimize the value of its overall supply portfolio for the benefit of its bundled retail customers.

(c) The utility must demonstrate that the energy supply plan balances the objectives of minimizing the cost of supply, minimizing retail price volatility, and maximizing the reliability of supply over the term of the plan. While failure to make this demonstration prevents a prospective prudence determination, the utility may seek a prudence determination in the appropriate deferred energy proceeding.

4. The commission will make a determination as to whether or not to accept the utility's classification of a facility as being critical for reliability, diversity of supply, and/or retail price stability purposes.

5. A utility may recover all costs that it prudently and reasonably incurs in implementing an approved action plan in the appropriate separate rate proceeding. A utility may recover all costs that are prudently and reasonable incurred in implementing the approved energy supply plan, including deviations pursuant to subsection 1 of section 92 of this regulation approved by the commission in the appropriate deferred energy application filed pursuant to NAC 704.023 through 704.195, inclusive.

6. In conjunction with the order on the action plan, the commission will issue an order addressing the utility's estimated long-term avoided cost rates, including the methodology and limits to be used by the utility for its filing pursuant to section 87 of this regulation. The commission shall consider the factors listed in 18 CFR 292.304(a)-(c) and (e) in its evaluation of the utility's proposed estimated long-term avoided cost rates.

Section 86. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 87 of this regulation.

Section 87. ***Long-term avoided cost compliance filing***

1. The utility must file with the commission its estimated long-term avoided cost rates within 60 days after the commission's order specifying the long-term avoided cost methodology and the resource plan is issued.

2. The utility's estimated long-term avoided cost rates filed with the commission must be consistent with long-term avoided cost methodology approved by the commission and based upon the resource plan accepted by the commission.

3. Unless otherwise ordered by the commission, the utility's estimated long-term avoided cost rates filed with the commission must be consistent with the format set forth in subsections 2 and 3 of section 83 of this regulation and availability will be limited to that proposed by the utility pursuant to subsection 5 of section 83 of this regulation.

4. If required, the commission will hold a hearing on the estimated long-term avoided cost rates within 90 days of the utility filing the estimated long-term avoided cost rates pursuant to subsection 1. If a hearing is held, the commission will issue an order in such a proceeding within 45 days of the conclusion of the hearing.

5. The utility shall within 30 days of the commission issuing an order concerning the long-term compliance filing solicit proposals to provide the utility capacity and/or energy in a manner that complies with the commission approved estimated long-term avoided cost methodology (e.g., if the commission determines a 10-year contract term is appropriate the utility will not solicit for 3-year term contracts.).

6. The utility shall file with the commission within 90 days of issuing the solicitation pursuant to subsection 5 a report as to the results of the solicitation.

7. The utility's long-term avoided cost rate for each block shall be the lower of the estimated long-term avoided cost rate established pursuant this section or the competitive solicitation rate.

Section 88. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 89 of this regulation.

Section 89. ***Report on action plan progress, update of resource planning assumptions and projections, excluding the energy supply plan: Submission; contents; form; hearing.***

1. On or before the second March 1 following the filing of its action plan, but no earlier than the second September 1 following the filing of its action plan the utility shall file a report on the progress of its action plan with the commission and serve all parties of record. The report must include:

(a) Information concerning the status of planned facilities approved by the commission including any cost or schedule variances.

(b) Information concerning the status of all programs for conservation and demand management, including planned and achieved reductions in kilowatt hours and reduction in demand in kilowatt hours.

(c) A comparison of budgeted and actual costs for the entire action plan.

(d) An identification of and justification for any significant deviation from the previously approved action plan along with supporting information.

(e) An updated forecast of energy consumption and peak demand; and

(f) An updated loads and resources table that covers the remainder of the twenty calendar year planning horizon.

2. The progress report must be in the same form as the plan of action made pursuant to NAC 704.9208(1) and will be assigned a new docket number by the commission.

3. The utility or any party of record may request a hearing on the progress report specifying in its request the reason it believes a hearing is required. Upon a finding of good cause, the commission shall order a hearing.

Section 90. NAC 704.9503 is hereby amended to read as follows:

NAC 704.9503 Monitoring and amendment of *the* plan of action*, excluding the energy supply plan*. A utility shall continually monitor its ***action*** plan ~~[of action]~~ and shall ~~[apply for permission to]~~ amend its plan before it submits its next plan if any of the following circumstances exist:

1. The utility anticipates submitting an application for a permit to construct a utility facility pursuant to NRS 704.820 to 704.900, inclusive, which was not previously approved as part of the ***action*** plan ~~[of action]~~.

2. The utility makes a commitment for the acquisition or construction of a facility ~~[which]~~ ***that*** was not previously approved as part of the ***action*** plan ~~[of action]~~.

3. The utility makes a commitment for a long-term purchase ***power*** obligation ~~[which]~~ ***that*** was not previously approved as part of the ***action*** plan ~~[of action. A long-term purchase obligation with a qualifying facility is not subject to the provisions of this subsection if:~~

~~(a) The long-term purchase obligation is not a new renewable energy contract that must be submitted to the commission for approval pursuant to NAC 704.8885; and~~

~~(b) The cumulative contractual amount of power purchased does not exceed the capacity limitation specified for the utility's avoided cost rate established pursuant to NAC 704.8771 to NAC 704.8793, inclusive.]~~

4. The utility is unable to place a resource in service or secure a resource in accordance with the schedule for the resource that is included in the action plan approved by the commission and the modified schedule results in a significant deviation from the planned reserve margin for any period in the three-year action plan.

~~[4]~~***5***. The utility makes a commitment for an option ~~[which]~~ ***that*** was not available at the time the plan was approved.

~~[5]~~***6***. The basic data used in the formation of the plan requires significant modification ~~[which]~~ ***that*** affects the choice of a resource which was approved as part of the ***action*** plan ~~[of action]~~.

The conditions under which an amendment is sought must be specifically set forth in the application for amendment.

Section 91. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 92 of this regulation.

Section 92. ***Monitoring and amendment of the energy supply plan.***

1. Notwithstanding the commission's approval of the utility's energy supply plan, a utility is expected to deviate from the approved energy supply plan to the extent necessary to adequately respond to any significant change in circumstances not contemplated by the energy supply plan. A significant change in circumstances includes, but is not limited to:

(a) A material change in fuel or purchased power market prices;

(b) An extended forced outage of one of the utility's major generating units;

(c) A material change in customer demand; and

(d).Any other circumstance that the utility believes warrants a deviation.

2. If the utility deviates from the approved energy supply plan:

(a) The utility shall as soon as practicable inform staff of any deviation from the energy supply plan pursuant to subsection 1.

(b) The utility shall include in the deferred energy application filed pursuant to NAC 704.023 through 704.195, inclusive, in which costs associated with the deviation are first sought to be recovered a description of the deviation and its justification for the deviation.

(c) The commission shall determine on a retrospective factual basis the prudence of the energy supply plan deviation in the appropriate deferred energy proceeding.

(d) If a utility's deviation from the energy supply plan is of a continuing nature, the utility shall seek commission authority to prospectively deviate from the energy supply plan in either the annual energy supply plan update filing made pursuant to section 94 of this regulation, or an amendment to the energy supply plan.

3. An amendment to the energy supply plan must contain:

(a) A section that identifies the specific approvals requested by the utility in the amendment

(b) A section that specifies any changes in assumptions or data that have occurred since the utility's last resource plan was filed

(c) As applicable, information required in subsections 1 through 5 and 7 of section 77 of this regulation.

Section 93. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 94 of this regulation.

Section 94. ***Annual energy supply plan update filing.***

1. On or before September 1 of the first and second year after the action plan was filed, the utility shall file an energy supply plan update that will be applicable for the following calendar year through the remaining action plan period.

2. The energy supply plan update shall comply with the requirements of subsections 1 through 5 and 7 of section 77 of this regulation except the load forecast will be the most recent forecasts available at the time the plan is prepared.

Section 95. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 96 of this regulation.

Section 96. ***Approval of an energy supply plan update.***

1. The commission will conduct a hearing within 60 day of the filing and issue an order within 120 days of the filing pursuant to section 94 of this regulation

2. The commission shall conduct its evaluation of the utility's energy supply plan update in accordance with section 85 of this regulation.

Section 97. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 98 of this regulation.

Section 98. ***Long-term purchased power obligation filing requirement. The utility shall submit for review each long-term purchased power obligation to which the utility is committed or plans to become committed during the action plan. If any such contract is not executed at the time the plan is filed, the utility shall submit the contract, upon execution, to the commission for review and approval. The utility shall disclose the existence of any affiliate relationship between the parties for each contract.***

Section 99. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 100 of this regulation.

Section 100. ***Purchase obligation other than long-term filing requirement. To the extent the commission deems appropriate the commission may pre-approve fuel and purchase power acquisitions that are less than three years in duration.***

Section 101. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 102 of this regulation.

Section 102. ***Resource plan amendment: Filing requirements.***

1. A utility's amendment submitted pursuant to NAC 704.9503 must contain:

(a) A section that identifies the specific approvals requested by the utility in the amendment;

(b) A section that specifies any changes in assumptions or data that have occurred since the utility's last resource plan was filed;

(c) As applicable, information required in subsections 1(e)-(f), 3, and 5 of section 81 of this regulation;

(d) As applicable, data and information required pursuant to NAC 704.922 to 704.948 pertinent to facilitating an evaluation of those items specified in subsection (a) for which the utility is requesting specific approval;

(e) A current peak demand forecast; and

(f) A current loads and resources table.

2. For amendments submitted pursuant to NAC 704.9503(1)(a) and (5) a utility shall file the information listed in subsection (1)(d).

Section 103. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 104 of this regulation.

Section 104. ***Approval of amendment. For amendments made pursuant to NAC 704.9503 and in accordance with subsection 3 of section 92 of this regulation the commission will issue an order approving the amendment as filed or specifying any part of the amendment it considers inadequate.***

Section 105. NAC 704.952 is hereby amended to read as follows:

NAC 704.952 Sessions for reviewing plans: Scheduling; procedure for resolving issues; summary of topics and conclusions.

1. The utilities may schedule sessions for reviewing plans and providing an opportunity for interested persons to:

(a) Learn of progress by utilities in developing plans and amendments to plans;

(b) Determine whether key assumptions are being applied in a consistent and acceptable manner;

(c) Determine whether key results are reasonable; and

(d) Offer suggestions on other matters as appropriate.

2. If the utilities, the consumer's advocate, ~~[persons employed by the commission to regulate utilities which supply electricity]~~ ***staff***, or any other person participating in the process cannot agree to schedule sessions for reviewing plans, any of those persons may petition the commission to schedule the sessions.

3. The parties involved in the review sessions ~~[shall]~~ ***may*** establish, at the beginning of the sessions, a procedure to resolve any technical issues ~~[which]~~ ***that*** are discussed during the sessions.

4. ***If pursuant to subsection 1 reviewing sessions are held,*** ~~[T]~~***t***he utility shall prepare a brief summary of the major topics on the agendas and the conclusions reached by the parties during the review sessions. The summary must be provided to the commission in conjunction with testimony supporting the utility's plan.

5. At least four months prior to anticipated date for filing the resource plan the utility shall meet with staff and with the consumer advocate's personal to provide an overview of the anticipated filing.

6. In the event the utility files an amendment to the resource plan, the utility shall meet with staff and with the consumer advocate's personal to provide an overview of the anticipated filing.

Section 106. Chapter 704 of NAC is hereby amended by adding thereto the provision set forth as section 107 of this regulation.

Section 107. ***Resource plan; accounting for costs of implementing programs for conservation and demand management; recovery of costs.***

1. All costs of implementing programs for conservation and demand management must be accounted for in the utility's books and records separately from amounts attributable to any other activities. All accounts must be maintained in such a manner as will allow costs attributable to specific programs to be readily identified. These costs must be segregated into the same categories as specified in the action plan budget.

2. A utility may recover all prudent and reasonable costs incurred in implementing programs for conservation and demand management that the commission has approved as part of the utility's plan of action. These costs include, but are not limited to, cost for labor, overhead, cost of materials, incentives paid to customers, advertising, marketing, and evaluation. A utility may recover approved costs associated with monitoring and evaluating programs for conservation and demand management.

3. To recover costs incurred in implementing programs for conservation and demand management pursuant to this subsection, a utility must:

(a) Calculate the costs incurred in implementing each program since the end of the test period or period of certification in its last proceeding to change general rates.

(b) Record the total cost of implementing each program, as calculated in paragraph (a), in a separate subaccount of Account 186 (Other Deferred Debits) for each program and make an appropriate offset to other subaccounts.

(c) Accrue ongoing costs monthly in the appropriate subaccount of Account 186 for each program.

(d) Maintain subsidiary records of the subaccounts of Account 186 for each program. These records must clearly delineate all costs incurred by the utility in implementing each program that the commission has approved.

(e) Apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the balance in the subaccounts of Account 186 for each program not included in rate base.

(f) Clear any balance accumulated in the subaccounts of Account 186 for each program as a component of a utility's application to change general rates as follows:

(1) The commission will adjust the rate to amortize the balance over a period determined by the commission to be appropriate for clearing the account and consistent with the life of the investment.

(2) The utility must begin amortizing costs on the date that the change in general rates goes into effect.

(3) The utility must include the balance in the subaccounts of Account 186 for each program, including carrying charges, in the rate base on the date on which the utility files its next application to change general rates or for certification, whichever is later.

(4) To calculate revenue requirements, the utility must base the rate of return to be applied to the balance in the subaccounts of Account 186 for each program that the utility has implemented on the authorized return on equity plus 5 percent.

Section 108. NAC 704.9045, 704.9105, 704.9128, 704.914, 704.9155, 704.9168, 704.9255, 704.926, 704.930, 704.9353, 704.9365, 704.939, 704.9411, 704.942, 704.9445, 704.9485, 704.9491, 704.9505, 704.951, 704.9513, and 704.9515 are hereby repealed.

TEXT OF REPEALED SECTIONS

NAC 704.9045 "Conservation or load management whose benefits exceed its costs" defined. "Conservation or load management whose benefits exceed its costs," sometimes known as "cost-effective conservation or load management," means that level of conservation or load management that is achieved by a program or combination of programs which is less expensive than the cost of the cheapest available source of supply.

NAC 704.9105 "Interchange" defined. "Interchange" means the delivering of electricity from one utility's system to another system or the receipt of electricity by one utility's system from another system. "Interchange" involves a return of the electricity in kind at a later time or an accumulation as a balance of energy until the end of a stated period, at which time settlement is made by payment or through pooling of power.

NAC 704.9128 "Nonutility generator" defined. "Nonutility generator" means a generating facility which is not owned by a utility, including any cogenerating facility, facility which produces a small amount of power, or any other generating facility which is not owned by a utility that is connected to the system.

NAC 704.914 "Plan" defined. "Plan" means the plan which a utility is required by NRS 704.741 to submit every third year to the commission.

NAC 704.9155 "Realistic level of penetration of the market" defined. "Realistic level of penetration of the market" means a level of penetration of the market which is reasonably achievable, as indicated by surveys, results from other areas of service, studies, a behavioral model, or other data demonstrating the plausibility of the estimated level.

NAC 704.9168 "Trial program" defined. "Trial program" means one designed to provide specific information about an activity or group of activities and its effect on the utility's system and customers.

NAC 704.9255 Adoption of Standard Industrial Classification.

1. The commission hereby adopts by reference the Standard Industrial Classification set forth in Appendix B of the Standard Industrial Classification Manual prepared by the Office of Management and Budget of the Office of the President of the United States, in the form in which the classification has been most recently published before July 15, 1987.

2. A copy of that manual may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington, D.C. 20402-9325, for a price of $24.

NAC 704.926 Classification of customers.

1. For preparation of its plan, a utility shall classify its customers in the following categories shown in the Standard Industrial Classification Manual:

(a) Residential: Private households, including single-family and multifamily dwellings plus category 88.

(b) Commercial: Categories 40 through 86, government, categories 91 through 97, category 99 less resale, less categories 4911, 494, and 497.

(c) Industrial: Categories 20 through 39 plus nonmanufacturing categories 10 through 17.

(d) Agricultural: Categories 1 through 9, plus categories 494 and 497. The utility shall specifically identify the pumping loads for irrigation.

(e) Resale: Resale customers.

(f) Street lighting: Category 922.

(g) Hotel and casino.

(h) Mining.

(i) Other: Special customers of importance who do not fit within any of the other listed categories.

2. If a utility deviates from any classification in subsection 1, it must so state and explain the deviation.

NAC 704.930 Projections of future prices. A utility shall project and report:

1. The future price of purchased power;

2. The future price of fuels used in the generation of electricity; and

3. The ranges of future prices of electricity.

NAC 704.9353 Report on progress of plan of action: Submission; contents; form; hearing.

1. Within 60 days after December 31 of the year after the year in which the plan of action was filed, each utility shall submit, to the commission and all parties of record, a report on the progress of its plan of action. Any significant deviation in the plan of action from the previously approved plan must be specifically identified and justified with supporting information.

2. The report must include:

(a) Information concerning the status of all programs for conservation and load management, including for each trial and full program, tables which indicate for each program for each year, the planned and achieved reduction in kilowatt-hours, and reduction in demand in kilowatts.

(b) A comparison of the budgeted and actual costs for the entire plan of action.

(c) Information concerning the status of planned facilities which have been approved by the commission as resources in previous plans of action and a cost variance analysis and a schedule variance analysis.

3. The report must be in the same form as the plan of action.

4. Any party of record may request a hearing on this report.

5. Upon a finding of good cause, the commission may hold a hearing on the report.

NAC 704.9365 Plan for supply: Requirements. A utility's plan for supply must develop and document the origins of:

1. Its assumptions, data, and projections used to calculate the costs and benefits of its options;

2. The costs, benefits, and feasibility of power transactions with other utilities including nonfirm and firm energy and the costs of transmission;

3. Its basic economic limitations and availability of fuels;

4. Required controls to mitigate pollution at planned facilities when estimating the costs of the facilities for the plan;

5. Criteria selected for determining the reserve margin;

6. Assumptions for conventional generation;

7. Assumptions for renewable resources;

8. Assumptions for nonutility generators;

9. Estimates of the cost of, the requirements of time for and the feasibility of converting to the use of coal;

10. A statement of the limits on its import or export of power within its primary system of generation and transmission;

11. A statement of the utility's requirements for research and development;

12. A statement of potential projects for upgrading existing systems for transmission of new interties;

13. The criteria used by the utility in setting the dates for the retirement of its facilities; and

14. A statement quantifying the environmental costs and the net economic benefits to the state from each option for future supply.

NAC 704.939 Sources and amount of power available for purchase; use.

1. A utility's plan must contain a list showing:

(a) All sources of electric power from which the utility has plans or potential opportunities to buy electric power during the 20 years covered by the plan;

(b) All sources of electric power from which the utility has plans to buy electric power during the 3 years covered by its plan of action; and

(c) The amount of electric power to be purchased from each source and the years for which delivery is contracted.

The nature and source of the purchase must be described (e.g., nonfirm electric power in winter months from a combustion turbine fueled by natural gas). The net environmental costs and the net economic benefits added to the state from each source or mix of resources must be quantified. If a purchase is not from a specific source of supply then the environmental costs and any economic benefits added from the mix of resources of the seller must be described. Long-

term purchase obligations must be documented and justified as economical options for supply of power.

2. Except as otherwise provided in this subsection, the utility shall submit for review the contract for each long-term purchase obligation to which the utility is committed or plans to become committed during the period of the plan of action. If any such contract is not executed at the time the plan is filed, the utility shall submit the contract, upon execution, to the commission for review. The utility shall, for each such contract, disclose the existence of any affiliate relationship between the parties.

3. The utility shall describe:

(a) Its major opportunities and commitments for sale of power;

(b) The possible or committed prices for the sales;

(c) The amounts of electricity to be sold;

(d) The probable effects of such sales on its retail customers;

(e) Any required improvement to its generating system and its system for transmission necessary for purchases or sales agreements; and

(f) Constraints on the system caused by wheeling arrangements, whether on the utility's system or an interconnected system.

4. The utility shall demonstrate that its plan has taken full advantage of the economic opportunities for cooperative planning and coordination of pooling of power and purchasing power in order to:

(a) Obtain economy energy from systems having lower costs;

(b) Improve reliability;

(c) Reduce reserve margins;

(d) Allow seasonal exchanges of power;

(e) Obtain emergency power; and

(f) Alleviate constraints on the system caused by wheeling arrangements.

NAC 704.9411 Sensitivity analyses of assumptions and estimates. A utility shall conduct sensitivity analyses for combinations of major assumptions and estimates used in its financial plan for its selected option. The plan must include:

1. A statement of the ranges and consequences of uncertainty for each of the major assumptions and estimates used in the financial plan; and

2. A description of the methods for combining various uncertainties.

NAC 704.942 Information concerning capabilities and limitations; description of expected transactions.

1. A utility's plan must contain:

(a) Information concerning the utility's capabilities and limitations for the transmission of electric power, both existing and planned; and

(b) A description of the transactions for purchase, sale or exchange of electricity which it expects to enter into with other utilities and nonutility generators for each year in the period covered by its forecast.

2. The description of the expected transactions must include the:

(a) Prices for the transactions, including:

(1) Costs of capacity in dollars per kilowatt-hour; and

(2) Costs of energy in dollars per kilowatt-hour;

(b) Quantities of energy and demand; and

(c) Length of time of the purchase, sale, or exchange.

(Added to NAC by Pub. Service Comm'n, eff. 6-7-84; A 2-18-88)

NAC 704.9445 Hydroelectric resources.

1. A utility which uses any hydroelectric resource of 5 megawatts or more must project for each such resource the production of hydroelectric power for both energy and capacity under both average and adverse conditions for hydroelectric generation.

2. The assumptions upon which those projects are based must be fully stated and justified.

3. Water conditions used in the base growth plan must be stated.

(Added to NAC by Pub. Service Comm'n, eff. 6-7-84; A 2-18-88)

NAC 704.9485 Recovery of cost of developing plan: Exclusions; accounting; procedure; adjustments; rate of utility.

1. Except as otherwise provided in NAC 704.9491, costs incurred in implementing the recommendations of the plan are expressly excluded from cost recovery pursuant to NAC 704.9005 to NAC 704.9525, inclusive. The commission will consider all prudent and reasonable costs of trial programs as costs incurred by a utility in developing its plan.

2. All costs incurred by a utility in developing its plan must be accounted for in its books and records separately from amounts attributable to any of its other activities. All accounts, including subaccounts, must be maintained in such a manner as will allow these costs to be identified readily. These costs must be segregated into the same categories as specified in the budget for the plan of action.

3. All prudent and reasonable costs incurred by a utility in developing its plan must be treated as current operating expenses and may be recovered under the following procedure:

(a) The utility must file an application at least 4 months before the date on which the annual deferred energy rate change is expected to become effective. The application must be entitled

"Application for Recovery of Expenses of Developing Plan for Resources." The application must contain an accounting of expenses incurred for the 12-month period selected by the utility as its test period for the purposes of its application, the end of which must be no more than 60 days before the filing date. Expenses must be listed in a format which is consistent with the categories and period presented in its previously approved budget for the plan of action. If the test period selected by the utility does not coincide with the period presented in its plan of action, a full reconciliation must be included in the filing. The application must set forth the appropriate adjustment to the utility's tariff rates and must be accompanied by an exhibit showing the derivation of the rate and a summary of any entries made to the resource planning subaccount of Account 186 (Other Deferred Debits).

(b) The commission will establish a rate for base cost per kilowatt-hour based on information contained in the application. The rate will be calculated by dividing the utility's annual allowable expenses incurred for development of the plan by its recorded sales in the test period. The rate must be included in each rate schedule and becomes a part of the base general rate in the utility's tariff.

(c) Each month, the utility shall compare the product of the rate for base cost times its monthly sales in kilowatt-hours with the actual amount of the expenses incurred during the month. If the actual expenses are greater than the revenues recovered through the rate for base cost, the difference must be recorded as a credit in appropriate subaccounts, and a debit in the same amount must be recorded in a separate subaccount of Account 186 (Other Deferred Debits). If the actual expenses are less than the revenues recovered through the rate for base cost, the difference must be recorded as a debit in those appropriate subaccounts, and a credit in the same amount must be recorded in the subaccount of Account 186.

(d) Any balance remaining in the subaccount of Account 186 at the end of a year must be debited or credited to the balance of the subaccount for the following year.

(e) A carrying charge must be computed on the current debit or credit balance at the end of each month in the subaccount of Account 186, and must be respectively debited or credited to the account at the rate of 1/12 of the overall rate of return last authorized by the commission for the particular utility. The rate of the carrying charge must be applied to the entire balance in the subaccount of Account 186. The counter entries for the carrying charge must be made to an appropriate subaccount of FERC Account 419 (Interest and Dividend Income) or Account 431 (Other Interest Expense) as appropriate.

(f) Appropriate amounts for deferred income tax must be calculated and recorded by debiting or crediting FERC Account 410.0 (Provision for Deferred Income Taxes, Utility Operating Income) and crediting or debiting FERC Account 283 (Accumulated Deferred Income Taxes - Other). Separate subaccounts for such amounts must be maintained.

(g) Any accumulated debit or credit balance in the subaccount of Account 186 must be cleared through a charge or credit to be reflected in the base general rate on the tariff. The commission will establish a rate of amortization to clear the accumulated balance adjusted for the anticipated recovery of revenue from the application of the amortization rate previously authorized for the period between the end of the test period and the date on which the new amortization rate is expected to become effective. The rate of amortization will be determined by dividing the adjusted accumulated balance by recorded sales in kilowatt-hours for the test period. Each month, the amount cleared must equal the product of the rate of amortization times the monthly sales in kilowatt-hours.

(h) A utility must obtain prior approval from the commission of the amount that it will charge or credit to the balance in the subaccounts of Account 186.

4. If a utility files an application to adjust its base tariff general rate to recover the costs of developing its plan, it must make such an adjustment simultaneously with the next adjustment to its rates pursuant to filing an application for a deferred recovery of the costs of fuel or purchased power.

5. A utility's rate:

(a) For base cost per kilowatt-hour contained in its base tariff general rate remains in effect until the commission authorizes an amended rate.

(b) Of amortization contained in its base tariff general rate remains in effect until the end of the designated period of amortization or until the commission authorizes an amended rate, whichever occurs first.

6. A utility shall:

(a) Reflect costs related to developing its plan on a customer's bill as part of the base tariff general rate.

(b) Identify the portion of the base tariff general rate which is attributable to the cost of developing the plan on its tariff by a footnote in substantially the following form: "The Base Tariff General Rate includes $..... per kWh for recovery of expenses incurred in developing a plan for resources pursuant to NRS 704.751."

NAC 704.9491 Resource plan; accounting of costs of implementing programs for conservation and load management; recovery of costs; penalty.

1. A utility shall demonstrate in its resource plan the projected amount and duration of the savings in energy and demand of all existing and proposed full programs for conservation and load management.

2. All costs of implementing the programs for conservation and load management must be accounted for in the utility's books and records separately from amounts attributable to any other activities. All accounts must be maintained in such a manner as will allow costs attributable to specific programs to be identified readily. These costs must be segregated into the same categories as specified in the budget for the plan of action.

3. A utility may recover all prudent and reasonable costs incurred since November 19, 1993, in implementing programs for conservation and load management that the commission has approved as part of the utility's plan of action. These costs include, but are not limited to, costs for labor, overhead, materials, incentives to customers, advertising, marketing, and evaluation. A utility may recover approved costs associated with monitoring and evaluating full programs for conservation and load management pursuant to NAC 704.9485. To recover costs incurred in implementing programs for conservation and load management pursuant to this subsection, a utility must:

(a) Calculate the costs incurred in implementing each program since the end of the test period or period of certification in its last proceeding to change general rates.

(b) Record the total cost of implementing each program, as calculated in paragraph (a), in a separate subaccount of Account 186 (Other Deferred Debits) for each program and make an appropriate offset to other subaccounts.

(c) Accrue ongoing costs monthly in the appropriate subaccount of Account 186 for each program.

(d) Maintain subsidiary records of the subaccounts of Account 186 for each program. These records must clearly delineate all costs incurred by the utility in implementing each program that the commission has approved.

(e) Apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the current balance in the subaccounts of Account 186 for each program. The utility must apply the charge at the end of each month from the end of the test period or period of certification in the utility's last proceeding to change general rates until the date on which the utility files its next application to change general rates or for certification, whichever is later.

(f) Clear any balance accumulated in the subaccounts of Account 186 for each program through a charge or credit set at the time of a proceeding to change general rates as follows:

(1) The commission will establish a rate to clear the accumulated balance by dividing the accumulated balance by the sales in kilowatt-hours used in the proceeding to change general rates.

(2) The commission will adjust the rate to amortize the balance over a period determined by the commission to be appropriate for clearing the account and consistent with the life of the investment.

(3) The utility must begin amortizing costs on the date that the change in general rates goes into effect.

(4) The utility must include the balance in the subaccounts of Account 186 for each program, including carrying charges, in the rate base on the date on which the utility files its next application to change general rates or for certification, whichever is later.

(5) To calculate revenue requirements, the utility must base the rate of return to be applied to the balance in the subaccounts of Account 186 for each program that the utility has implemented on the authorized return on equity plus 5 percent.

(g) Adjust any balance remaining in the subaccounts of Account 186 for each program at the time of a subsequent proceeding to change general rates for:

(1) The anticipated recovery of revenue from the application of any rate of amortization previously authorized for the period between the end of the test period or period of certification and the date on which the new rate of amortization is expected to become effective; or

(2) Any new investments in the existing programs.

The utility must include these adjustments in the balance that the commission will consider for amortization in the subsequent rate case.

4. If the level of costs incurred for programs for conservation and load management since the end of the test period or period of certification in the utility's last proceeding to change general rates is less than 90 percent or greater than 110 percent of the level of costs approved in the utility's last resource plan or in an amendment to its resource plan, unless such change is otherwise justified by the utility, the commission will impose a penalty on the utility that equals 5 percent of the difference between:

(a) The level of costs and 90 percent of the level approved; or

(b) The level of costs and 110 percent of the level approved.

NAC 704.9505 Exemption for plan submitted in 1984.

1. This section applies only to a utility's plan submitted in 1984.

2. If a utility cannot comply with any requirement in NAC 704.9005 to NAC 704.9525, inclusive, it must file with the commission a request for an exemption. The request must

accompany the plan and must clearly identify each provision containing a requirement from which it seeks exemption and provides a justification for the exemption.

3. The request must also contain:

(a) A comprehensive narrative specifying all additional methods, models, formulas, data, and results which the utility would need to comply with the requirements from which the exemption is requested;

(b) A timetable for obtaining the needed information and the cost of obtaining it; and

(c) An assurance that the lack of compliance with the requirement or requirements does not jeopardize the quality of the plan being submitted and the analyses contained in it.

NAC 704.951 Plan of action: Required to be based on integrated analysis; contents.

1. Each plan of a utility must include a detailed plan of action based on an integrated analysis. In the plan the utility shall specify all its actions which are to take place during the next 3 years. The plan must contain:

(a) A schedule for the acquisition of data, including planned activities to update and refine the quality of the data used in forecasting.

(b) A specific timetable for acquisition of options for the supply of electricity and for programs for conservation and load management.

(c) A section in which the models and techniques used to develop the forecast are compared with accepted procedures. Any proposed changes in methodology must be fully justified, including an analysis of the costs and benefits. Any changes in methodology which are approved by the commission must be maintained for the period described in the plan of action.

(d) A section describing any plans to acquire additional modeling instruments.

(e) A section for the utility's program for conservation and load management including:

(1) A description of continued planning efforts.

(2) A plan to carry out and continue selected measures for conservation and load management which have been identified as desirable.

(3) A plan to conduct the program as follows:

(I) A trial program if warranted.

(II) A full program, if the results of the trial program verify estimates that the full program will produce benefits exceeding the costs, or if the program is ordered by the commission.

(III) A continuing evaluation and verification of the savings and costs of the full program throughout its life.

(f) A section for the utility's program for acquisition of resources for the supply of electricity, including:

(1) The immediate plans for construction of facilities or long-term purchases of power.

(2) The expected time for construction and long-term purchases.

(3) The major milestones of construction.

2. The plan of action must contain a budget for expenditures suitable for comparing planned and achieved expenditures. Expenses must be listed in a format which is consistent with the categories and periods to be presented in subsequent filings for the recovery of costs. The budget must be organized in the following categories:

(a) Forecasting of loads;

(b) Conservation and load management;

(c) Plan for supply;

(d) Financial plan; and

(e) Integration.

3. Each category must be organized in the following sections, including a list of all of the utility's existing resources and any personnel and equipment which have been drawn from within the organization of the utility in addition to the personnel and equipment for planning resources:

(a) Personnel and acquisition of personnel;

(b) Models and acquisition of models;

(c) Collection and verification of data;

(d) Equipment and acquisition of equipment;

(e) Facilities and acquisition of facilities;

(f) Rebates provided by the utility for participation in programs for conservation and load management;

(g) Consulting services;

(h) A tabulation of all costs associated with the development of the plan;

(i) A tabulation of all costs proposed for balancing account recovery indicating the requirements for revenue;

(j) An estimate of the total and recoverable costs for each of the next succeeding 5 years; and

(k) Other expenditures.

4. The plan of action must contain schedules suitable for comparing planned and actual activities and accomplishments. Milestones and points of decision committing major expenditures must be shown.

NAC 704.9513 Plan of action: Inclusion of proposal or contract for long-term purchase obligation with affiliate. An electric utility may not include in its plan of action a proposal or contract for a long-term purchase obligation with an affiliate unless the utility concurrently

submits or has previously submitted for review a statement describing the process used by the utility to review the proposal or contract.

NAC 704.9515 Approval of plan of action.

1. The commission will issue an order approving a utility's plan of action as filed or specifying any part of the plan it considers inadequate.

2. Approval of a plan of action constitutes only approval of the programs contained in the plan. The prudence and necessity of expenditures to be recovered will be reviewed in a separate proceeding.

3. A trial program and its costs must receive the approval of the commission as part of its plan of action before the utility may apply for recovery of its expenses incurred in developing its plan.