LCB File No. R051-09

PROPOSED REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

(This agency draft replaces the one posted 7/2/2009)
Docket 07-11002

VARIABLE INTEREST EXPENSE RECOVERY MECHANISM AND UNIFORM SYSTEMS OF ACCOUNTS

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

AUTHORITY: NRS 704.324.

A REGULATION relating to public utilities; establishing provisions relating to the recovery of variable interest expense; updating and correcting references to uniform systems of accounts for gas and electric utilities; and providing other matters properly relating thereto.

Section 1 NAC 704.101 is hereby amended to read as follows:

Each electric utility and gas utility using deferred energy accounting shall maintain a deferred energy account. Entries must be made to the deferred energy account at the end of each month as follows:

1. For electric operations:

(a) A debit entry ***to a subaccount to FERC Account No.182.3*** or credit entry to FERC Account No. ***254*** ~~[182.3]~~, if negative, equal to the cost of both fuel for electric generation and purchased power, reduced for revenues from nonfirm sales, distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to the total sales of energy, exclusive of nonfirm sales, less the amount of revenue derived by applying the base tariff energy rate to that month's applicable jurisdictional sales.

(b) A separate credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month's applicable jurisdictional sales.

(c) A credit entry equal to the jurisdictional amount of any cash refund, including interest if applicable, received from its fuel or suppliers of purchased power.

(d) A separate debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

2. For gas operations:

(a) A debit entry or credit entry to FERC Account No. 191, if negative, equal to the cost of purchased gas for the month distributed to applicable jurisdictional sales by the ratio of those jurisdictional sales to total sales, less the amount of the revenue derived by applying the base tariff energy rate to that month's applicable jurisdictional sales.

(b) A credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month's applicable jurisdictional sales.

(c) A credit entry equal to the jurisdictional amount of any cash refund, including interest if applicable, received from suppliers of purchased gas.

(d) A debit entry or credit entry, if negative, equal to the product of the ending balance multiplied by one-twelfth of the authorized rate of return as provided in NAC 704.150.

Sec. 2 NAC 704.105 is hereby amended to read as follows:

An account for energy cost adjustments must:

1. Contain contra entries to:

(a) FERC Account No. 182.3 ***or 254***, for electric operations; or

(b) FERC Account No. 191, for gas operations.

2. Be debited or credited with the amount of the amortized energy cost differential for each month of each period of amortization.

3. Be maintained in a manner consistent with:

(a) FERC Account No. 182.3 ***or 254***, for electric operations; or

(b) FERC Account No. 191, for gas operations.

Sec. 3 NAC 704.111 is hereby amended to read as follows:

1. For each electric utility:

(a) The electric utility shall clear annually any debit ***in subaccount to FERC Account No. 182.3*** or credit balance in ***subaccount to*** FERC Account No. ***254*** **[**~~182.3~~**]** over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt-hours.

(b) The electric utility shall not bill or credit the deferred energy accounting adjustment to the customers of the electric utility until authorized by the Commission after a proper deferred energy application is made therefor.

2. For each gas utility:

(a) The gas utility shall clear annually any debit or credit balance in FERC Account No. 191 by dividing the cumulative debit or credit balance by the total Nevada jurisdictional therms which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in therms.

(b) The gas utility shall not bill or credit the deferred energy accounting adjustment to the customers of the gas utility until authorized by the Commission after a proper deferred energy application or annual rate adjustment application is made therefor.

3. The recovery of a debit balance in ***the subaccount to*** FERC Account No. 182.3, for electric operations, or FERC Account No. 191, for gas operations, must be limited by the most recently authorized Nevada jurisdictional rate of return for the specific operation of the electric utility or gas utility. If the Nevada jurisdictional rate of return submitted for an operating department of the electric utility or gas utility exceeds the most recently authorized rate of return for the utility, an amount equal to the amount which exceeds the utility's last authorized rate of return must be carried forward to the next test period.

Sec. 4 NAC 704.145 is hereby amended to read as follows:
FERC Account Nos. 182.3 ***or, if appropriate, 254*** and ***407.4, or if appropriate 407.3*** **[**~~557~~**]** must be used in Nevada jurisdictional electric operations for deferred energy accounting to record monthly entries in the manner prescribed in NAC 704.101 and 704.105.

2. FERC Account Nos. 191 and 805.1 must be used in Nevada jurisdictional gas operations to record the monthly entries in the manner prescribed in NAC 704.101 and 704.105.

3. The contra entries to the deferred energy accounts referred to in subsections 1 and 2 must be made to ***a subaccount to*** FERC Account No. ***407.3 or 407.4*** **[**~~557~~**]**, for electric cost differentials, and FERC Account No. 805.1, for gas cost differentials.

4. ***The subaccount to FERC Nos. 407.3 and 407.4 shall be included in the calculation of Nevada jurisdictional rate of return.***

The income tax effect applicable to the debit and credit entries to the deferred energy accounts set forth in NAC 704.023 to 704.195, inclusive, must be recorded in the following FERC accounts:

(a) FERC Account No. 410.1	- Provision for deferred income taxes, utility operating income.
(b) FERC Account No. 283	- Accumulated deferred income taxes, other.
(c) FERC Account No. 411.1	- Provision for deferred income taxes, credit, utility operating income.
(d) FERC Account No. 190	- Accumulated deferred income taxes.
(e) FERC Account No. 409.1	- Income taxes, utility operating income.
(f) FERC Account No. 236	- Taxes accrued.

➥ These accounts must be maintained by test period so as to separate the income tax effect between electric and gas operations. The accounts must be maintained in a manner consistent with FERC Account No. 191, for gas operations, and FERC Account No. 182.3 ***and 254***, for electric operations.

Sec. 5 NAC 704.120 is hereby amended to read as follows:

1. The Commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission those accounts enumerated in this section as FERC accounts. These accounts are contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these Parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at (866) 512-1800, for the price of $62, or these Parts may be obtained free of charge on the Internet at http://www.gpoaccess.gov/cfr/index.html.

2. The following accounts are hereby adopted:

(a) Fuel for electric generation, FERC Account Nos. 501 and 547.

(b) Purchased power, FERC Account No. 555.

(c) Transmission of electricity by others, FERC Account No. 565.

(d) Income tax accounts, electric and gas, FERC Account Nos. 190, 236, 283, 409.1, 410.1 and 411.1.

(e) Gas for resale, FERC Account Nos. 728, 755, 760, 777, 800 to 809.2, inclusive, 811, 812 and 858.

(f) Purchased gas cost adjustments, FERC Account No. 805.1.

(g) Unrecovered purchased gas costs, FERC Account No. 191.

(h) Interest and dividend income, FERC Account No. 419.

(i) Other regulatory assets, electric, FERC Account No. 182.3.

(j) Other expenses, FERC Account No. 557.

(k) Other regulatory liabilities, electric, FERC Account No. 254.

(l) Regulatory debits, FERC Account 407.3.

(m) Regulatory credits, FERC Account 407.4.

(n) Other interest expense, FERC Account 431.

Sec. 6. NAC 704.150 is hereby amended to read as follows:

1. Except as otherwise provided in subsection 3, a carrying charge must be computed on the current average monthly debit ***balance in a subaccount to*** FERC Account No. 182.3,or credit balance in FERC Account No. ***254*** **[**~~182.3~~**]**, for electric operations, or FERC Account No. 191, for gas operations, and must be respectively debited or credited to the account at the carrying charge rate of one-twelfth of the overall rate of return as authorized by the Commission for the particular department or division of the electric utility or gas utility, adjusted for the federal income tax applicable to the equity component of the overall rate of return computed at the applicable statutory rate. The rate of the carrying charge must be applied to the entire balance in ***the subaccount to*** FERC Account No. 182.3 ***or FERC Account No. 254***, for electric operations, or FERC Account No. 191, for gas operations, net of applicable accumulated deferred income taxes, as follows:

Carrying charge = (carrying charge rate) x (average deferred energy balance for the month) x (1 - statutory **[**~~deferred~~**]** income tax rate)

2. The contra entries for the carrying charge must be made to FERC Account No. 419 ***if a credit (income), or FERC Account No. 431 if a debit (expense)*** **[**~~, for gas operations~~**]**.

3. If, in any month, the Nevada jurisdictional earned rate of return for an operating department of the electric utility or gas utility exceeds the overall rate of return last authorized by the Commission for that department, and if the average monthly balance in FERC Account No. 182.3, for electric operations, or FERC Account No. 191, for gas operations, is a debit, an adjustment amount will be calculated equal to the amount which exceeds the utility's last authorized rate of return. The Nevada jurisdictional earned rate of return will be calculated quarterly using the 12-month period ending with the last month of the quarter and will apply to the carrying charge calculation in each month of that quarter. Carrying charges may accrue only on that portion of the debit balance which exceeds the adjustment amount.

Sec. 7 NAC 704.217 is hereby amended to read as follows:

1. A utility may file an application to recover deferred variable interest expense or dividends and to update the level of variable interest expense or dividends included in the current rates within 45 days after the end of the utility's test period. An application may not be filed more than once during a calendar year.

2. The application must include:

(a) A request for approval to adopt the procedure;
(b) A calculation of the weighted average variable interest or dividend rate;
(c) A calculation of the net change in the base tariff general rate resulting from changes in the weighted average variable interest or dividend rate; and
(d) A calculation of the net change in the base tariff general rate resulting from changes in accumulation of deferred interest.

3. The net change in the base tariff general rate (1BTGR) resulting from changes in the weighted average variable interest or dividend rate must be based on the following formula:

$$1BTGR = \frac{\cancel{[AVIR(new) - AVIR(prior)]}\ X\ RB}{BU}$$

4. The net change in the base tariff general rate (2BTGR) resulting from changes in accumulation of deferred interest (ADI) must be based on the following formula:

$$2BTGR = \frac{ADI(new)}{BU(new)} - \frac{ADI(prior)}{BU(prior)}$$

5. ***The cumulative adjustment to the base tariff general rate (BTGR) resulting from changes in the weighted average variable interest or dividend rate and changes in the accumulations of deferred interest is based on the following formula:***

BTGR(new) = BTGR(prior) + 1BTGR + 2BTGR

~~[5.]~~ ***6.*** As used in this section:
(a) "ADI(new)" means the balance in the subaccount of FERC Account No. ~~[186]~~ ***182.3 or 254 at the end of*** ~~[during]~~ the current ~~[amortization]~~ ***test*** period.
(b) "ADI(prior)" means the balance in the subaccount of FERC Account No. ~~[186]~~ ***182.3or 254 at the end of*** ~~[during]~~ the prior ~~[amortization]~~ ***test*** period.
(c) "AVIR(new)" means the current ***test period's*** ~~[month's]~~ weighted variable interest or dividend rate for all outstanding variable rate securities issued by the utility and included in the Nevada jurisdictional capital structure, as approved in the last general rate case or other proceeding ~~[if stipulated by the parties and accepted by the Commission]~~.
(d) "AVIR(prior)" means the weighted average variable interest or dividend rate ***previously approved.***
(e) "BU" means the billing units established in the last general rate case or other proceeding ~~[if stipulated by the parties and accepted by the Commission]~~.
(f) "BU(new)" means the billing units established during the current ***proceeding*** ~~[amortization period]~~.
(g) "BU(prior)" means the billing units established during the prior ***proceeding*** ~~[amortization period]~~.
(h) "RB" means the rate base established in the last general rate case or other proceeding ~~[if stipulated by the parties and accepted by the Commission]~~.

Sec. 8 NAC 704.218 is hereby amended to read as follows:

1. A utility which plans to seek recovery of variable interest expense or dividends shall calculate revenues and expenses related to allowable variable interest expense or dividends as follows:

(a) The currently recoverable variable interest expense or dividends must be calculated each month by multiplying the last authorized rate base by one-twelfth of the last authorized weighted average variable interest or dividend rate.

(b) The difference between the currently recoverable expense and the current month's weighted average variable rate multiplied by the last authorized rate base must be ***recorded in*** ~~[transferred to]~~ a subaccount of FERC Account No. ~~[186]~~ ***182.3(Other Regulatory Assets) or 254 (Other Regulatory Liabilities)*** ~~[(Other Deferred Debits)]~~***, with the offsetting amount being recorded in FERC Account No. 407.3 or 407.4.*** The current month's weighted average variable rate is the current rate for all outstanding variable rate securities issued by the utility and included in the Nevada jurisdictional capital structure, as approved in the last general rate case or other proceeding ~~[if stipulated by the parties and accepted by the Commission]~~.

(c) Whenever a new weighted average variable interest or dividend rate is authorized, revenues must be increased or decreased annually to match changes in allowable interest expense or dividends by adjusting the base tariff general rate based on the following formula:

1BTGR(new) = ***1***BTGR(prior) ± 1BTGR

2. As used in this section:

(a) "1BTGR" means the net change in the base tariff general rate resulting from changes in the weighted average variable interest or dividend rate, calculated pursuant to subsection 3 of NAC 704.217.

(b) "***1***BTGR(new)" means the base tariff general rate established in the ***current proceeding*** ~~[last general rate case or other proceeding if stipulated by the parties and accepted by the Commission]~~.

(c) "***1***BTGR(prior)" means the base tariff general rate established in the ***last*** ~~[prior]~~ general rate case or other proceeding ~~[if stipulated by the parties and accepted by the Commission]~~.

Sec. 9 NAC 704.219 is hereby amended to read as follows:

1. A utility which plans to seek recovery of variable interest expense or dividends shall calculate revenues and expenses related to the accumulation of deferred variable interest or dividends as follows:

(a) ***Monthly*** ~~[A]~~***a***mortization revenues must be credited or debited to FERC Account No. ~~[186]~~ ***182.3or 254*** based on the following formula:

2BTGR X BU(new)

(b) ***A corresponding debit or credit*** ~~[Monthly expense]~~ must be transferred from the subaccount of FERC Account No. ~~[186]~~ ***182.3 or 254*** to a subaccount of ~~[interest expense]~~ ***FERC Account No. 407.3 or 407.4***. ~~[Monthly expense is the net change in the base tariff general rate, calculated pursuant to subsection 3 of NAC 704.217, and multiplied by the billing unit sales for the month.]~~

(c) Whenever a new accumulation of deferred interest is authorized, revenues must be increased or decreased annually to match changes in accumulation of deferred variable interest by adjusting the base tariff general rate based on the following formula:

$$\mathit{2}BTGR(new) = \mathit{2}BTGR(prior) \pm 2BTGR$$

2. As used in this section:

(a) "2BTGR" means the net change in the base tariff general rate resulting from changes in the accumulation of deferred interest, calculated pursuant to subsection 4 of NAC 704.217.

(b) "***2***BTGR(new)" means the base tariff general rate established in the ***current proceeding*** **[**~~last general rate case or other proceeding if stipulated by the parties and accepted by the Commission~~**]**.

(c) "***2***BTGR(prior)" means the base tariff general rate established in the ***last*** **[**~~prior~~**]** general rate case or other proceeding **[**~~if stipulated by the parties and accepted by the Commission~~**]**.

(d) "BU(new)" means the billing units established during the current ***proceeding*** **[**~~amortization period~~**]**.

Sec. 10 NAC 704.220 is hereby amended to read as follows:

A utility which plans to seek recovery of variable interest expense or dividends shall compute a carrying charge on the ***average monthly*** debit or credit balance in the subaccount of FERC Account No. **[**~~186~~**]** ***182.3or 254*** at the end of each month as follows:

1. The carrying charge must be debited or credited to the subaccount of FERC Account No. **[**~~186~~**]** ***182.3or 254*** at the rate of one-twelfth of the overall rate of the return which was last authorized by the Commission for the particular department or division of the utility**[**~~.~~**]*****, adjusted for federal income tax applicable to the equity component of the overall rate of return computed at the applicable statutory rate.*** The rate of carrying charge must be applied to the entire balance in the subaccount~~.~~***, net of applicable accumulated deferred income taxes, as follows:***

> ***Carrying Charge = (Carrying charge rate) x (average deferred variable interest expense balance for the month) x (1 – statutory income tax rate).***

2. The contra entries for the carrying charge must be made to an appropriate subaccount of FERC Account No. 419 (Interest and Dividend Income) or FERC Account No. 431 (Other Interest Expense).

3. All carrying charges must be recorded in a separate subaccount entitled Carrying Charge for Recovery of Variable Interest Expense or Dividends.

Sec. 11 NAC 704.222 is hereby amended to read as follows:

The changes in rates authorized by NAC 704.218 and 704.219 are effective at the same time as a change in the rates resulting from a general rate case**[**~~, a purchased gas adjustment,~~**]** or a deferred energy accounting adjustment, unless the Commission authorizes a different effective date.

Sec. 12 NAC 704.640 is hereby amended to read as follows:

1. The Commission hereby adopts by reference the regulations contained in 18 C.F.R. Parts 201~~[,]~~ ***and*** 204~~[, and 205]~~ as those regulations exist on ~~**June 1, 1971**~~ ***April 1, 2009***. The volume containing the uniform system of accounts for natural gas companies~~[, classes A, B, C and D,]~~ is available from the Superintendent of Documents, United States Government Printing Office, ~~[Washington, D.C. 20402, at the price of $8]~~ ***P.O. Box 979050, St Louis, Missouri 63197-9000, toll-free at (866) 512-1800, or online at http://bookstore.gpo.gov, for the price of $62***. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

2. The Commission will review each revision of the publication adopted by reference pursuant to subsection 1 to determine its suitability for this State. If the Commission determines that the publication is not suitable for this State, it will hold a public hearing to review its determination and give notice of that hearing within six months after the date of the publication of the revision. If, after the hearing, the Commission does not revise its determination, the Commission will give notice that the revision is not suitable for this State within thirty days after the hearing. If the Commission does not give such notice, the revision becomes part of the publication adopted by reference pursuant to subsection 1.

Sec. 13 NAC 704.650 is hereby amended to read as follows:

1. The Commission hereby adopts by reference the regulations contained in 18 C.F.R. Part***s*** 41, ~~[Accounts and Records, and 18 C.F.R.]~~ ***101,*** ~~[Part]~~ ***and*** 290, ~~[Collection of Cost of Services Information,]~~ as those regulations exist on ~~[June 1, 1971]~~ ***April 1, 2009***. ***The*** ~~[V]~~***v***olume ***containing***18 C.F.R. 1~~[-149 and volume 18 C.F.R. 150]~~-399 ~~[are]~~ ***is*** available from the Superintendent of Documents, U.S. Government Printing Office, ~~[Washington, D.C. 20402, at the price of $16 and $8 respectively]~~ ***P.O. Box 979050, St Louis, Missouri 63197-9000, toll-free at (866) 512-1800, or online at http://bookstore.gpo.govfor the price of $62***. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

2. The Commission will review each revision of the publication adopted by reference pursuant to subsection 1 to determine its suitability for this State. If the Commission determines that the publication is not suitable for this State, it will hold a public hearing to review its determination and give notice of that hearing within six months after the date of the publication of the revision. If, after the hearing, the Commission does not revise its determination, the Commission will give notice that the revision is not suitable for this State within thirty days after the hearing. If the Commission does not give such notice, the revision becomes part of the publication adopted by reference pursuant to subsection 1.

Sec. 14 NAC 704.8937 is hereby amended to read as follows:

1. A utility provider shall:

(a) Account for portfolio energy credits by using General Instruction 21 as set forth in the Uniform System of Accounts of the Federal Energy Regulatory Commission in 18 C.F.R. Part 101, which is hereby adopted by reference. The volume of the Code of Federal Regulations which contains Part 101 may be purchased from the Superintendent of Documents, United States Government Printing Office, ~~[P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954,]~~ ***P.O. Box 979050, St Louis, Missouri 63197-9000,***~~[or]~~ toll-free at (866) 512-1800, ***or online at http://bookstore.gpo.gov,*** for the price of $62. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

(b) Substitute FERC Account No. 555, which is adopted by reference pursuant to NAC 704.120, for FERC Account Nos. 411.8, 411.9 and 509.

(c) Maintain subaccounts for portfolio energy credits that are separate from all other items in FERC Account No. 555.

(d) Apply for the inclusion of any losses or gains from the purchase or sale of portfolio energy credits in each deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

2. As used in this section, "FERC account" means an account contained in the Uniform System of Accounts established by the Federal Energy Regulatory Commission.

3. The Commission will review each revision of the publication adopted by reference pursuant to subsection 1 to determine its suitability for this State. If the Commission determines that the publication is not suitable for this State, it will hold a public hearing to review its determination and give notice of that hearing within six months after the date of the publication of the revision. If, after the hearing, the Commission does not revise its determination, the Commission will give notice that the revision is not suitable for this State within thirty days after the hearing. If the Commission does not give such notice, the revision becomes part of the publication adopted by reference pursuant to subsection 1.

Sec. 15 NAC 704.8897 is hereby amended to read as follows:

1. Within 30 days after the issuance of an order by the Commission to establish a TRED program, the utility provider shall appoint a third-party professional trustee acceptable to the Commission and shall take all actions necessary to initiate a temporary renewable energy development trust. The TRED trust shall receive money collected by the utility provider from retail customers pursuant to a temporary renewable energy development charge and disburse that money to eligible new renewable energy projects. The TRED trust has the sole right to receive revenue generated by the TRED charge, and the right to receive such revenue constitutes a current property right granted to and vested in the TRED trust.

2. The utility provider shall file an executed copy of the trust agreement between the utility provider and the trustee of the TRED trust with the Commission for its approval.

3. The trust agreement must contain a provision establishing a minimum level of reserve for the TRED trust that is equal to three times the highest projected monthly payment to each eligible new renewable energy project for the period during which the TRED charge will be in effect.

4. The costs incurred by a utility provider to initiate and maintain a TRED trust, including, without limitation, the cost of reserves advanced by the utility provider to the TRED trust, the taxes assessed on the utility provider for amounts related to the TRED trust and the fees charged by the trustee, must be considered expenses associated with the acquisition of purchased power***.*** **[,]** ***The amount*** must be booked by the utility provider in FERC **[a]** ***A***ccount ***No. 182.3*** **[~~557 as an "other expense" associated with purchasing power~~]** and may be recovered by the utility provider pursuant to the deferred energy accounting process set forth in NAC 704.023 to 704.195, inclusive.

5. Once the TRED charge is established by an order of the Commission issued pursuant to NAC 704.8898, the utility provider shall begin collecting the TRED charge from its retail customers. Beginning with the first full calendar week thereafter and continuing once each week following, the utility provider shall estimate and remit to the TRED trust the total amount collected pursuant to the TRED charge through the last calendar day of the previous collection period.

6. On the 20th calendar day of each month, the utility provider shall provide the trustee of the TRED trust with a statement showing the calculation of the amounts to be disbursed to each eligible new renewable energy project in accordance with its respective renewable energy or renewable energy credits contracts based on the production of each eligible new renewable energy project during the previous calendar month. The TRED trust shall, within 7 calendar days after receiving the statement from the utility provider, remit payment to each eligible new renewable energy project in accordance with the statement.

Sec. 16 NAC 704.9523 as amended by LCB File Number R162-07 section 2 is hereby amended to read as follows:

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.

2. Except as otherwise provided in subsection 4, 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 these programs through a general rate case.

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

(a) Calculate, on a monthly basis, 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 cost of implementing each program, as calculated pursuant to paragraph (a), in a separate subaccount of Account 182.3 (Other Regulatory Assets) for each program and ***record*** ~~[make]~~ an ~~[appropriate]~~ offset ***in the appropriate subaccount*** to other ***FERC accounts*** ~~[subaccounts]~~.

(c) Maintain subsidiary records of the subaccounts of Account 182.3 for each program. These records must clearly delineate all costs incurred by the utility in implementing each program approved by the Commission.

(d) 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 182.3 for each program not included in the rate base.

(e) Clear any balance accumulated in the subaccounts of Account 182.3 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 3-year period , unless otherwise specified by the Commission**.**

(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 182.3 for each program, including carrying charges, in the rate base as of the date that ends the test period used in the utility's application to change general rates or as of the date that ends the period of 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 182.3 for each conservation or demand

management program that the utility has carried out on the authorized return on equity plus 5 percent.

4. Costs incurred in implementing a dispatchable direct load control program must be recovered pursuant to subsection 3, except for the costs of incentives paid to customers which are treated as fuel and purchased power expense pursuant to NAC 704.023 to 704.195, inclusive.

5. As used in this section, "dispatchable direct load control program" means a program offered by a utility pursuant to which customers may agree to allow the utility remotely to interrupt or cycle electrical equipment and appliances, including, without limitation, air conditioners, water heaters and space heaters.

Sec. 17 **Sec**tion 2 of LCB file number RP173-07 is hereby amended to read as follows:

The Public Utilities Commission of Nevada hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as Other Regulatory Assets, FERC Account No. 182.3. This account is contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, or toll-free at (866) 512-1800, for the price of $62. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

Sec. 18 Section 18 of LCB file number RP173-07 is hereby amended to read as follows:

1. All reasonable and prudent costs associated with carrying out and administering the Waterpower Demonstration Program must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. The utility must account for the costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Waterpower Demonstration Program since the end of the test period in its last proceeding to change the Waterpower Demonstration Program rate;

(b) Record the cost of the Waterpower Demonstration Program in a separate subaccount of FERC Account No. 182.3 and ***record*** **[**~~make~~**]** an **[**~~appropriate~~**]** offset ***in the appropriate subaccount*** to other ***FERC accounts*** **[**~~subaccounts~~**]**;

(c) Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the incentives, contractor costs, marketing costs, training costs and utility administrative costs associated with the Waterpower Demonstration Program;

(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the rate established pursuant to section 19 of this regulation to recover the Waterpower Demonstration Program cost; and

(e) Apply a carrying charge at the rate of 1/12 of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.

2. The utility's labor costs and overhead costs related to the Waterpower Demonstration Program must be recovered in a general rate case filing.

Sec. 19 Section 2 of LCB file number RP174-07 is hereby amended to read as follows:

The Public Utilities Commission of Nevada hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as

Other Regulatory Assets, FERC Account No. 182.3. This account is contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, or toll-free at (866) 512-1800, for the price of $62. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

Sec. 20 Section 22 of LCB file number RP174-07 is hereby amended to read as follows:

1. All reasonable and prudent costs associated with carrying out and administering the Wind Demonstration Program must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. The utility must account for the costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Wind Demonstration Program since the end of the test period in its last proceeding to change the Wind Demonstration Program rate;

(b) Record the cost of the Wind Demonstration Program in a separate subaccount of FERC Account No. 182.3 and ***record*** **[**~~make~~**]** an **[**~~appropriate~~**]** offset ***in the appropriate subaccount*** to other ***FERC accounts*** **[**~~subaccounts~~**]**;

(c) Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the incentives, contractor costs, marketing costs, training costs and utility administrative costs associated with the Wind Demonstration Program;

(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the rate established pursuant to section 19 of this regulation to recover the Wind Demonstration Program cost; and

(e) Apply a carrying charge at the rate of 1/12 of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.

2. The utility's labor costs and overhead costs related to the Wind Demonstration Program must be recovered in a general rate case filing.

Sec. 21 Section 2 of LCB file number RP175-07 is hereby amended to read as follows:

The Public Utilities Commission of Nevada hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as Other Regulatory Assets, FERC Account No. 182.3. This account is contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, or toll-free at (866) 512-1800, for the price of $62. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

Sec. 22 Section 22 of LCB file number RP175-07 is hereby amended to read as follows:

1. All reasonable and prudent costs associated with carrying out and administering the Solar Program must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. The utility must account for the costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Solar Program since the end of the test period in its last proceeding to change the Solar Program rate;

(b) Record the cost of the Solar Program in a separate subaccount of FERC Account No. 182.3 and ***record*** ~~[make]~~ an ~~[appropriate]~~ offset ***in the appropriate subaccount*** to other ***FERC accounts*** ~~[subaccounts]~~;

(c) Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the incentives, contractor costs, marketing costs, training costs and utility administrative costs associated with the Solar Program;

(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the rate established pursuant to section 19 of this regulation to recover the Solar Program cost; and

(e) Apply a carrying charge at the rate of 1/12 of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.

2. The utility's labor costs and overhead costs related to the Solar Program must be recovered in a general rate case filing.

Sec. 23 Section 8 of LCB file number RP05-08 is hereby amended to read as follows:

The Commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as Other Regulatory Assets, FERC Account No. 182.3. This account is contained in 18 C.F.R. Part 201, and the volume of the Code of Federal Regulations containing this part may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, or toll-free at (866) 512-1800, for the price of $62. ***It may also be accessed free of charge online at www.gpoaccess.gov.***

Sec. 24 Section 14 of RP095-08 is hereby amended to read as follows:

1. All costs of implementing the substantive conservation and energy efficiency programs included in a conservation and energy efficiency plan accepted by the Commission must be accounted for in the books and records of the gas utility separately from amounts attributable to any other activities. All accounts must be maintained in such a manner as will allow costs attributable to specific programs to be readily identified. These costs must be segregated into the same categories as specified in the budget for the 3-year planning period.

2. The gas utility may recover all just and reasonable costs for implementing substantive conservation and energy efficiency programs included in an application that the Commission has accepted either as part of the gas utility's conservation and energy efficiency plan or as modified in the gas utility's annual conservation and energy efficiency plan report. These costs may include, without limitation, costs for labor, overhead, materials, incentives paid to customers, advertising, marketing, measurement, verification and evaluation.

3. To recover costs incurred in implementing substantive conservation and energy efficiency programs, the gas utility must:

(a) Calculate, on a monthly basis, the costs incurred in implementing each program since the end of the period;

(b) Record the total cost of implementing each program, as calculated in paragraph (a), in a separate subaccount of FERC Account No. 182.3 for each program and ***record*** ~~[make]~~ an ~~[appropriate]~~ offset ***in the appropriate subaccount*** to other ***FERC accounts*** ~~[subaccounts]~~;

(c) Maintain subsidiary records of the subaccounts of FERC Account No. 182.3 for each program which must clearly delineate all costs incurred by the gas utility in implementing each program accepted by the Commission;

(d) 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 FERC Account No. 182.3 for each program not included in the rate base; and

(e) Clear any balance accumulated in the subaccounts of FERC Account No. 182.3 for each program in the manner set forth in subsection 4 as a component of an application by the gas utility to change rates.

4. For the purposes of paragraph (e) of subsection 3, to clear a balance:

(a) The Commission will adjust the rate to amortize the balance over a 3-year period, unless otherwise specified by the Commission;

(b) The gas utility must begin amortizing costs on the date that the change in general rates becomes effective;

(c) The gas utility must include the balance in the subaccounts of FERC Account No. 182.3 for each program, including carrying charges, in the rate base as of the date that ends the period used in the application filed by the gas utility pursuant to NRS 704.110; and

(d) If calculating the revenue requirements under the equity adder methodology, the utility must base the rate of return to be applied to the balance in the subaccounts of FERC Account No. 182.3 for each program that the utility has carried out on the most recently authorized return on equity plus 5 percent.