PROPOSED REGULATION OF THE

PUBLIC UTILITIES COMMISSION OF NEVADA

LCB File No. R042-10

April 5, 2010

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

AUTHORITY: §§1, 2, 5-14 and 16, NRS 704.741 and section 11.3 of Senate Bill No. 358, chapter 321, Statutes of Nevada 2009, at page 1391; §§3, 4 and 15, section 11.3 of Senate Bill No. 358, chapter 321, Statutes of Nevada 2009, at page 1391.

A REGULATION relating to public utilities; prescribing the requirements for electric utilities to recover certain amounts based on the measurable and verifiable effects of the implementation of energy efficiency and conservation programs approved by the Public Utilities Commission of Nevada; amending various provisions concerning the information which an electric utility must include in the resource plan filed with the Commission; and providing other matters properly relating thereto.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this regulation.

Sec. 2. ***"Energy efficiency" means a modification of energy use patterns which results in the greater productive use of energy or a reduction in the consumption of electric power.***

Sec. 3. ***1. An electric utility may recover an amount based on the measurable and verifiable effects of the implementation by the electric utility of energy efficiency and conservation programs described in the demand side plan of the electric utility and approved by the Commission pursuant to NAC 704.9494 as part of the action plan of the electric utility. The amount recovered must include:***

(a) The costs reasonably incurred by the electric utility in implementing and administering the energy efficiency and conservation programs, which are recovered pursuant to NAC 704.9523; and

(b) The measurable and verifiable effects on the revenue of the electric utility caused or created by the implementation of the energy efficiency and conservation programs, which are recovered pursuant to section 4 of this regulation.

2. Upon the request of an electric utility or intervening party or upon a motion of the Commission, the Commission may authorize an electric utility to include in the amount recovered pursuant to subsection 1 for an individual energy efficiency or conservation program financial incentives to support the promotion of the participation of the customers of the electric utility in the energy efficiency or conservation program.

3. The Commission will consider the effect of any recovery pursuant to this section on the rates of the customers of the electric utility.

Sec. 4. *1. An electric utility may recover an amount based on the measurable and verifiable effects on the revenue of the electric utility which are caused or created by the implementation of energy efficiency and conservation programs described in the demand side plan of the electric utility and approved by the Commission pursuant to NAC 704.9494 as part of the action plan of the electric utility.*

2. To recover an amount pursuant to subsection 1, an electric utility must:

(a) Establish and maintain a separate subsidiary record of the subaccounts of FERC Account No. 182.3 (Other Regulatory Assets) for the tracking, calculation and recovery of the lost revenue associated with the energy efficiency and conservation programs that are

described in the demand side plan of the electric utility and approved by the Commission pursuant to NAC 704.9494 as part of the action plan of the electric utility.

(b) At the time the utility files an annual deferred energy accounting adjustment application pursuant to subsection 3 of NRS 704.187, apply to the Commission to establish the following period-specific rates:

(1) A prospective base lost revenue rate which is determined by allocating lost revenue to each customer class in the manner approved by the Commission in the most recent general rate case of the electric utility. The prospective base lost revenue rate for a customer class is an amount equal to the lost revenue allocated to the customer class pursuant to this subparagraph divided by the projected kilowatt hour sales for that class for the relevant period.

(2) A deferred lost revenue rate to clear the period-specific balance over 12 months. The deferred lost revenue rate is an amount equal to the period-specific balance in the subaccount of FERC Account No. 182.3 for lost revenue associated with energy efficiency and conservation programs for each class of customers divided by the applicable test period kilowatt hour sales.

3. An electric utility shall account for period-specific lost revenue associated with a program for energy efficiency and conservation and revenue received from the period-specific base lost revenue rate in the following manner:

(a) On a monthly basis, the electric utility shall:

(1) Calculate the deferred lost revenue;

(2) Calculate the recorded revenue attributable to the base lost revenue rate; and

(3) Record in the subaccount of FERC Account No. 182.3 the difference between estimated lost revenues and recorded revenue attributable to the base lost revenue rate.

(b) The electric utility shall apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the unamortized balance in the lost revenue subaccount of FERC Account No. 182.3.

4. An electric utility shall:

(a) Perform by program by month by class the monitoring and verification of actual kilowatt hour and demand savings required by NAC 704.9522;

(b) Include with the demand side plan submitted by the utility pursuant to NAC 704.934 the information described in paragraph (a) for review and approval by the Commission; and

(c) Make any adjustments to the balancing account for lost revenue, including, without limitation, carrying charges, as are necessary to reflect the results of the review by the Commission of the information submitted pursuant to paragraph (b).

Sec. 5. NAC 704.9057 is hereby amended to read as follows:

704.9057 "Demand side plan" means the programs proposed by a utility to promote ***energy efficiency and*** conservation ***.*** ~~[and demand management.]~~

Sec. 6. NAC 704.9215 is hereby amended to read as follows:

704.9215 1. A utility's resource plan must be accompanied by a summary that is suitable for distribution to the public. The summary must contain easily interpretable tables, graphs and maps and must not contain any complex explanations or highly technical language. The summary must be approximately 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, and the relationship between the resource plan and the strategic plan of the utility for the duration of the period covered by 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 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 impacts of programs for ***energy efficiency and*** 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 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 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 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 action plan of the utility.

(h) An integrated evaluation of the components of the resource plan which relates the preferred plan to the objectives of the strategic plan of the utility, and any other information useful in presenting to the public a comprehensive summary of the utility and its expected development.

Sec. 7. NAC 704.925 is hereby amended to read as follows:

704.925 1. A utility's resource plan must include forecasts of energy consumption and the peak demand for summer and winter for the system, disaggregated by 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. The utility shall identify components of residential and commercial energy and demand for which initiatives for ***energy efficiency and*** 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.

4. The utility shall consider the impact of applicable new technologies and the impact of applicable new governmental programs or regulations.

5. The utility shall consider the impact of distributed generation and customers who acquire energy pursuant to NRS 704.787 or chapter 704B of NRS.

6. The utility shall 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 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.

11. Any change in the methodology of forecasting used by the utility from that used in the utility's previous resource plan must be identified in the current resource plan of the utility.

Sec. 8. NAC 704.934 is hereby amended to read as follows:

704.934 1. As part of its resource plan, a utility shall submit a demand side plan.

2. The demand side plan must include:

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

(b) An assessment of savings attributable to technically feasible programs for ***energy efficiency and*** conservation ***,*** ~~[and 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 technically feasible programs to determine which will produce benefits in peak demand or energy consumption. The utility shall 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.

3. In creating its demand side plan, a utility shall consider the impact of applicable new technologies on current and future ~~[demand side]~~ ***energy efficiency and conservation*** options. The consideration of new technologies must include, without limitation, consideration of the potential impact of advances in digital technology and computer information systems.

4. A utility shall include in its demand side plan an energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel. The energy efficiency program must include, without limitation, the use of new solar thermal energy sources.

5. 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, without limitation:

(a) An estimate of the reduction in the peak demand and energy consumption that would result from each proposed program, in kilowatt-hours and kilowatts saved. The programs must

be listed according to their expected savings and their contribution to a reduction in peak demand and energy consumption based upon realistic estimates of the penetration of the market and the average life of the programs.

(b) An assessment of the costs of each proposed program and the savings produced by 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.

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

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

6. For any ***energy efficiency or*** conservation ~~[or demand management]~~ program which reduces the consumption of electricity or any fossil fuel, a utility shall include in its demand side plan a complete life-cycle analysis of the costs and benefits of the program using the Total Resource Cost Test.

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

8. On or before ~~[August 15]~~ ***July 1*** of each year following the filing of its resource plan, the utility shall file with the Commission a copy of the complete analysis that the utility used in determining for the upcoming year which ***energy efficiency and*** conservation ~~[and demand management]~~ programs are to be continued and which programs are to be cancelled. ~~[The]~~

Within 180 days after the analysis is filed, the Commission will ~~[process this]~~ ***accept the*** analysis ~~[in the same manner as an amendment filed pursuant to NAC 704.9503.]~~ ***as filed, accept the analysis with modification or reject the analysis.***

9. As used in this section:

(a) "New solar thermal energy sources" means energy sources which are installed after the effective date of the utility's energy efficiency program and which reduce the consumption of electricity or any fossil fuel by using solar radiation to heat water or to provide space heating or cooling.

(b) "Total Resource Cost Test" means a method of determining the overall economic efficiency of a demand management program from the perspective of society by measuring the net costs of the program based on its total costs, including, without limitation, the costs to both participants and the utility.

Sec. 9. NAC 704.945 is hereby amended to read as follows:

704.945 1. A utility shall include in its resource plan a table of loads and resources for each supply plan analyzed. 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 peak demand;

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

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

(f) The required planning reserves;

(g) The total capacity required;

(h) The excess or deficiency of capacity without additional resources; and

(i) The excess or deficiency of capacity with additional planned resources.

2. A graph must be included for the preferred plan of the utility showing, over the 20-year planning period:

(a) The total resources requirements;

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

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

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

(e) The total capacity without additional resources.

3. A graph must be included for the 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. 10. 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 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 ***energy efficiency and*** conservation ***;*** ~~[and 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. 11. NAC 704.9489 is hereby amended to read as follows:

704.9489 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) An introductory section that explains how the action plan fits into the longer-term strategic plan of the utility.

(b) A list of actions for which the utility is seeking the approval of the Commission.

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

(d) A specific timetable for acquisition of options for the supply of electric energy and for programs for ***energy efficiency and*** conservation ***.*** ~~[and demand management.]~~

(e) 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.

(f) A section describing any plans of the utility to acquire additional modeling instruments.

(g) A section for the utility's program for ***energy efficiency and*** conservation ***,*** ~~[and demand management,]~~ including:

(1) A description of continued planning efforts;

(2) A plan to carry out and continue selected measures for ***energy efficiency and*** conservation ~~[and demand management]~~ that have been identified as desirable; and

(3) Any impacts of imputed debt calculations associated with energy efficiency contracts in the preferred plan.

(h) 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);

(3) The major milestones of construction; and

(4) Any impacts of imputed debt calculations associated with renewable energy contracts or energy efficiency contracts in the preferred plan.

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. The budget must be organized in the following categories:

(a) Forecasting of loads;

(b) ~~[Conservation and demand management;]~~ ***Energy efficiency and conservation;***

(c) Plan for supply; and

(d) Financial plan.

4. 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. 12. NAC 704.9494 is hereby amended to read as follows:

704.9494 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. Approval by the Commission of an action plan constitutes a finding that the programs and projects contained in that action plan, other than the energy supply plan, are prudent, including, without limitation, construction of facilities, purchased power obligations, programs for ***energy efficiency and*** conservation ~~[and demand management]~~ and impacts of imputed debt calculations

associated with renewable energy contracts or energy efficiency contracts. 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 or should have been 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. If, at the time that the Commission approves the action plan of the utility, the Commission determines that the elements of the energy supply plan are prudent, the Commission will specifically include in the approval of the action plan its determination that the elements contained in the energy supply plan are prudent. For the Commission to make a determination that the elements of the energy supply 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.

➥ Failure by a utility to demonstrate that its energy supply plan is prudent in accordance with this subsection does not otherwise affect approval of the action plan, including the energy supply plan, and the utility may subsequently seek a determination that the energy supply plan is prudent in the appropriate deferred energy proceeding.

4. 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 reasonably incurred in carrying out the approved energy supply plan, including deviations pursuant to subsection 1 of NAC 704.9504 approved by the Commission in the appropriate deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

Sec. 13. NAC 704.9498 is hereby amended to read as follows:

704.9498 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 ***energy efficiency and*** 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. 14. NAC 704.9522 is hereby amended to read as follows:

704.9522 1. A utility provider shall propose a measurement and verification protocol for all energy efficiency ***and conservation*** measures submitted pursuant to NAC 704.9005 to 704.9525, inclusive.

2. The utility provider shall comply with, and shall ensure that all energy efficiency ***and conservation*** contracts entered into by the utility provider comply with, the most recent measurement and verification protocol approved by the Commission ***.*** ~~[at the time an energy efficiency measure is implemented.]~~

Sec. 15. NAC 704.9523 is hereby amended to read as follows:

704.9523 1. All costs of implementing programs for ***energy efficiency and*** conservation ~~[and demand management]~~ must be accounted for in the books and records of ~~[a]~~ ***an electric*** 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]~~ ***An electric*** utility may, pursuant to subsection 3, recover all ~~[prudent and reasonable]~~ ***reasonably incurred*** costs ~~[incurred in]~~ ***of*** implementing programs for ***energy efficiency and*** conservation ~~[and demand management]~~ that have been ***described in the demand side plan of the electric utility and*** approved by the Commission ***pursuant to NAC 704.9494*** as part of the action plan of the utility, including, without limitation, the costs for labor, overhead, materials, incentives paid to customers,

advertising, marketing ***, monitoring*** and evaluation. ~~[The utility may recover approved costs associated with monitoring and evaluating these programs through a general rate case.]~~

3. To recover ***the reasonably incurred*** costs ~~[incurred in]~~ ***of*** implementing programs for ***energy efficiency and*** conservation ***,*** ~~[and demand management, a]~~ ***an electric*** 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]~~ ***Establish and maintain*** separate ~~[subaccount]~~ ***subsidiary records of the subaccounts*** of FERC Account No. 182.3 (Other Regulatory Assets) for each program ~~[and record an offset in the appropriate subaccount of other FERC accounts.~~

~~(c) Maintain subsidiary records of the subaccounts of FERC Account No. 182.3 for each program.]~~ ***described in the demand side plan of the electric utility and approved by the Commission pursuant NAC 704.9494 as part of the action plan of the electric utility.*** These records must clearly delineate all costs incurred by the ***electric*** utility in implementing each program approved by the Commission ~~[~~.

~~(d) Apply]~~ ***and be maintained by program by month by rate effective period.***

(b) At the time the electric utility files an annual deferred energy accounting adjustment application pursuant to subsection 3 of NRS 704.187, apply to the Commission to establish the following period-specific rates:

(1) A prospective base program cost rate which is determined by allocating in the manner approved by the Commission in the most recent general rate case of the electric utility the total cost of programs for energy efficiency and conservation that are described in the demand side plan approved by the Commission. The prospective base program cost rate for a

customer class is an amount equal to the cost allocated to that customer class pursuant to this subparagraph divided by the projected kilowatt hour sales for that class for the relevant period.

(2) A deferred program cost rate to clear the period-specific balance over 12 months. The deferred program cost rate is an amount equal to the period-specific balance in the subaccount of FERC Account No. 182.3 for the cost of energy efficiency and conservation programs divided by the applicable test period kilowatt hour sales.

4. An electric utility shall account for period-specific costs incurred to implement a program for energy efficiency and conservation and revenues received from the period-specific prospective base program cost rate in the following manner:

(a) On a monthly basis, the electric utility shall record in a subaccount of FERC Account No. 182.3 the program costs incurred and the revenues received from the prospective base program cost rate for the energy efficiency and conservation program.

(b) The electric utility shall apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the ***unamortized*** balance in the subaccounts of FERC Account No. 182.3 . ~~[for each program not included in the rate base.~~

~~(c) Clear any balance accumulated in the subaccounts of FERC Account No. 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 FERC Account No. 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 FERC Account No. 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 subsection3, 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. 16. NAC 704.9056 is hereby repealed.

TEXT OF REPEALED SECTION

704.9056 "Demand management" defined. (NRS 703.025, 704.210, 704.741) "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.