LCB File No. T039-03

PROPOSED TEMPORARY REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In re: investigation and rulemaking into revision of resource planning regulations generally for potential changes including but not limited to obsolete sections, distribution generation, renewable energy credits, filing requirements of amendments to plans of action, Regional Transmission Organizations, purchased power, and risk and for consistency with Commission renewable energy regulations.	)	Docket No. 02-5030

NOTICE OF INTENT TO AMEND/ADOPT/REPEAL REGULATIONS, NOTICE OF WORKSHOP AND NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada ("Commission") will hold a WORKSHOP on **Friday, May 30, 2003, 10:00 a.m.**, at the offices of the Commission, Hearing Room A, 1150 E. William Street, Carson City, Nevada 89701 and Hearing Room A, 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109, at which time interested persons may appear and be heard. The purpose of this workshop is to receive comments from all interested persons regarding the attached proposed revisions to the resource planning regulations drafted by the Commission.

NOTICE IS HEREBY GIVEN that the Commission will also hold a HEARING on **Friday, May 30, 2003, 1:00 p.m.**, at the offices of the Commission, Hearing Room A, 1150 E. William Street, Carson City, Nevada 89701 and Hearing Room A, 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109, at which time interested persons may appear and be heard. The hearing may continue from day to day as necessary. The Commission may hear comments

from interested persons regarding the proposed regulations. The Commission may also consider other issues related to the provisions of Chapter 233B, 703 and 704 of the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code, as well as make decisions on procedural issues raised at the hearing. The Commission may also take any such other actions as it deems appropriate under the circumstances.

The following information is provided pursuant to the requirements of NRS 233B.0603:

On May 8, 2002, the Commission voted to open an investigation and rulemaking into revising the resource planning regulations for consistency with the Commission's renewable energy regulations. This matter has been designated by the Commission as Docket No. 02-5030.

On August 27, 2002, the Commission voted to expand the scope of this Docket to review the Commission's resource planning regulations generally for potential changes, including but not limited to obsolete sections, distribution generation, renewable energy credits, filing requirements of amendments to plans of action, Regional Transmission Organizations, purchased power, and risk, as well as the prior stated purpose of consistency with the Commission's renewable energy regulations.

The proposed regulations potentially affect all entities involved in resource planning. At this time, the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulations or the public, either immediate or long-term, which may result from the regulations.

The Commission envisions an increase in costs associated with enforcement of these proposed regulations. The regulations do not overlap or duplicate any other state or local federal government regulation, nor do they establish any new fee or increase an existing fee.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public workshop or hearing or address their comments, data, views, or arguments, in written form, to the Secretary of the Commission, 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109; and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed regulations are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at http://www.leg.state.nv.us. Copies of this notice and the proposed regulations will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adopting any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption and incorporate therein its reason for overruling the consideration urged against its adoption.

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This notice has been posted at the county courthouses located in Reno, Carson City, and Las Vegas.

By the Commission,

_____
CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

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(SEAL)

LCB File No. T039-03

PROPOSED TEMPORARY REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

NAC 704.9005 Definitions: Terms used in regulation or plan. (NRS 703.025**,** 704.210**,** 704.741**)** As used in NAC 704.9005 to 704.9525, inclusive, and when used in a utility's plan, unless the context otherwise requires, the words and terms defined in NAC 704.9007 to 704.9168, inclusive, have the meanings ascribed to them in those sections.

NAC 704.9007 "Affiliate" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Affiliate" means any entity that controls, is controlled by or is under common control with any other entity.

NAC 704.9015 "Analysis of sensitivity" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Analysis of sensitivity," sometimes known as "sensitivity analysis" means a set of methods or procedures which results in a determination or estimation of the sensitivity of a result to a change in given data or a given assumption.

NAC 704.9025 "Cogeneration" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Cogeneration" means the simultaneous generation of electric and thermal energy by a facility owned by a utility's customer, where both forms of energy are put to beneficial use, whether or not the energy is used exclusively by the customer or is supplied to the utility.

NAC 704.904 "Conservation" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Conservation" means efficiency improvements in the production, distribution, or use of energy that result in reductions in the consumption of electric power.

NAC 704.9055 "Demand" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Demand" means the rate at which electric energy is delivered to or by a system, a part of a system, or a piece of equipment, expressed in kilowatts or other suitable units, at a given instant or averaged over any designated period of time.

NAC 704.906 "End-use" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "End-use" means energy consumption by a specific type of appliance or equipment.

NAC 704.XXXX "Energy Supply Plan" defined. "Energy Supply Plan" means a plan that establishes the best supply portfolio that balances the objectives of: minimizing the cost of supply, minimizing retail price volatility, and enhancing the predictability of supply over the long run. The energy supply plan will be attended by a risk management strategy that demonstrates a reduction in ratepayer price volatility.

NAC 704.9063 "Environmental costs and economic benefits to the state" defined. (NRS 703.025**,** 704.210**,** 704.741**)**

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Deleted: **NAC 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.

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

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

NAC 704.9XXX "Net economic impact of renewable resource" defined. (NRS 703.025, 704.210, 704.741, NRS 704.7828) "Net economic impact" means the present worth of the economic costs of the contract for a renewable resource minus the present worth of the economic development benefits to the state over a 20-year period.

NAC 704.9XXX "Environmental benefit of renewable resource" defined. (NRS 703.025, 704.210, 704.741, NRS 704.7828) "Environmental benefit" means the present worth over a 20-year period of the benefits associated with the operation and maintenance of a renewable resource for supply of capacity and/or energy that results in a reduction from harm or risks of harm to the environment.

NAC 704.907 "Firm energy" defined. (NRS 703.025, 704.210, 704.741**)** "Firm energy" means energy that is relied upon as available at all times during the period covered by a commitment unless the supply is interrupted by uncontrollable forces.

NAC 704.9075 "Forecast of base growth" defined. (NRS 703.025, 704.210, 704.741**)** "Forecast of base growth" means a forecast of the peak demand and energy consumption for the utility's bundled retail and full-requirements wholesale customers, based on the most likely set of future conditions or forces which would have an effect on such peak demand and energy consumption. The forecast of base growth is that for which the actual value attained in each future year is equally likely to be higher or lower than the forecast value cited in the subject resource plan forecast.

NAC 704.9085 "Forecast of high growth" defined. (NRS 703.025, 704.210, 704.741**)** "Forecast of high growth" means a forecast with the highest rate of growth consistent with the highest rates of economic and population growth that can reasonably be expected to occur within the utility's service territory during the forecast period.

NAC 704.9095 "Forecast of low growth" defined. (NRS 703.025, 704.210, 704.741**)** "Forecast of low growth" means a forecast with the lowest rate of growth consistent with the lowest rates of economic and population growth that can reasonably be expected to occur within the utility's service territory.

NAC 704.XXXX "Independent power producer" defined. (NRS 703.025, 704.210, 704.741**)** "Independent power producer" means a generating facility, including any qualifying cogeneration or small power production facility as defined in 18 CFR Part 292 or exempt wholesale generator as defined in 15 U.S.C.A. 79z-5a, which is not owned by a public utility that is connected to the system.

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Deleted: NAC 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.¶
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NAC 704.911 "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 at times of the utility's peak load.

NAC 704.9113 "Long-term purchase obligation" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Long-term purchase 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 to be acquired pursuant to the contract; and
2. Any other contract for the purchase of more than 5 megawatts and having a term of more than 3 years.

NAC 704.9115 "Losses" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Losses" means the difference between the electrical energy that is generated or purchased by a utility and the electrical energy that is used or sold by the utility.

NAC 704.9135 "Normalized" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Normalized" means adjusted to reflect normal or representatively variable conditions.

(Added to NAC by Pub. Service Comm'n, eff. 6-7-84)

NAC 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.

NAC 704.915 "Pooling of power" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Pooling of power" means the coordinating of plans and operations by two or more electric utilities through the interconnection of their systems to supply power to their customers in a reliable and economical fashion.

NAC 704.XXXX "Risk Management Strategy" defined. ***"Risk Management Strategy" means a systematic method utilized by the utility to: identify risks to both shareholders and ratepayers inherent in obtaining a supply portfolio and explains how the utility plans to minimize identified risks related to price volatility and reliability with programs such as hedging.***

NAC 704.9163 "Substantially accurate data" defined. (NRS 703.025**,** 704.210**,** 704.741**)** "Substantially accurate data" means data:

1. That a utility demonstrates has been gathered from the best sources of information available to it; or
2. The validity of which is inherently uncertain but the use of which does not substantially contribute to the risk of incorrect conclusions.

NAC 704.9208 Dates for certain utilities to file plans. (NRS 703.025**,** 704.210**,** 704.741**)**

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Deleted: NAC 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.

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1. The 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 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.

NAC 704.9215 Summary of plan. (NRS 703.025, 704.210, 704.741)

1. A utility's plan must be accompanied by a summary that is suitable for distribution to the public. The summary must contain easily interpreted tables, graphs, and maps and must not contain any complex explanations or highly technical language. It must be separately bound and approximately 20 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 plan.

(b) The forecast of low growth, the forecast of high growth, and the forecast of base growth of the peak demand for electricity and of the annual energy consumption for the next 20 years, both with and without the impacts of conservation and load management programs and an explanation of the economic and demographic assumptions associated with each forecast.

(c) A summary of the 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 generation and transmission supply plans, showing each planned addition to the system for the next 20 years with its anticipated capacity, cost, and date of beginning service.

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

(f) A summary of the energy supply plan for the next three years with its anticipated price risk, electricity products, and procurement process.

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

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

NAC 704.922 Technical appendix. (NRS 703.025, 704.210, 704.741)

1. A utility's plan must include a technical appendix. The appendix must contain sufficient:

detail to enable a technically proficient reader to understand how the plan and its forecasts were prepared and to evaluate the validity of the assumptions and the accuracy of the data used, including a list of the major assumptions, a description of the forecasting methods employed and a description of the software utilized.

2. The technical appendix must contain sufficient information to enable the technically proficient reader to reproduce the results from computations shown, including but not limited to: (a) Citations to the sources of all significant information used in the plan.

(b) Descriptions of all data inputs to the models used in developing the plan, accompanied by an explanation of any modifications made to the data.

(c) The output characteristics or profiles of renewable resources for each type of renewable resource that is owned or under contract with the utility.

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

(e) The final results derived from the models.

NAC 704.9225 Forecasts of peak demand and energy consumption. (NRS 703.025, 704.210, 704.741

1. A utility's plan must contain a series of forecasts of peak demand and energy consumption that represent the range of future load which its system may be required to serve. The range of future 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, 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 customer response to changes in prices of electricity and substitute energy sources and impacts of existing and proposed programs undertaken by the utility or required by government regulation to alter current energy use patterns.

3. To the extent data is available, peak demand must be forecasted before accounting for the effects of cogeneration.

4. The utility shallmaintain internal consistency among its forecasts. The forecast of peak demand must be consistent with the forecast of energy and must account for weather effects pursuant to NAC 704.9245.

NAC 704.923 Periods to be covered by plan. (NRS 703.025, 704.210, 704.741**)** The periods that must be covered by the utility's plan are as follows:

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

2. For the forecasts of peak demand and energy consumption, the 20-year period beginning with the year in which the plan is filed.

NAC 704.9235 Formats. (NRS 703.025, 704.210, 704.741**)**

1. The utilities shall develop suitable formats to be used for all information required in the plan.

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

NAC 704.9245 Normalizing data on weather. (NRS 703.025, 704.210, 704.741**)** All forecast values of peak demand and energy consumption must be adjusted to account for normal weather conditions within the utility's service territory as defined in NAC 704.9135.

NAC 704.925 Forecasts of peak demand and energy consumption; Contents; methods. (NRS 703.025, 704.210, 704.741**)**

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

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

2. The utility shall identify components of residential and commercial energy and demand for which conservation and load management initiatives are applicable. The utility shall include in its forecast an assessment of the impacts of such initiatives on the components identified and on overall levels of energy use 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 plan; and

(b) Estimated annual energy used by the utility for the 20-year period of the 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's plan must include a description of the extent to which and the manner in which forecasts of peak demand are coordinated with those of associated systems in a power pool, any coordinating organization and other neighboring systems.

6. The utility shall identify interruptible and standby loads and the total demand of these loads.

7. All forecast values for the utility's entire system shall be reported. The utility shall estimate the contribution to peak for Nevada and non-Nevada components.

8. The utility's plan must contain a graphical representation of projected load duration curves for the year in which the plan was filed and every fifth year thereafter for the remainder of the forecast period.

9. To verify and complete the final forecasts, the utility may evaluate the forecasts with the results of alternative forecasting methods.

10. Any change in the utility's methodology of forecasting from that used in the utility's previous plan must be identified in the plan.

NAC 704.9281 Data on sales of energy and peak demands. (NRS 703.025**,** 704.210**,** 704.741**)**

1. The historical to peak demand and energy sales data submitted in a utility's plan must contain:

(a) The recorded and weather-normalized coincident peak demand in the summer and winter for the total system for the 10-year period immediately preceding the year in which the plan is filed;

(b) The recorded and weather-normalized annual sales of energy for the total system for each year of the 10-year period immediately preceding the year in which the plan is filed;

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

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(d) The estimated or actual amount of electricity 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 plan is filed;

2. The data on sales of energy and peak demands must include data on all sales and demands of ultimate customers that reflect firm, contractual commitments.

3. The utility shall identify:

(a) Interruptible sales and demands. All periods of sales interruption and corresponding demands that would have been made on the system had the interruption not taken place.

(b) The level of demand from customers taking service under a stand-by rate schedule.

NAC 704.9321 Reliability of basic data; adjustment of forecasts; maps of area; testimony in support of plan. (NRS 703.205, 704.210, 704.741, 704.7821)

1. All assumptions, forecasts, conclusions, and information used by a utility in its plan must be:

(a) Based on substantially accurate data;

(b) Adequately demonstrated and defended;

(c) Adequately documented and justified; and

(d) Based on accepted cost-effective procedures.

2. Adjustments to forecasts obtained from external or published sources that are adjusted on the basis of factors specifically relating to the utility must be explained.

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

(a) The service territory covered by the plan;(b) The locations of the utility's facilities for generation of electricity;

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

(d) The interconnections with other utilities and independent power producers; and

(e) The utility's facilities for transmission of electricity.

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

NAC 704.934 Plan for conservation and load management: Submission; contents.

1. As part of a utility's plan, it shall submit a plan for conservation and load management.

2. The plan for conservation and load management must include:

(a) An identification of end-uses for conservation and load management programs.

(b) An assessment of savings attributable to technically feasible programs for conservation and load 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 peak demand or energy consumption benefits. The utility shall estimate the cost of each program. The methods used for the assessment must be stated in detail, specifically listing the data and assumptions considered in the assessment.

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

(a) An estimate of the reduction in the use of energy and the demand for energy which would result from the proposed programs, in kilowatt-hours and kilowatts saved per program. The

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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.¶

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

(b) An assessment of the costs of the proposed programs and the savings in the utility's costs produced by the proposed programs. The assessment must include the savings in the costs of transmission and distribution if the program can be relied upon to reduce peak demand on a firm basis.

(c) An assessment of the impact on the utility's load shapes of proposed and existing programs for conservation and load management.

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

4. A report on the status of all programs for conservation and load management. The report must include tables for each trial and full program showing, for each year, the planned and achieved reduction in kilowatt-hours, the reduction in demand in kilowatts, and the cost of the program.

NAC 704.9355 Analyses of options for supply. (NRS 703.025, 704.210, 704.741)

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

(a) Construction of new generation facilities or upgrades to existing generation facilities, including retrofitting existing facilities with more efficient systems or the conversion to other fuels. (b) Construction of new transmission facilities or upgrades to existing transmission facilities. (c) The purchase of long-term transmission service on transmission facilities owned by others. (d) Improvements in the efficiency of operations and scheduling; and

(e) Transactions with other utilities for:

(1) Pooling of power;

(2) Purchases of power; or

(3) Exchanges of power.

NAC 704.9357 Analysis of net economic benefits to state. (NRS 703.025, 704.210, 704.741)

1. An analysis of the changes 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;

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Deleted: (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.¶

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

1. Within 60 days after December 31 of the year after the year in which the plan of action was filed, each utility shall submit, to the commission and all parties of record, a report on the progress of its plan of action. Any significant deviation in the plan of action from the previously approved plan must be specifically identified and justified with supp ... [15]

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(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.

NAC 704.9359 Determination of environmental costs to state. (NRS 703.025, 704.210, 704.741) The environmental costs to the state associated with operating and maintaining a plan for supply or demand must be quantified for air emissions, water, and land use. Environmental costs are those costs, wherever they may occur, which 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 plan.

NAC 704.9361 Elimination or modification of environmental factors, emission rates and environmental costs. (NRS 703.025, 704.210, 704.741) The emission rates and environmental costs set or otherwise authorized by the commission may be subject to elimination or modification, and new factors may be added for consideration, as new scientific, engineering, economic, or other technical information becomes available to the commission. Information purporting to establish a need for the deletion or addition of any environmental factor or the revision of any authorized emission rates or environmental costs may be presented by any party at the time of a hearing on the utility's resource plan.

NAC 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. Its assessment of current and anticipated electric market conditions for the region in which it operates.
3. Its assessment of the availability of transmission capacity within the utility's region to access purchased power resources outside of its service territory.
4. Its assumptions for reduction in demand and energy requirements associated with customers exiting utility service and customers utilizing distributed generation resources.
5. Its assumptions supporting the percentage of resources that should be obtained from company-owned or controlled resources.
6. Its analysis of the impact of relevant orders from the Federal Energy Regulatory Commission on its service to customers.
7. Its assumptions regarding fuel and power procurement hedging and risk mitigation techniques.
8. Its projections for the availability and price of fuels.
9. Its projections of the costs, benefits, and feasibility of purchased power transactions with other parties, including the availability and costs of transmission.
10. Its basic economic and financial limitations.
11. Its required controls to mitigate pollution at planned facilities when estimating the costs of the facilities for the plan.
12. Criteria selected for determining the reserve margin.

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13. Assumptions for conventional generation.

14. Assumptions for renewable resources.

15. Assumptions for independent power producers.

16. The limits on its ability to import or to export of power within its primary system of generation and transmission.17. The criteria used by the utility in setting the dates for the retirement of its facilities. 18. Its assumptions for developing the environmental costs and the net economic benefits to the state from each of its existing resources and options for future supply.

NAC 704.937 List of options for future supply of electricity; criteria for selection. (NRS 703.025, 704.210, 704.741)

1. A utility's plan must include a description of all existing and planned facilities for generation and transmission, existing and planned power purchases, and other resources available as options to the utility for the future supply of electricity. The description must include the expected capacity of the facilities and resources for each year of the plan.

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

3. In comparing alternate plans containing different resource options, the utility shall calculate the present worth of future requirements for revenue for each alternative plan for the supply of power. A comparison of the present worth of future requirements for revenue for each alternate plan must be presented in each resource plan.

4. The utility shall calculate the present worth of societal costs for each plan for the supply of power. The present worth of societal costs of a particular plan must be determined by adding the environmental costs to the present worth of future requirements for revenue.

5. The utility shall consider for each alternative plan mitigation of risk by means of:

(a) Flexibility;

(b) Diversity;

(c) Reduced size of commitments;

(d) Choice of projects which can be completed in short periods;

(e) Displacement of fuel; (f) Reliability;

(g) Financial risk through the selection of its energy supply portfolio; and

(h) Financial instruments or electricity products.

6. The utility's selections must:

(a) (a) Provide adequate reliability;

(b) Be within regulatory and financial constraints; and

(c) Meet the requirements for environmental protection.

7. The utility shall identify its preferred plan and shall fully justify its choice by setting forth the criteria which influenced its choice.

NAC 704.9378 Proposed resources for supply: Graphs. (NRS 703.025, 704.210, 704.741) The plan must contain time-line graphs for the utility's proposed resources for supply that include major activities, milestones and points of decision. The following subjects must be included in the graphs for each proposed resource:

1. Preparation of any required environmental impact statements;

2. Applications for significant permits;

3. Commitments of significant expenditures;

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10. …A statement of the…;¶
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. …;…and¶
14.… …A statement quantifying option for future supply…. … [22]

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programs for …,…ing…program … [28]

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4. Periods for construction; and

5. Commercial operation date.

NAC 704.9385 Plan for supply: Contents; tables; map of facilities. (NRS 703.025, 704.210, 704.741, 704.7828)

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

a. Each of the following items of information must be set forth in the table if applicable to a listed facility:

(i) The actual or planned date commercial operation of the facility started or is planned to start;

(ii) The date of its planned retirement;

(iii) The type of facility;

(iv) Its rated generating capacity and net expected generating capacity;

(v.) The fuel used;

(vi.) Its fuel storage capacity;

(vii.) Its operating characteristics, including:

(1) Rates of forced outages;

(2) Rates of scheduled outages;

(3) Heat rates;

(4) Rate at which pollutants are emitted;

(5) Capacity type designation (i.e., baseload, intermediate, peaking); and

(6) The output characteristics or profiles of renewable resources for each type of renewable resource that is owned or under contract to the utility.

2. Regarding energy procurement, the utility's plan shall include a three-year energy supply plan that will include, but not be limited to, the following:

a. The supply portfolio requirement parameters and risk management strategy shall be developed using a range of load forecasts that the utility could reasonably expect to occur, as modified to include the utility's target operating reserve margin.

b. The energy supply plan shall identify the purchase power supply portfolio requirement parameters that the utility considers appropriate for the range of load forecasts in total and by the type of the load (e.g., base load, intermediate, peaking).

c. The energy supply plan shall include, but is not limited to, presentation of the following targeted parameters for the various purchased power products to be acquired:

i. Mix of capacity and energy in the portfolio;

ii. Mix of products (e.g., base load, 6 x 16 contracts); and

iii. Length of contract term.

d. The utility shall list and describe the criteria it used in developing the targeted parameters, to include:

i. A definition of each electricity product, electricity-related product and procurement related financial product, including support and justification for the product type and amount to be procured under the plan. ii. A regional assessment of the availability of purchased power resources during the period of the plan. iii. A competitive procurement process under which the utility may request bids for procurement-related services, including the

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

Deleted: <#> 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.¶

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format and criteria of that procurement process. iv. Procedures for updating the energy supply plan.

v. A table describing each purchase power contract it has secured for the planning period. For each contract the utility shall provide the following:

i. The level of capacity provided;

ii. A detailed description of the type of product; and

iii. The term of the contract.

a. With regard to the risk management strategy:

i. A utility shall include a description of its risk management strategy.

ii. A utility shall describe how the risk management strategy was implemented in the determination of the energy supply plan.

iii. A utility shall describe the criteria to be used to evaluate the effectiveness of risk management strategy.

iv. A utility shall provide the evaluation of the risk management strategy criteria for the previous period in the subsequent energy supply plan filing. The evaluation results shall be used considered in the development of the subsequent energy supply plan.

3. Regarding transmission, the utility's plan for supply shall include a transmission plan that will include, but not be limited to, the following:

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

(b) A description of the transmission projects it is considering for expanding or upgrading the capabilities of its transmission system for its bundled retail transmission customers and all of its wholesale transmission customers and the impact of these projects on the transmission capabilities of its existing and planned transmission system.

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

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

(e) Include a table identifying all transmission capacity that it has secured for its bundled retail transmission customers on its or the transmission systems of others.

(f) Describe the utility's participation in regional planning organizations and explain the organization's role in the utility's transmission planning process.

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

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

4. The utility's supply plan must include a map or maps that identify the location of each existing or planned generation or transmission facility, renewable energy system and independent power producer that are projected to be relied upon during the planning period.

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(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.

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Deleted: NAC 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 co ... [29]

NAC 704.9395 Financial and economic characteristics of planned facilities. (NRS 703.025, 704.210, 704.741) A utility's 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 with allowance for funds used during construction; and

(b) Annual flows of expenditures without allowance for funds used during construction;

2. The estimated costs of operation, including:

(a) Variable costs per kilowatt-hour, with expenses for fuel and other items indicated separately; and

(b) Fixed costs per kilowatt-hour;

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

4. Cost escalation rates, including:

(a) Capital costs;

(b) Variable fuel costs;

(c) Non-fuel operating costs;

(d) Environmental costs; and

(e) Fixed operating costs.

5. The average cost per kilowatt-hour at projected loads in current dollars for each year of the plan for each existing and planned facility.

NAC 704.9401 Financial information and assumptions used to develop plan. (NRS 703.025, 704.210, 704.741)

1. The assumptions and methodologies for modeling used to develop the utility's financial plan must be described in the plan. The following estimated financial information for the selected plan must be included in the 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) Financial results attributed to the utility's risk mitigation policy.

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

(a) The general rate of inflation.

(b) The AFUDC rates used in the plan.

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

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

(e) The tax rates used in the plan.

(f) Other assumptions used in the financial plan.

3. The utility shall propose to the commission any optional incentives it requests the commission consider including:

(a) CWIP in rate base;

(b) Additional return on equity;

(c) Incentives for the promotion of reliability, diversity of supply or pricing stability.

4. The commission shall consider the utility's individual supply situation and its ability to meet its obligation to serve at just and reasonable rates. The commission shall specify the incentives that promote reliability and diversity of supply and pricing stability for customers. If

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the utility meets its customer's supply requirement pursuant to the commission directives, then the utility shall be granted the commission approved incentives for the life of the supply commitment.

NAC 704.9411 Sensitivity analyses of financial 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 including, but not limited to:

(a) Discount rates;

(b) Rate of inflation; and

(c) Cost of capital.

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

NAC 704.944 Alternative strategies. (NRS 703.025, 704.210, 704.741) A utility shall include in its plan a comprehensive discussion of the alternative strategies that it would pursue if any preferred resource or facility were not available as described in the plan.

NAC 704.945 Graphs and tables of plan. (NRS 703.025, 704.210, 704.741)

1. The results of a utility's plan must be presented in graphic

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

(a) The capacity provided by each supply resource;

(b) The total expected capacity of all resources;

(c) The forecasted peak demand;

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

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

(f) The required planning reserves;

(g) The total capacity required by the utility to meet its needs;

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

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

3. A graph must be included for the final selected case showing, over the 20-year planning period:

(a) The total resource requirements;

(b) The total demand without new programs for conservation and load management;

(c) The total demand with new programs for conservation and load management;

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

(e) The total capacity without additional resources.

4. A graph must be included for the final selected case showing, for each year of the 20-year planning period, the excess or required capacity with and without the additional planned resources.

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

Deleted: NAC 704.942 Information concerning capabilities and limitations; description of expected transactions.¶
1. A utility's plan must contain:¶
(a) Information concerning the utility's capabilities and limitations for the transmission of electric power, both existing and planned; and¶
(b) A description of the transactions for purchase, sale or exchange of electricity which it expects to enter into with other utilities and nonutility generators for each year in the period covered by its forecast.¶
2. The description of the expected transactions must include the:¶
(a) Prices for the transactions, including:¶
(1) Costs of capacity in dollars per kilowatt-hour; and¶
(2) Costs of energy in dollars per kilowatt-hour;¶
(b) Quantities of energy and demand; and¶
(c) Length of time of the purchase, sale, or exchange.¶

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Deleted: NAC 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.¶

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NAC 704.9465 Integrated analysis to establish priorities among options. (NRS 703.025, 704.210, 704.741)

1. The utility shall perform an analysis integrating:

(a) Planning based on demand;

(b) Planning based on supply;

(c) Financial planning; and

(d) Planning to meet other regulatory constraints.

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

3. The utility shall consider the results of the integrated analysis as a basis for its plan along with the other selection criteria set forth in NAC 704.937.

NAC 704.9475 Analysis of sensitivity for non-financial assumptions and estimates. (NRS 703.025, 704.210, 704.741)

1. A utility shall conduct an analysis of sensitivity for all major non-financial assumptions and estimates used in its 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 conservation and load management;

(h) Capacity of plants in megawatts;

(i) Environmental costs; and

(j) Economic benefit.

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

NAC 704.948 Analysis of decisions. (NRS 703.025, 704.210, 704.741)

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; (c) Financial risk through selection of its resource portfolio;

(a) Purchased power and fuel price volatility; and

(b) 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 mitigating risk and minimizing cost.

~~**NAC 704.9485 Recovery of cost of developing plan: accounting. (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~~

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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."~~

NAC 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.~~ All costs paid to third parties as a result 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.

2. A utility may recover all prudent and reasonable costs incurred in implementing programs for conservation and load management that the commission has approved as part of the utility's plan of action. These costs are limited to costs paid to third parties (e.g., ~~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.

Deleted: 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.¶

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Any new investments in the existing programs.

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

4. If the level of costs incurred for programs for conservation and load management since the end of the test period or period of certification in the utility's last proceeding to change general rates is less than 90 percent or greater than 110 percent of the level of costs approved in the utility's last resource plan or in an amendment to its resource plan, unless such change is

otherwise justified by the utility, the commission will impose a penalty on the utility that equals 5 percent of the difference between:

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

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

NAC 704.XXXX Report on progress of plan of action, update of energy supply plan, update of resource planning assumptions and projections: Submission; contents; form; hearing.

1. On or before March 1 of the year after the year in which the plan of action was filed the utility shall file a report with the commission and serve all parties of record 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. The report must include:

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

(b) Information concerning the status of all programs for conservation and load 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 plan of action.

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

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

(f) An updated loads and resources table that covers the remainder of the resource planning period specified in the last filed resource plan.

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

4. The utility or any party of record may request a hearing on the progress report specifying in its request the reason it believes a hearing is required. If the commission finds good cause for a hearing, the party requesting the hearing has the burden of proof with respect to its claims or requested relief.

NAC 704.9503 Monitoring and amendment of plan of action. (NRS 703.025, 704.210, 704.741) A utility shall continually monitor its plan of action and shall to amend its plan before it submits its next plan if any of the following circumstances exist:

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

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

3. The utility makes a commitment for a long-term purchase obligation that was not previously approved as part of the 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 704.690 to 704.745, inclusive.

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<#>If a party of record requests a hearing it must specify the reason it believes a hearing is required.¶

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

5. The utility makes a commitment for an option that was not available at the time the plan was approved.

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

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

NAC 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 that have been identified as desirable.

(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. Energy supply plan for the following calendar year developed using the three-year energy supply plan developed in NAC 704.9385(2).

~~2~~3. 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.

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Deleted: NAC 704.9505 Exemption for plan submitted in 1984.¶

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

2. If a utility cannot comply with any requirement in NAC 704.9005 to 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.¶

¶

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Deleted: (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.¶

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

(a) Personnel and acquisition of personnel;

(b) Models and acquisition of models;

(c) Collection and verification of data;

(d) Equipment and acquisition of equipment;

(e) Facilities and acquisition of facilities;

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

(g) Consulting services;

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

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

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

(k) Other expenditures.

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

NAC 704.9513 Plan of action: Inclusion of proposal or contract for long-term purchase obligation with affiliate. (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.

NAC 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.

1. Approval of a utility facility, a long-term purchase obligation, a program for conservation and load management or an energy supply plan shall constitute a finding of prudence:

a. The utility shall be entitled to recover all just and reasonable costs of the planning and constructing of approved utility facilities.

b. The utility shall be entitled to recover all the costs associated with its prudently administered long-term purchase obligations approved by the commission.

c. The utility shall be entitled to recover all the costs associated with its prudently administered commission approved energy supply plan.

Deleted: 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.

NAC 704.9XXX Amendment: Filing requirements. (NRS 703.025**,** 704.210**,** 704.741**)**

1. A utility's amendment submitted pursuant to NAC 704.9503 (1)(b), (2), (3)(b), (4), and (6) must contain:

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

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

(c) As applicable, information required in NAC 704.951 (1)(e) and (f), (2), and (4);

Deleted: 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.¶

(d) As applicable, data and information required pursuant to NAC 704.922 to 704.948 pertinent to facilitating an evaluation of those items specified in NAC 704.9504(1)(a) for which the utility is requesting specific approval;

(e) A current peak demand forecast; and

(f) A current loads and resources table.

2. For amendments submitted pursuant to NAC 704.9503(1)(a) and (5) a utility shall file the information listed in NAC 704.9504(1)(d).

NAC 704.9XXX Approval of amendment. (NRS 703.025**,** 704.210**,** 704.741**)**
For amendments made pursuant to NAC 704.9503 and in accordance with NAC 704.9504,, the commission will issue an order approving the amendment as filed or specifying any part of the amendment it considers inadequate.

NAC 704.952 Sessions for reviewing plans: Scheduling; procedure for resolving issues; summary of topics and conclusions. (NRS 703.025, 704.210, 704.741)

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

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

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

(c) Determine whether key results are reasonable; and

(d) Offer suggestions on other matters as appropriate.

2. If the utilities, the consumer's advocate, persons employed by the commission to regulate utilities which supply electricity, 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 establish, at the beginning of the sessions, a procedure to resolve any technical issues which are discussed during the sessions.

4. 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.

NAC 704.XXXX Annual Energy Supply Plan Filing. (NRS 703.025, 704.210, 704.741, 704.110(8))

1. On or before October 1 of each year after the plan of action was filed the utility shall file an energy supply plan for the following calendar year.

2. The energy supply plan shall include the following information:

a. The information required in NAC 704.9385(2).

b. To the extent utility owned generation is incorporated in the energy supply plan, the utility shall file the following information for its generating units:

i. A description of each generating unit included in the energy supply plan, with detail similar to that contained in the most recent resource plan.

ii. For each generating unit identified, a description as to how the utility normally operates the generating unit.

iii. For each generating unit identified, a description as to how the utility's operation of this resource was considered in the energy supply plan.

iv. The utility's fuel procurement strategy.

c. The utility shall demonstrate that the energy supply plan is consistent with the commission's approved resource plan.

d. A utility shall provide the evaluation of the risk management strategy criteria for the previous period in the subsequent energy supply plan filing. The evaluation results shall be used considered in the development of the subsequent energy supply plan.

e. The energy supply procurement strategy must include a technical appendix that conforms with NAC 704.922(1) and (2).

NAC 704.XXXX Development of the Annual Energy Supply Plan

During the development of the annual energy supply plan, the utility shall meet at least once with regulatory operations staff to discuss the content of the utility's energy supply plan and the attendant risk management strategy and to solicit comments from the participants concerning the proposed energy supply plan. Staff shall provide comment to the utility concerning the utility's proposed energy supply plan and attendant risk management strategy. The utility is required to consider participants comments, but the utility is not required to implement any participant's suggestions in the development of the energy supply plan filed with the Commission.

NAC 704.XXXX Approval of Energy Supply Procurement Strategy

1. The commission will conduct a hearing within 60 days of the filing and issue an order on or before February 1.

2. The commission shall review the utility's energy supply plan in a manner that assures creation of a diversified procurement portfolio, assures just and reasonable rates, provides certainty to the utility in order to enhance its financial stability and creditworthiness.

3. The commission shall assure that each utility optimizes the value of its overall supply portfolio for the benefit of its bundled retail customers.

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

5. Approval of a utility's energy supply procurement strategy constitutes a finding of prudence only as to the strategy. Notwithstanding this finding of prudence, a utility is expected to deviate from the approved energy supply procurement strategy to the extent necessary to adequately respond to any significant change in circumstances not contemplated by the energy supply procurement strategy. A significant change in circumstances would include, but not limited to:

a. a material change in purchased power market prices;

b. unplanned outage of a major generating unit; and

c. a material change in customer demand.

6. Any significant deviation must be reported to staff as soon as practicable.

NAC 704.XXXX Energy Supply Plan Compliance

A utility's compliance with the commission approved energy supply procurement strategy, and appropriate deviations due to a significant change in circumstances, shall be presented in deferred energy applications filed pursuant to NAC 704.023 to 704.195.

NAC 704.XXXX. Deviation from regulations. (NRS 703.025, 704.210) The commission or the presiding officer may allow deviation from the provisions of these regulations if:

1.Good cause appears; and

2. The commission finds that the deviation is in the public interest and is not contrary to statute.

NAC 704.XXXX Exemption for plan submitted in 2003.

This section is applicable only to a utility's plan to be submitted by July 1, 2003.

The utility's plan filed by July 1, 2003, need not initially comply with any amendments to NAC 704.9005 through 704.9525 that become effective between May 1, 2003, and July 1, 2003.

If a utility submits a plan by July 1, 2003, the utility shall within sixty days of filing its plan amend its plan to conform to any amendments to NAC 704.9005 through 704.9525 that became effective prior to July 1, 2003.

NAC 704.9525 Severability. (NRS 703.025, 704.210, 704.741) If any provision of NAC 704.9005 to 704.952, inclusive, is held invalid, the commission intends that such invalidity not affect the remaining provisions to the extent that they can be given effect.

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total

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and

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class

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of customer

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by classes of customers other than residential, commercial, or industrial customers

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at the levels of disaggregation shown in NAC 704.926.

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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.

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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

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Any loads occurring outside this state must be estimated separately.

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have the prior approval of the commission.

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NAC 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.

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

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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.

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(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.

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data and the data on weather normalized pursuant to NAC 704.9245 which relates

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of energy

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and is

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and disaggregated by class of customer,

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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.

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

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(e)

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

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

2. The report must include:

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

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

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

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

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

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

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Expansion of its generating facilities;

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Upgrading of its facilities for transmission;

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Conversion to other fuels;

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

(e) Transactions with nonutility generators;

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

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7.

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nonutility generators;

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

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10.

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A statement of the

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;

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.

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;

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and

14.

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A statement quantifying

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option for future supply

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list

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conventional

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facilities for using renewable resources, nonutility generators, programs for reducing demand for and use of energy,

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listing

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the basic criterion which

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use to select and

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rank the alternate plans for the supply of power is

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In addition to the basic criterion required by subsection 3, t

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use the

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to select and rank its

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options

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Other criteria which t

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consider are the avoidance

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If a plan selected by t

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fails to produce the lowest present worth of future revenue requirements or the lowest present worth of societal costs, the utility

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other

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the utility's

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of proposed programs for supply.

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NAC 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.