PROPOSED REGULATION OF THE PUBLIC

UTILITIES COMMISSION OF NEVADA

LCB File No. R004-04

February 24, 2004

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

AUTHORITY: §§1-79; NRS 703.025, 704.210 and 704.741.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 36, inclusive, of this regulation.

Sec. 2. ***"Action plan" means a detailed specification of the actions a utility intends to undertake to meet its demand and energy requirements during the 3 years immediately following the year in which its resource plan is filed.***

Sec. 3. ***"Capacity" means the rated continuous load-carrying ability, expressed in watts or volt-amperes, of generation, transmission or electrical equipment.***

Sec. 4. ***"Demand management" means a deliberate reshaping of customers' patterns of use to shift the time of use of electric energy and reduce consumption during the period of the utility's peak load.***

Sec. 5. ***"Demand side plan" means the programs proposed by a utility to promote conservation and demand management.***

Sec. 6. ***"Distributed generation" means generation:***

1. That is located on the property of a customer of a utility;

2. That is not owned by the utility; and

3. The output from which is ordinarily consumed locally without flowing on the transmission system of the utility.

Sec. 7. *"Energy supply plan" means a plan that:*

1. Establishes the parameters of an energy supply portfolio for a utility for the 3-year period covered by its action plan and that balances the objectives of:

(a) Minimizing the cost of supply;

(b) Minimizing retail price volatility; and

(c) Maximizing the reliability of energy supply over the term of the energy supply plan; and

2. Is comprised of a purchased power procurement plan, fuel procurement plan and risk management strategy.

Sec. 8. *"Financial plan" means a plan that demonstrates the financial impact of the preferred plan of a utility on the utility and its customers.*

Sec. 9. *"Fuel procurement plan" means a plan which establishes the parameters of a fuel supply portfolio for a utility and which balances the objectives of:*

1. Minimizing the cost of fuel;

2. Minimizing retail price volatility; and

3. Maximizing the reliability of fuel supply over the term of the energy supply plan.

Sec. 10. *"Independent power producer" means a generating facility that is connected to the system, but is not owned by a public utility. The term includes any qualifying cogeneration or small power production facility subject to 18 C.F.R. Part 292, and any exempt wholesale generator as that term is defined in 15 U.S.C. § 79z-5a, that is connected to the system but is not owned by a public utility. The term does not include distributed generation.*

Sec. 11. *"Intermittent energy resources" means those resources using renewable energy whose electrical output cannot be accurately forecasted for day-ahead scheduling.*

Sec. 12. *"Long-term avoided cost" means the incremental costs of electric energy or capacity, or both, to a utility which, but for the purchase of electric energy or capacity from one or more qualifying facilities, the utility would generate itself or purchase from another source over a period exceeding 1 year.*

Sec. 13. *"Preferred plan" means the selection by a utility of its preferred supply options for a 20-year period.*

Sec. 14. *"Purchased power procurement plan" means a plan which establishes the parameters of a purchased power portfolio for a utility and which balances the objectives of:*

1. Minimizing the cost of purchased power;

2. Minimizing retail price volatility; and

3. Maximizing reliability of purchased power over the term of the energy supply plan.

Sec. 15. *"Renewable energy" has the meaning ascribed to in NRS 704.7811.*

Sec. 16. *"Resource plan" means the plan that a utility is required by NRS 704.741 to submit every third year to the Commission, consisting of:*

1. A load forecast;

2. A demand side plan;

3. A supply plan;

4. A financial plan;

5. An energy supply plan; and

6. An action plan.

Sec. 17. *"Risk management strategy" means a systematic method utilized by a utility to:*

1. Identify risks inherent in procuring and obtaining a supply portfolio; and

2. Establish the means by which the utility plans to address and balance or hedge the identified risks related to cost, price volatility and reliability.

Sec. 18. *"Staff" means persons employed by the Commission that are assigned by the Commission to regulatory operations.*

Sec. 19. *"Supply plan" means a utility's plan for using existing and proposed resources to meet its forecasted demand and energy requirements.*

Sec. 20. *"Year" means a calendar year.*

Sec. 21. *1. The resource plan of a utility must contain an energy supply plan for the 3 years covered by the action plan of the utility. The resource plan of a utility must be consistent with the action plan of the utility.*

2. An energy supply plan must be developed by a utility using its base forecast and target planning reserve margin.

3. As part of its energy supply plan, a utility shall develop a purchased power procurement plan. The purchased power procurement plan of a utility must include, without limitation:

(a) The proposed mix of purchased power products by:

(1) Type of resource;

(2) Delivery profile; and

(3) The 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 obligations.

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

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

4. As part of its energy supply plan, a utility shall develop a fuel procurement plan for each fuel that the utility uses to generate at least 5 percent of its annual energy requirements. The fuel procurement plan must include, without limitation:

(a) For each year of the energy supply plan, a projection of the quantity of 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 period covered by the energy supply plan, including the type of product, the quantity to be delivered, the delivery point and the term of the contract.

(c) A description of the fuel products available to the utility during the period covered by the energy supply plan, including the type of product, the pricing method, the delivery point and the term of the availability of the fuel products.

(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 of the fuel, including a description of any competitive procurement process to be undertaken.

5. As part of its energy supply plan, a utility shall include a risk management strategy that includes, without limitation:

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

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

(c) A description of each technique for mitigating risk that was considered.

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

6. A utility shall annually file with the Commission an evaluation of its purchased power procurement plan, its fuel procurement plan, its risk management strategy and, if applicable, the results of any performance-based methodology for the recovery of costs for natural gas for each year included in its deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

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

Sec. 22. *1. As part of its preferred plan, a utility may request that the Commission deem a portion of the individual facilities listed in the preferred plan of the utility as critical for reliability, diversity of supply or retail price stability, or any combination thereof.*

2. If the Commission accepts the designation by the utility 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 to 703.2481, inclusive.

Sec. 23. *1. As part of its energy supply plan, a utility may propose the establishment of a performance-based methodology for the recovery of costs for natural gas used as a fuel for generation. Any proposed performance methodology must be based upon objective standards and criteria.*

2. A proposal for the establishment of a performance-based methodology for the recovery of costs for natural gas must include information sufficient to enable the Commission to evaluate the proposal, including, without limitation:

(a) The criteria to be used in measuring the performance of the utility;

(b) The rationale for using the selected criteria;

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

(d) The duration of the program; and

(e) Supporting documentation.

3. If the Commission authorizes a performance-based methodology, the utility shall report the results of the methodology approved by the Commission in the deferred energy application filed by the utility pursuant to NAC 704.023 to 704.195, inclusive. At a minimum, the report must cover the period between the adjustment date for the most recent deferred energy application and the adjustment date for the application which includes the report of the results of the approved methodology.

4. As used in this section, "adjustment date" has the meaning ascribed to it in NAC 704.024.

Sec. 24. *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 of the utility. In its action plan, the utility shall specify all its actions that are to take place during the 3 years commencing with the year 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 the approval of the Commission.

(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 electric energy and for programs for conservation and demand management.

(d) If changes in the methodology are being proposed, a description fully justifying the proposed changes, 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 of the utility 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; and

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

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

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

(2) The expected time for construction of facilities and acquisition of long-term purchases of power identified in subparagraph (1); and

(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; and

(d) Financial plan.

4. Each category described in subsection 3 must be organized in the following sections:

(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 which indicate 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.

Sec. 25. *1. A utility shall file, as part of its resource plan, the methodology for estimating the rates for long-term avoided cost of the utility, including the capacity and energy components. The rates for long-term avoided cost must be based upon the utility's preferred plan and be consistent with 18 CFR 292.304(a), (b), (c) and (e).*

2. The estimated rate for long-term avoided cost must be established for various sizes of megawatt blocks, except that:

(a) If the utility has a peak demand of at least 1,000 megawatts, the stated blocks must not exceed 100 megawatts; and

(b) If the utility has a peak demand of less than 1,000 megawatts, the stated blocks must not exceed 10 percent of the system peak.

3. The components for estimated long-term avoided cost capacity and energy rate must be stated on a cents per kilowatt-hour basis for daily and seasonal peak and off-peak periods and in such a manner that rates for various contract periods may be calculated. At a minimum, the utility shall provide estimated rates for long-term avoided cost for a 20-year contract and the

long-term avoided cost by year for 5 years commencing in the year following the filing of the resource plan.

4. In developing the estimated rates for long-term avoided cost, the proposed rates must not be applied to renewable energy or to energy that is subject to the qualified energy recovery process as defined in NRS 704.7809.

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

6. The resource plan of the utility must include the analyses and calculations used to determine the proposed rates.

Sec. 26. *1. The Commission will issue an order:*

(a) Approving the action plan of the utility as filed; or

(b) If the plan is not approved as filed, specifying those parts of the action plan the Commission considers inadequate.

2. Except as otherwise provided in this section, approval by the Commission of an action plan constitutes a finding that the programs and projects contained in that action plan are prudent, including, without limitation, construction of facilities, purchased power obligations, programs for conservation and demand management, and the energy supply plan. If the Commission subsequently determines that any information relied upon when issuing its order approving the action plan was based upon information that was known by the utility to be untrue or false at the time the information was presented, the Commission may revoke, rescind or otherwise modify its approval of the action plan.

3. The Commission may include in its approval of the action plan of a utility a determination by the Commission that the elements contained in the energy supply plan are

not prudent. For the Commission to make a determination that the elements of the energy plan are prudent:

(a) The energy supply plan must not contain any feature or mechanism that the Commission finds would impair the restoration of the creditworthiness of the utility or would lead to a deterioration of the creditworthiness of the utility.

(b) The energy supply plan must optimize the value of the overall supply portfolio for the utility 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 by a utility to demonstrate that an energy supply plan is prudent in accordance with this section precludes a prospective determination that the energy supply plan is prudent, the utility may subsequently seek a determination that the energy supply plan is prudent in the appropriate deferred energy proceeding.

4. In conjunction with its order issued pursuant to subsection 1, the Commission will, if appropriate, make a determination as to whether to accept the classification by a utility of a facility as being critical for reliability, diversity of supply or retail price stability purposes, or any combination thereof.

5. A utility may recover all costs that it prudently and reasonably incurs in carrying out an approved action plan in the appropriate separate rate proceeding. A utility may recover all costs that are prudently and reasonable incurred in carrying out the approved energy supply plan, including deviations pursuant to subsection 1 of section 29 of this regulation approved

by the Commission in the appropriate deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

Sec. 27. *1. In conjunction with its order on the action plan, the Commission will issue an order addressing the utility's proposed estimated rates for long-term avoided cost, including the methodology and limits to be used by the utility for its filing pursuant to section 25 of this regulation. The Commission will consider the factors listed in 18 C.F.R. § 292.304(a), (b), (c) and (e) in its evaluation of the utility's proposed estimated rates for long-term avoided cost.*

2. The utility shall file with the Commission the utility's estimated rates for long-term avoided cost within 60 days after the Commission issues its order pursuant to subsection 1 specifying the methodology for estimating the rates for long-term avoided cost.

3. The estimated rates for long-term avoided cost filed by the utility with the Commission pursuant to subsection 2 must:

(a) Be consistent with the methodology for estimating the long-term avoided cost approved by the Commission and be based upon the resource plan approved by the Commission.

(b) Unless otherwise ordered by the Commission, be consistent with the format set forth in subsections 2 and 3 of section 25 of this regulation and be limited to those rates proposed by the utility pursuant to subsection 5 of section 25 of this regulation.

4. If required, the Commission will hold a hearing on the estimated rates for long-term avoided cost within 90 days after the utility files the estimated rates for long-term avoided cost pursuant to subsection 2. If a hearing is held, the Commission will issue an order on the matter within 45 days after the conclusion of the hearing.

5. Within 30 days after the date on which the Commission issues an order pursuant to subsection 4, the utility shall solicit proposals to provide the utility capacity or energy, or both,

in a manner that complies with the methodology for estimating long-term avoided cost approved by the Commission.

6. Within 90 days after issuing a solicitation of proposals pursuant to subsection 5, the utility shall file with the Commission a report concerning the results of the solicitation.

7. The utility's rate for long-term avoided cost for each block must be the estimated rate for long-term avoided cost established pursuant to this section or the competitive rate solicited pursuant to subsection 5, whichever is lower.

Sec. 28. *1. Not earlier than 15 months and not later than 21 months after the date on which the utility files its action plan, the utility shall file a report on the progress of its action plan with the Commission and serve a copy of the progress report on all parties of record. The progress 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 approved action plan including supporting information;

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

(f) An updated table for loads and resources for the remaining years covered by the 20-year plan.

2. The progress report must be in the same form as the action plan 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 the utility or party believes a hearing is required. Upon a finding of good cause, the Commission will order a hearing on the matter.

Sec. 29. *1. Notwithstanding the approval by the Commission of the energy supply plan of a utility, the utility may deviate from the approved energy supply plan to the extent necessary to respond adequately to any significant change in circumstances not contemplated by the energy supply plan. A significant change in circumstances includes, without limitation:*

(a) A material change in the market price of fuel or purchased power;

(b) An extended forced outage of a major generating unit of the utility;

(c) A material change in customer demand; and

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

2. If a utility deviates from its approved energy supply plan:

(a) The utility shall, as soon as practicable, inform the staff of the deviation from the energy supply plan.

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

(c) The Commission will determine on a retrospective factual basis the prudence of the deviation from the energy supply plan in the appropriate proceeding held on the deferred energy application.

(d) If the deviation from the energy supply plan is of a continuing nature, the utility shall seek authority from the Commission to deviate prospectively from the energy supply plan in an update of the energy supply plan filed pursuant to section 30 of this regulation, or by filing an amendment to the energy supply plan in accordance with subsection 3.

3. An amendment to the energy supply plan of a utility 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; and

(c) As applicable, information required in subsections 1 to 5, inclusive, and 7 of section 21 of this regulation.

Sec. 30. *1. On or before September 1 of the first and second years after the action plan of a utility is filed, the utility shall file an update of the energy supply plan that will be applicable for each year remaining in the period covered by the action plan.*

2. The update of the energy supply plan must comply with the requirements of subsections 1 to 5, inclusive, and 7 of section 21 of this regulation, except that the load forecast must be the most recent forecast available at the time the plan is prepared.

Sec. 31. *1. The Commission will conduct a hearing within 60 days after a utility files an update of its energy supply plan pursuant to section 30 of this regulation and issue an order within 120 days after the filing of that update by the utility pursuant to section 30 of this regulation.*

2. The Commission will conduct its evaluation of the update of the energy supply plan in accordance with section 26 of this regulation.

Sec. 32. *1. The utility shall submit to the Commission a copy of:*

(a) Each long-term purchased power obligation; and

(b) Any other purchased power obligation for which the utility is seeking the approval of the Commission,

➥ to which the utility is committed or plans to become committed during the period covered by the action plan.

2. For any such contract that 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.

Sec. 33. *To the extent the Commission deems appropriate, the Commission may preapprove fuel and purchased power acquisitions by a utility that are less than 3 years in duration.*

Sec. 34. *1. An amendment to an action plan submitted by a utility pursuant to NAC 704.9503 must contain:*

(a) A section that identifies the items for which the utility is requesting specific approval;

(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 paragraphs (e) and (f) of subsection 1, and subsections 3 and 5 of section 24 of this regulation;

(d) As applicable, data and information required pursuant to NAC 704.922 to 704.948, inclusive, necessary to facilitate an evaluation of the items specified pursuant to paragraph (a) for which the utility is requesting specific approval;

(e) A current peak demand forecast; and

(f) A table indicating the current loads and resources.

2. For amendments submitted pursuant to paragraphs (a) and (f) of subsection 1 of NAC 704.9503, a utility shall file with the Commission the information required pursuant to paragraph (d) of subsection 1 of this section.

Sec. 35. *For amendments filed pursuant to NAC 704.9503 and in accordance with subsection 3 of section 29 of this regulation, the Commission will issue an order approving the amendment as filed or specifying those parts of the amendment the Commission considers inadequate.*

Sec. 36. *1. All costs of implementing programs for conservation and demand management must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. All accounts must be maintained in a manner that will allow costs attributable to specific programs to be readily identified. These costs must be segregated into the same categories as specified in the budget for the action plan.*

2. A utility may, pursuant to subsection 3, recover all prudent and reasonable costs incurred in implementing programs for conservation and demand management that have been approved by the Commission as part of the action plan of the utility, including, without limitation, the costs for labor, overhead, materials, incentives paid to customers, advertising, marketing and evaluation. The utility may recover approved costs associated with monitoring and evaluating programs for conservation and demand management through a general rate case.

3. To recover costs incurred in implementing programs for conservation and demand management, 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 pursuant to 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 approved by the Commission.

(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 the rate base.

(f) Clear any balance accumulated in the subaccounts of Account 186 for each program as a component of an application by the utility 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 becomes effective.

(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 its next application 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 carried out on the authorized return on equity plus 5 percent.

Sec. 37. NAC 704.8783 is hereby amended to read as follows:

704.8783 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]~~ ***Commission issues an 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.]~~

4. As used in this section, "resource plan" has the meaning ascribed to it in section 16 of this regulation.

Sec. 38. NAC 704.8791 is hereby amended to read as follows:

704.8791 1. ~~[Rates]~~ ***Short-term rates*** 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.]~~

Sec. 39. NAC 704.8887 is hereby amended to read as follows:

704.8887 1. For the purposes of this section, each utility provider shall calculate the price for electricity acquired pursuant to a new renewable energy contract by calculating the levelized market price for the electricity based on:

(a) The rates for electricity and capacity set forth in the contract;

(b) Any escalators or inflation indices set forth in the contract;

(c) Any delivery projections for electricity and capacity set forth in the contract; and

(d) Any other terms and conditions set forth in the contract that would affect the price paid for electricity acquired pursuant to the contract.

➥ All data that the utility provider uses to make its calculation must be based on the most current projections available when the new renewable energy contract is executed.

2. After the utility provider calculates the price pursuant to subsection 1, the Commission will determine whether the price is reasonable. In making its determination, the Commission will consider, without limitation:

(a) Whether the new renewable energy contract comports with the utility provider's most recently approved plan to increase its supply of or decrease the demand for electricity that is submitted to the Commission pursuant to NAC 704.9005 to 704.9525, inclusive ~~[;]~~ ***, and sections 2 to 36, inclusive, of this regulation;***

(b) The reasonableness of any price indexing provision set forth in the new renewable energy contract;

(c) As compared to competing facilities or energy systems that use one or more fossil fuels as their primary source of energy to generate electricity, whether the renewable energy systems that are subject to the contract will reduce environmental costs in this state, including, without limitation:

(1) Air emissions;

(2) Water consumption;

(3) Waste disposal and other land uses; and

(4) Impacts on wildlife;

(d) The net economic impact and all environmental benefits and environmental costs to this state in accordance with NAC 704.9005 to 704.9525, inclusive ~~[;]~~ ***, and sections 2 to 36, inclusive of this regulation;***

(e) Any economic development benefits that might inure to any sector of the economy of this state ***;*** ~~[, including, without limitation, any economic development benefits that might inure to the agricultural customers identified in paragraph (d) of subsection 1 of NAC 704.926;]~~

(f) The diversity of energy sources being used to generate the electricity that is consumed in this state;

(g) The diversity of energy suppliers generating or selling electricity in this state;

(h) The value of any price hedging or energy price stability associated with the new renewable energy contract;

(i) The date on which each renewable energy system that is subject to the contract is projected to begin commercial operation;

(j) Whether the utility provider has any flexibility concerning the quantity of electricity that the utility provider must acquire pursuant to the new renewable energy contract;

(k) Whether the new renewable energy contract will result in any benefits to the transmission system of the utility provider; and

(l) Whether the electricity acquired pursuant to the new renewable energy contract is priced at or below the utility provider's long-term avoided cost rate.

3. If a utility provider will be using a new renewable energy contract to comply with the solar energy requirements of its portfolio standard, the price for electricity acquired pursuant to that contract will be evaluated separately from the price for electricity acquired pursuant to other new renewable energy contracts that will not be used to comply with the solar energy requirements of the portfolio standard.

Sec. 40. NAC 704.9005 is hereby amended to read as follows:

704.9005 As used in NAC 704.9005 to 704.9525, inclusive, ***and sections 2 to 36, inclusive, of this regulation,*** and when used in a utility's ***resource*** plan, unless the context otherwise requires, the words and terms defined in NAC 704.9007 to ~~[704.9168,]~~ ***704.9163,*** inclusive, ***and sections 2 to 20, inclusive, of this regulation*** have the meanings ascribed to them in those sections.

Sec. 41. NAC 704.904 is hereby amended to read as follows:

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

Sec. 42. NAC 704.9055 is hereby amended to read as follows:

704.9055 "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 ~~[kilowatts or other suitable units,]~~ ***watts,*** at a given instant or averaged over any designated period ***.*** ~~[of time.]~~

Sec. 43. NAC 704.906 is hereby amended to read as follows:

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

Sec. 44. NAC 704.9063 is hereby amended to read as follows:

704.9063 1. "Environmental costs and economic benefits to the State" means the costs and benefits ~~[which]~~ ***that*** inure to the State from ~~[electricity]~~ ***electric energy*** 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]~~ ***electric energy*** were generated in Nevada.

Sec. 45. NAC 704.9075 is hereby amended to read as follows:

704.9075 "Forecast of base growth" means a forecast of the ~~[load on a utility's system,]~~ ***peak demand and energy consumption for a 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. Conservation 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.]~~ ***such peak demand and energy consumption.***

Sec. 46. NAC 704.9085 is hereby amended to read as follows:

704.9085 "Forecast of high growth" means a forecast of the ~~[upper limit for expected growth of the load on a utility's system.]~~ ***peak demand and energy consumption for a utility's bundled retail and wholesale customers that the utility has an obligation to serve, based on the highest rate of growth consistent with the highest rates of economic and population growth that can be reasonably expected to occur within the service territory of the utility during the forecast period.***

Sec. 47. NAC 704.9095 is hereby amended to read as follows:

704.9095 "Forecast of low growth" means a forecast of the ~~[lower limit for expected growth of the load on a utility's system.]~~ ***peak demand and energy consumption for a utility's bundled retail and wholesale customers that the utility has an obligation to serve, based on the lowest rate of growth consistent with the lowest rates of economic and population growth that can be reasonably expected to occur within the service territory of the utility during the forecast period.***

Sec. 48. NAC 704.9113 is hereby amended to read as follows:

704.9113 "Long-term ~~[purchase]~~ ***purchased 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 ~~[electricity]~~ ***capacity or electric energy, or both,*** to be acquired pursuant to the contract; and

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

Sec. 49. NAC 704.9115 is hereby amended to read as follows:

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

Sec. 50. NAC 704.915 is hereby amended to read as follows:

704.915 "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.

Sec. 51. NAC 704.9163 is hereby amended to read as follows:

704.9163 "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.

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

704.9208 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.

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

704.9215 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 ~~[interpreted]~~ ***interpretable*** tables, graphs ~~[,]~~ and maps and must not contain any complex explanations or highly technical language. It must be separately bound and approximately ~~[20]~~ ***30*** 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]~~ ***electric energy*** and of the annual electrical consumption ***,*** for the next 20 years, ***commencing with the year following the year in which the resource plan is filed,*** both with and without the ~~[program to decrease demand]~~ ***impacts of programs for conservation and demand management*** 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 years ***, commencing with the year following the year in which the resource 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 portfolio standard for renewable energy and listing each existing contract for renewable***

energy and each existing contract for the purchase of renewable energy credits and the term and anticipated cost of each such contract.

(f) A summary of:

(1) The energy supply plan for the next 3 years setting out the anticipated cost, price volatility and reliability risks of the energy supply plan;

(2) The risk management strategy;

(3) The fuel procurement plan; and

(4) The purchased power procurement plan.

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

~~(f)]~~ ***action plan of the utility.***

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

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

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

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

~~(b) Information to enable the technically proficient reader to reproduce the results from the computations.]~~ ***, including, without limitation, a list of the major assumptions used, a description of the forecasting methods employed and a description of the software utilized.***

2. The appendix must ~~[include:]~~ ***contain sufficient information to enable a technically proficient reader to reproduce the results from the computations shown, including, without limitation:***

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

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

(c) ***Characteristics of the generation operation of the utility, including the:***

(1) Rates of forces outages;

(2) Rates of scheduled outages;

(3) Heat rates;

(4) Rates at which pollutants are emitted;

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

(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 impact of intermittent energy resources on the electric system of the utility.

(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.

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

704.9225 1. A utility's ***resource*** plan must contain a series of forecasts of ~~[load for]~~ ***the peak*** demand and ***annual*** energy ~~[which]~~ ***consumption 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 years, ***commencing with the 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 the prices of electric energy and substitute energy sources and to the impacts of existing and proposed programs undertaken by the utility or required by governmental 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) Maintain~~] ***maintain*** 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 ~~[~~.

~~(b) Use methods of forecasting which take into account the prices of electricity which is supplied to customers.~~] ***pursuant to NAC 704.9245.***

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

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

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

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

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

704.9235 1. ~~[The utilities]~~ ***A utility*** shall, in consultation with ~~[each other and the Commission's staff,]~~ ***the staff and subject to the approval of the Commission,*** develop suitable formats to be used for all information required in the ***resource*** plan ~~[subject to the Commission's approval.~~

~~2. Whenever graphical information is presented, it]~~ ***of the utility.***

2. Graphical and tabular information must be accompanied by explanatory narratives.

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

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

704.9245 ~~[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 normalized to account for normal weather conditions within the service territory of the utility.***

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

704.925 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]~~ ***system,*** disaggregated by ~~[class of customer,]~~ ***rate schedule,*** for the 20-year period beginning with the year ***following the year*** in which the ***resource*** 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.~~

~~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 forecasts of industrial load must be reported on the basis of specific industries and the two-digit categories shown in the Standard Industrial Classification of 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 shall identify components of residential and commercial energy and demand for which initiatives for conservation and demand management are applicable. The utility shall include in its forecast an assessment of the impacts of such initiatives on the identified***

components and on overall levels of energy consumption and demand by residential and commercial customers.

3. The utility's forecast must include:

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

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

~~[6. If competition from appliances using other sources of fuel significantly affects 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.

~~[8. The utility's plan must include a description of the extent to which and the manner in which forecasts of load are coordinated with those of associated systems in a power pool, any coordinating organization and other neighboring systems.~~

~~9.]~~ ***5. The utility shall consider the impact of distributed generation and independent power producers.***

6. The utility shall ~~[identify interruptible and standby loads.~~

~~10. Any loads occurring outside this state must be estimated separately.~~

~~11. The utility's forecasts of load]~~ ***provide a reasonable estimate of the demand from interruptible loads and the total demand of each type of interruptible load.***

7. The utility shall identify all standby loads and the total demand of each type of standby load and include an analysis of the likelihood and effect of incurring such demands at the time of the system peak of the utility.

8. All forecast values for the entire system of the utility must be reported. The utility shall separately estimate the contribution to peak demand and energy consumption for the components of the system located within the State of Nevada and for the components of the system located outside the State of Nevada.

9. A resource plan must contain a graphical representation of projected load duration curves for the ***year following the*** year in which the ***resource*** plan was filed and every fifth year thereafter ~~[.~~

~~12.]~~ ***for the remainder of the period covered by the resource plan.***

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 ***used by the utility*** from that used in the utility's previous ***resource*** plan must ~~[have the prior approval of the Commission.]~~ ***be identified in the current resource plan of the utility.***

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

704.9281 1. The historical data ~~[and the data on weather normalized pursuant to NAC 704.9245 which relates to]~~ ***relating to*** peak demand and ~~[sales of energy and is]~~ ***energy consumption*** submitted in a utility's ***resource*** plan must contain:

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

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

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

(d) The estimated or actual amount of ~~[electricity]~~ ***electric energy*** used by the utility in the operation of its business for ***each year of*** the 10-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.]~~

Sec. 61. NAC 704.9321 is hereby amended to read as follows:

704.9321 1. ~~[All]~~ ***To the extent consistent with cost-effective procedures generally accepted by the industry, all*** 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 forecast of an accepted service or a published forecast is adjusted]~~

2. Adjustments to forecasts obtained from external or published sources that are made 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 ***resource*** plan. Each such map must show at least:

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

(b) The ***locations of the*** utility's facilities for generation of ~~[electricity;]~~ ***electric energy;***

(c) ***The location of renewable resources, independent power producers and distributed generation that are located within the service territory of the utility and are under contract with the utility;***

(d) The interconnections with other utilities and ~~[nonutility generators; and~~

~~(d)]~~ ***independent power producers; and***

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

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

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

704.934 1. As part of ~~[a utility's plan, it]~~ ***its resource plan, a utility*** 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.

(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 ~~[benefits exceeding costs, based on a determination of the costs and benefits of particular programs to various classes of customers.]~~ ***benefits in peak demand or energy consumption.*** 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 such 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.~~

~~(e) A determination]~~

3. The demand side plan must provide a list of the programs for which the utility is requesting the approval of the Commission. The list must include:

(a) An estimate of the reduction in the ~~[use of energy and the demand for energy which]~~ ***peak demand and energy consumption that*** would result from ~~[the proposed programs,]~~ ***each proposed program,*** 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 and]~~ peak demand ***and energy consumption*** 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]~~ ***each proposed program*** and the savings ~~[in the utility's costs]~~ produced by the ~~[proposed programs, assuming a realistic level of penetration of the market. The]~~ ***program. If the program can be relied upon to reduce peak demand on a firm basis, the*** assessment must include the savings in the costs of transmission and distribution.

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

~~(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) A]~~ ***demand management.***

(d) If a program is an educational program, the projected expenses of the utility for the educational program.

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

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

704.9355 ~~[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]~~ ***environmental impact*** of each option ***,*** ~~[on the environment,]~~ taking into account the best available technologies. The options to be analyzed must include:

~~[(a) Expansion of its generating facilities;~~

~~(b) Upgrading of its facilities for transmission;~~

~~(c) Conversion to other fuels;~~

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

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

~~(f)]~~ ***1. Construction of new generation facilities or upgrades to existing generation facilities, including retrofitting existing facilities with more efficient systems or converting to other fuels;***

2. Construction of new transmission facilities or upgrades to existing transmission facilities;

3. Purchase of long-term transmission rights on transmission facilities owned by other persons;

4. Improvements in the efficiency of operations and scheduling; and

~~[(g)]~~ ***5.*** Transactions with other utilities ***or independent power producers*** for:

~~[(1)]~~ ***(a)*** Pooling of power;

~~[(2)]~~ ***(b)*** Purchases of power; or

~~[(3)]~~ ***(c)*** Exchanges of power.

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

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

704.9357 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.

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

704.9359 The environmental costs to the State associated with operating and maintaining a ***supply*** plan ~~[for supply]~~ or 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.

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

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

3. In comparing ~~[alternate]~~ ***alternative*** plans containing different resource options, ~~[the basic criterion which]~~ the utility shall ~~[use to select and rank the alternate 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]~~ ***alternative*** plan must be presented in ~~[each]~~ ***the*** resource plan.

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

5. ~~[Other criteria which the]~~ ***The*** utility shall consider ~~[are the avoidance]~~ ***for each alternative plan the 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 fuel and energy supply portfolios; and

(h) Financial instruments or electricity products.

6. The ~~[utility's selections]~~ ***alternative plans of the utility*** must:

(a) Provide adequate reliability;

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

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

(d) Meet the requirements for environmental protection.

7. ~~[If a plan selected by the utility as]~~ ***The utility 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 shall]~~ ***and*** fully justify its choice by setting forth the ~~[other criteria which]~~ ***criteria that*** influenced the utility's choice.

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

704.9378 The ***supply*** plan must contain time-line graphs for the utility's proposed ~~[programs]~~ ***resources*** for supply ~~[, including]~~ ***that include*** major activities ***, milestones*** and points of decision. The following subjects must be included ***in the time-line 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. ***The commercial operation date.***

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

704.9385 1. ~~[A]~~ ***The supply plan of the utility must develop and document the origins of:***

(a) The assumptions, data and projections used by the utility to calculate the costs and benefits of its options.

(b) The assessment of current and anticipated electric market conditions by the utility for the region in which the utility operates.

(c) The basic economic and financial limitations of the utility.

(d) The assumptions used by the utility for developing the environmental costs and the net economic benefits to the State from each of the options of the utility for future supply.

(e) The criteria used by the utility for determining the reserve margin.

(f) The assumptions used by the utility for renewable resources.

(g) The assumptions used by the utility for independent power producers.

(h) The assumptions used by the utility for the reduction in demand and energy requirements associated with customers exiting service from the utility and customers utilizing distributed generation resources.

2. Regarding generation, 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 years covered by its forecast.

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

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

(b) The date of ~~[its]~~ ***the*** planned retirement ~~[;]~~ ***of the facility, including the criteria used to select that date;***

(c) The type of facility;

(d) ~~[Its]~~ ***The rated*** generating capacity ~~[;]~~ ***and net expected generating capacity of the facility;***

(e) The fuel used;

(f) ~~[Its]~~ ***The*** capacity ***of the facility*** for storing fuel; ***and***

(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.~~

~~3. 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.~~

~~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.~~~~]~~ ***The designation of the capacity type of the facility, such as base load, intermediate or peaking.***

3. The supply plan of a utility must include a transmission plan for the 20 years covered by the forecast in the supply plan. The transmission plan must include, without limitation:

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

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

(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 an obligation to provide transmission services, for annual and peaking periods throughout the period covered by the resource plan.

(d) Identification of all existing and proposed transmission service agreements, and their expiration dates, with transmission customers for transmission service on the transmission system of the utility 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 the transmission capacity that the utility has secured for its bundled retail transmission customers on both its transmission system and the transmission systems of other entities.

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

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

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

4. Regarding the purchase of power, the supply plan must contain a list showing:

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

(b) The amount of electric power that the utility has contracted to buy, or has plans or potential opportunities to buy, from each source and the years for which delivery of the electric power is contracted or planned.

5. The utility shall include in its supply plan 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 period covered by the action plan.

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

704.9395 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]~~ ***money expended*** during construction; and

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

2. The estimated costs of operation, including:

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

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

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

4. The rates of escalation of cost, including:

(a) Capital costs;

(b) ~~[Costs which are variable and related to fuel;~~

~~(c) Operating costs which are variable and unrelated to fuel;]~~ ***Variable fuel costs;***

(c) Nonfuel operating costs;

(d) Environmental costs; and

(e) ~~[Operating costs which are fixed; and~~

~~5. The annual]~~ ***Fixed operating costs; and***

5. The 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.***

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

704.9401 1. The assumptions and methodologies for modeling used to develop the utility's financial plan must be described in the ***resource*** plan ~~[.]~~ ***of the utility.*** The following estimated financial information for the ~~[selected]~~ ***preferred*** 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 financial results the utility considers meaningful and appropriate.]~~ ***Financial results attributed to the risk management strategy of the utility.***

2. The financial assumptions used ***by the utility*** to develop ~~[the]~~ ***its supply*** plan must be stated in the ***financial*** 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 ***supply*** plan.

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

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

(e) The tax rates used in the ***supply*** plan.

(f) Other assumptions used in the ~~[financial]~~ ***supply*** plan.

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

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

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

704.945 1. ~~[The results of a utility's plan must be presented in graphs and tables.~~

~~2. A]~~ ***A utility shall include in its resource plan 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 resource plan:***

(a) The capacity provided by each supply resource;

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

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

(d) The estimated impact of new programs for conservation and ~~[load]~~ ***demand*** management;

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

(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 of the utility*** showing, over the 20-year planning period:

(a) The total ***resources*** 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 showing, over]~~ ***preferred plan that shows, for each year of*** the 20-year planning period, the excess or required capacity both with and without the additional planned resources.

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

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

704.9465 1. The utility shall perform an analysis ~~[which integrates:]~~ ***integrating:***

(a) Planning based on demand;

(b) Planning based on supply;

(c) Financial planning; and

(d) Planning to meet ***other applicable*** 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]~~ ***the utility can demonstrate*** the minimum costs of providing ~~[electricity to the utility's]~~ ***electric energy to its*** customers.

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

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

704.9475 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]~~ ***demand*** 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 ***describe*** methods of combining various uncertainties.

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

704.948 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.]~~

(c) Finances;

(d) The volatility of the price of purchased power and fuel; 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 risk and minimization of cost.]~~ ***mitigating risk, minimizing cost and volatility, and maximizing reliability.***

Sec. 76. NAC 704.9503 is hereby amended to read as follows:

704.9503 ***1.*** A utility shall continually monitor its ~~[plan of]~~ action ***plan*** and shall ~~[apply for permission to amend its]~~ ***amend the*** plan before it submits its next ***action*** plan if any of the following circumstances exist:

~~[1.]~~ ***(a)*** 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.]~~ ***(b)*** 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.]~~ ***(c)*** The utility makes a commitment for a long-term ~~[purchase]~~ ***purchased power*** obligation which 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 704.8793, inclusive.~~

~~4.]~~ ***(d) 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 3-year action plan.

(e) The utility makes a commitment for an option ~~[which]~~ ***that*** was not available at the time the ***action*** plan was approved.

~~[5.]~~ ***(f)*** 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.]~~

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

Sec. 77. NAC 704.952 is hereby amended to read as follows:

704.952 1. ~~[The utilities]~~ ***A utility*** may schedule sessions for reviewing plans and providing an opportunity for interested persons to:

(a) Learn of progress by ~~[utilities]~~ ***the utility*** 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,]~~ ***utility,*** the Consumer's Advocate, ~~[persons employed by the Commission to regulate utilities which supply electricity,]~~ ***the 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. ~~[The]~~ ***If review sessions are held pursuant to subsection 1, the*** 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 4 months before the anticipated date for filing the resource plan, the utility shall meet with staff and the Consumer Advocate's personnel to provide an overview of the anticipated filing.

6. Before a utility may file an amendment to its resource plan, the utility must meet with staff and the Consumer Advocate's personnel to provide an overview of the anticipated amendment.

Sec. 78. NAC 704B.360 is hereby amended to read as follows:

704B.360 1. In addition to the requirements of NAC 704B.350, if the eligible customer is a nongovernmental commercial or industrial end-use customer whose load is in the service territory of an electric utility that primarily serves densely populated counties, not later than 15 calendar days after the date on which the eligible customer files an application, the regulatory operations staff shall:

(a) Perform its initial analysis of the contractual rights identified in the application pursuant to paragraph (f) of subsection 1 of NAC 704B.340. In its initial analysis, the regulatory operations staff shall indicate whether the contractual rights will be beneficial or detrimental to

the remaining customers of the electric utility and shall include a recommendation regarding whether the contractual rights should be assigned to the electric utility.

(b) Provide its initial analysis to the eligible customer, the provider, the Bureau of Consumer Protection and the electric utility.

2. Not later than 25 calendar days after the date on which the eligible customer files an application, the regulatory operations staff, the eligible customer and the electric utility shall meet, in person or telephonically, at least once to discuss the results of the initial analysis performed by the regulatory operations staff and, if necessary, to exchange information, including, without limitation, the exchange of any suggested additions, modifications or deletions to the initial analysis performed by the regulatory operations staff. The Bureau of Consumer Protection and the provider must be notified of each such meeting, and each may participate fully in each such meeting and in any exchange of information.

3. Not later than 35 calendar days after the date on which the eligible customer files an application, the regulatory operations staff shall:

(a) Finalize its analysis of the contractual rights identified in the application. In finalizing its analysis, the regulatory operations staff shall incorporate any information obtained from the eligible customer, the provider, the electric utility and the Bureau of Consumer Protection that the regulatory operations staff determines will most accurately indicate whether the contractual rights will be beneficial or detrimental to the remaining customers of the electric utility.

(b) Release the results of its finalized analysis to the eligible customer, the provider, the electric utility and the Bureau of Consumer Protection.

(c) Submit its finalized analysis to the Commission.

4. Not later than 50 calendar days after the date on which the eligible customer files an application, any party of record may file with the Commission an alternative analysis to the analysis performed by the regulatory operations staff. Each alternative analysis must:

(a) Identify the bases for concluding that the analysis performed by the regulatory operations staff is deficient; and

(b) Include objective information demonstrating that the methodology used by the party is valid under the range of circumstances included in the alternative analysis performed by the party.

5. The deadlines established in subsections 1 to 4, inclusive, may be modified by stipulation or by order of the Commission on a case-by-case basis for any proceeding governed by this chapter. Upon the request of a party of record, the Commission may waive noncompliance with the deadlines established in subsections 1 to 4, inclusive.

6. After evaluating the analysis performed by the regulatory operations staff and any alternative analysis filed by a party of record, the Commission will determine whether it is in the best interest of the remaining customers of the electric utility to have the eligible customer assign the contractual rights to the electric utility.

7. If the Commission determines that it is in the best interest of the remaining customers of the electric utility to have the eligible customer assign the contractual rights to the electric utility:

(a) The eligible customer shall assign the contractual rights to the electric utility.

(b) The electric utility shall accept the assignment and, upon the effective date of the contract, include the contract in its portfolio to supply its remaining customers. The contract:

(1) Shall be deemed to be prudent;

(2) Is not subject to the provisions of NAC 704.9005 to 704.9525, inclusive, ***and sections 2 to 36, inclusive, of this regulation,*** for the purposes of including the contract as an option for supply; and

(3) Is not an amendment to the ~~[plan of]~~ action ***plan*** of the electric utility for the purposes of NAC 704.9503, and the electric utility shall not apply for permission to amend its ~~[plan of]~~ action ***plan*** pursuant to that section with regard to the contract.

(c) In its subsequent filing for recovery of the cost of the contract, the electric utility shall assign the cost of the contract to those classes of customers who are not eligible for choice pursuant to this chapter.

8. If the Commission determines that it is not in the best interest of the remaining customers of the electric utility to have the eligible customer assign the contractual rights to the electric utility, the eligible customer is entitled to the contractual rights.

Sec. 79. NAC 704.9045, 704.907, 704.9105, 704.911, 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

704.9045 "Conservation or load management whose benefits exceed its costs" defined. (NRS 703.025, 704.210, 704.741) "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 704.907 "Firm energy" defined. (NRS 703.025, 704.210, 704.741) "Firm energy" means energy which is intended to be available at all times during the period covered by a commitment unless the supply is interrupted by uncontrollable forces.

704.9105 "Interchange" defined. (NRS 703.025, 704.210, 704.741) "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.

7**04.911 "Load management" defined. (NRS 703.025, 704.210, 704.741)** "Load 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 during the period of the utility's peak load.

704.9128 "Nonutility generator" defined. (NRS 703.025, 704.210, 704.741) "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.

704.914 "Plan" defined. (NRS 703.025, 704.210, 704.741) "Plan" means the plan which a utility is required by NRS 704.741 to submit every third year to the Commission.

704.9155 "Realistic level of penetration of the market" defined. (NRS 703.025, 704.210, 704.741) "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.

704.9168 "Trial program" defined. (NRS 703.025, 704.210, 704.741) "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.

704.9255 Adoption of Standard Industrial Classification. (NRS 703.025, 704.210, 704.741)

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.

704.926 Classification of customers. (NRS 703.025, 704.210, 704.741)

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.

704.930 Projections of future prices. (NRS 703.025, 704.210, 704.741) 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.

704.9353 Report on progress of plan of action: Submission; contents; form; hearing. (NRS 703.025, 704.210, 704.741)

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.

704.9365 Plan for supply: Requirements. (NRS 703.025, 704.210, 704.741) 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.

704.939 Sources and amount of power available for purchase; use. (NRS 703.025, 704.210, 704.741)

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.

704.9411 Sensitivity analyses of assumptions and estimates. (NRS 703.025, 704.210, 704.741) 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.

704.942 Information concerning capabilities and limitations; description of expected transactions. (NRS 703.025, 704.210, 704.741)

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.

704.9445 Hydroelectric resources. (NRS 703.025, 704.210, 704.741)

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.

704.9485 Recovery of cost of developing plan: Exclusions; accounting; procedure; adjustments; rate of utility. (NRS 703.025, 704.210, 704.741)

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 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."

704.9491 Resource plan; accounting of costs of implementing programs for conservation and load management; recovery of costs; penalty. (NRS 703.025, 704.210, 704.741)

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.

704.9505 Exemption for plan submitted in 1984. (NRS 703.025, 704.210, 704.741)

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 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.

704.951 Plan of action: Required to be based on integrated analysis; contents. (NRS 703.025, 704.210, 704.741)

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.

704.9513 Plan of action: Inclusion of proposal or contract for long-term purchase obligation with affiliate. (NRS 703.025, 704.210, 704.741) 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.

704.9515 Approval of plan of action. (NRS 703.025, 704.210, 704.741)

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.