

**ADOPTED REGULATION OF THE  
PUBLIC UTILITIES COMMISSION OF NEVADA**

**LCB File No. R070-07**

Effective April 17, 2008

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

AUTHORITY: §§1-3 and 9-11, NRS 703.025, 704.210 and 704.225; §4, NRS 703.025 and 704.210; §§5-8, NRS 703.025, 704.187 and 704.210.

A REGULATION relating to public utilities; revising provisions governing rates for interruptible service of electricity used solely for pumping water for purposes of agricultural irrigation; revising provisions governing deferred energy accounting; and providing other matters properly relating thereto.

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

**Sec. 2.** *“Interruptible irrigation sales” means the sale of electricity which is used for the sole purpose of pumping water to irrigate land for agricultural purposes and which is subject to the rate for interruptible service established pursuant to section 3 of this regulation.*

**Sec. 3.** *To establish the rate for interruptible service:*

*1. The Regulatory Operations Staff of the Commission shall, on or before August 1 of each year, submit to each public utility, municipal utility and cooperative association in this State a request for information as to the lowest total rate per kilowatt-hour charged by the public utility, municipal utility or cooperative association, respectively, under any of its applicable rate schedules to its residential, commercial or industrial customers or members in this State.*

*2. Each public utility, municipal utility and cooperative association that receives a request for information pursuant to subsection 1 shall, on or before September 1 of the year in which the request is made, provide the requested information to the Regulatory Operations Staff of the Commission.*

*3. The Regulatory Operations Staff of the Commission shall, on or before September 15 of each year, provide to each utility furnishing electricity for interruptible service and the Bureau of Consumer Protection in the Office of the Attorney General the information received pursuant to subsection 2.*

*4. A public utility which furnishes electricity for interruptible service shall, on or before November 1 of each year, file an application with the Commission to revise the rate for interruptible service, calculated in accordance with the provisions of NRS 704.225 using the information provided pursuant to subsection 3.*

**Sec. 4.** NAC 704.005 is hereby amended to read as follows:

704.005 As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 704.0052 to 704.009, inclusive, *and section 2 of this regulation* have the meanings ascribed to them in those sections.

**Sec. 5.** NAC 704.037 is hereby amended to read as follows:

704.037 “Deferred energy accounting adjustment” means the rate determined by dividing the deferred energy balance for the test period by the total Nevada jurisdictional kilowatt-hours , *exclusive of interruptible irrigation sales*, or therms which have been sold during the test period as described in NAC 704.101 and 704.111.

**Sec. 6.** NAC 704.045 is hereby amended to read as follows:

704.045 “Deferred energy balance” means the amount contained in FERC Account Nos. 182.3 and 191, and represents : ~~{the sum of:}~~

1. The difference between revenue received from the base tariff energy rate and the jurisdictional allocation of the amounts contained in the appropriate accounts listed in paragraphs (a), (b), (c) and (e) of subsection 2 of NAC 704.120;

2. The amount resulting from the application of the deferred energy accounting adjustment to sales, as contained in the appropriate revenue accounts;

3. The Nevada jurisdictional portion of refunds from suppliers, including any interest earned thereon; and

4. Carrying charges as described in NAC 704.150.

**Sec. 7.** NAC 704.101 is hereby amended to read as follows:

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

1. For electric operations:

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

(b) A separate credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month’s applicable jurisdictional sales ~~{}~~, *exclusive of interruptible irrigation sales.*

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

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

2. For gas operations:

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

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

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

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

**Sec. 8.** NAC 704.111 is hereby amended to read as follows:

704.111 1. For each electric utility:

(a) The electric utility shall clear annually any debit or credit balance in FERC Account No. 182.3 over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold, *exclusive of interruptible irrigation sales*, during the test period. The resulting positive or negative deferred energy accounting

adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy , *exclusive of interruptible irrigation sales*, expressed in kilowatt-hours.

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

2. For each gas utility:

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

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

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

**Sec. 9.** NAC 704.675 is hereby amended to read as follows:

704.675 1. ~~Each utility shall file with the Commission a schedule containing a special rate for interruptible service to customers who use electricity solely to pump water to irrigate land for agricultural purposes.~~

~~2. For the period from March 1 to October 31, inclusive:~~

~~(a) The special rate must not exceed the lowest charge per kilowatt hour offered by the utility under any of its rate schedules applicable to its residential, commercial, or industrial customers in Nevada.~~

~~(b) In determining whether its charge per kilowatt hour is the lowest it offers, the utility shall average any such charges contained in its schedules of block rates and shall average any such charges contained in its schedules of time differentiated rates.~~

~~(c) The special rate must not include any provision for minimum billings, standby charges, customer charges, or demand charges.~~

~~3.] For the period from November 1 to the last day in February, inclusive:~~

(a) The schedule containing the ~~[special]~~ rate *for interruptible service pursuant to NRS 704.225* must provide for charges which are the same as those provided in the utility's regular schedule of rates for irrigation.

(b) Annual charges must be prorated, and any amount attributable to the period from March 1 to October 31, inclusive, must be excluded.

~~[4.] 2. The schedule containing the [special] rate *for interruptible service pursuant to NRS 704.225* must include a provision requiring the customer to agree to an interruption of service at any time during the period from March 1 to October 31, inclusive, upon notification by the utility ~~[that a system emergency exists and a load reduction is needed to maintain the integrity of the system. The schedule must provide that if the customer fails to reduce the load upon the utility's~~~~

~~request, the customer will be billed for the entire period, including that portion for which the customer was previously billed, at the rate contained in the utility's regular schedule of rates for irrigation.]~~ *pursuant to the conditions set forth in the utility's tariff for interruptible service.*

*3. For the purposes of NAC 704.023 to 704.195, inclusive, the base tariff energy rate applicable to interruptible irrigation sales is the lesser of the base tariff energy rate applicable to other rate schedules or the rate for interruptible service.*

**Sec. 10.** NAC 704.680 is hereby amended to read as follows:

704.680 If a utility anticipates that a deficiency in revenue will result from its provision of the ~~[special rate,]~~ *rate for interruptible service pursuant to NRS 704.225*, it shall recover the deficiency and do so in the manner directed by the Commission for that utility.

**Sec. 11.** NAC 704.670 is hereby repealed.

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### TEXT OF REPEALED SECTION

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**704.670 Applicability. (NRS 703.025, 704.210, 704.225)** The provisions of this section and NAC 704.675 and 704.680 apply to:

1. CP National Corporation;
2. Idaho Power Company;
3. Nevada Power Company;
4. Panaca Power and Light Company; and
5. Sierra Pacific Power Company.

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R070-07/PUCN Docket No. 07-06023**

The Public Utilities Commission of Nevada adopted regulations assigned LCB File No. R070-07 which pertain to chapter 704 of the Nevada Administrative Code on January 9, 2008.

**INFORMATIONAL STATEMENT**

**1. A description of how public comment was solicited, a summary of public response, and explanation how other interested persons may obtain a copy of the summary.**

Copies of the proposed regulations, notice of intent to act upon the regulation and notice of workshop and hearings were sent by U.S. mail and email to persons who were known to have an interest in the subjects of interruptible service and other related utility matters. These documents were also made available at the website of the Public Utilities Commission of Nevada ("PUCN"), <http://pucweb1.state.nv.us/PUCN/>, mailed to all county libraries in Nevada, published in the following newspapers:

Elko Daily Free Press  
Las Vegas Review Journal  
Nevada Appeal  
Reno Gazette Journal  
Tonopah Times-Bonanza

and posted at the following locations:

Public Utilities Commission  
1150 East William Street  
Carson City, Nevada 89701

Public Utilities Commission  
101 Convention Center Drive, Suite 250  
Las Vegas, Nevada 89109

First Judicial District Court  
885 East Musser Street  
Carson City, Nevada 89701

Second Judicial District Court  
75 Court Street  
Reno, Nevada 89501

Eighth Judicial District Court  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, Nevada 89155

The public's comments in this matter were heard during the workshop and the hearings. The discussions during the workshop and the hearings focused on: (1) the timing and conditions of the implementation of the interruptibility of service for customers on the IS-2 tariff; (2) who should bear the responsibility for the collection of information from the various utilities for the final calculations; (3) how will rates be collected; and (4) whether the terms for interruptibility and for penalties should be included in the regulation or the tariff.



During the workshop, it was established that the Legislative intent was for the new rates be in place by March 1, 2008. Also at the workshop it was established that the legislative intent was for the PUCN to collect the rate information from the utilities. The public commentators requested clarification regarding how the rates of the various utility companies would be collected. The PUCN's Regulatory Operations Staff ("Staff") indicated that they would use posted rates where available and make specific requests where necessary to acquire the needed rate information. The public commentators indicated they approved the terms for interruptibility appearing in the tariff so long as the affected customers would be made aware of impending changes.

Copies of all documents filed in this matter, including this summary, are available at <http://pucweb1.state.nv.us/PUCN> on the PUCN's website or at the offices of the PUCN, at 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

**2. The number of persons who: (a) attended each hearing; (b) testified at each hearing; and (c) submitted to the agency written statement.**

a. Attendees

i. Workshop, August 27, 2007

1. Staff
2. Sierra Pacific Power Company ("SPPC")
3. Newmont Mining Corporation ("Newmont")
4. From Assembly District 33, Assemblyman John Carpenter
5. From Assembly District 35, Assemblyman Pete Goicoechea
6. From Assembly District 38, Assemblyman Tom Grady
7. From Assembly District 39, Assemblyman. James Settelmeyer
8. For Winnemucca Farms, Mr. Samuel Routson
9. For Nevada Farm Bureau, Mr. Doug Busselman

ii. Hearing, September 17, 2007

1. Staff
2. SPPC
3. Newmont
4. From Assembly District 39, Assemblyman James Settelmeyer
5. For Nevada Farm Bureau, Mr. Doug Busselman

iii. Hearing, December 18, 2007

1. Staff
2. SPPC
3. From Assembly District 33, Assemblyman John Carpenter
4. From Assembly District 35, Assemblyman Pete Goicoechea
5. From Assembly District 38, Assemblyman Tom Grady
6. From Assembly District 39, Assemblyman. James Settelmeyer
7. For Winnemucca Farms, Mr. Samuel Routson
8. For Nevada Farm Bureau, Mr. Doug Busselman

- b. Testimony  
No formal testimony was offered in this matter. The above noted attendees participated in the workshop and/or hearing.
- c. Written statements  
On September 10, 2007, SPPC filed comments in Docket No. 07-06023.

**3. A description of how comment was solicited from affected businesses, a summary of their response and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses in the same manner as they were solicited from the public as outlined in response #1.

SPPC submitted written comments in this matter. SPPC also participated in the workshop and the hearing. SPPC indicated that they are working toward implementation of their new interruptibility plan. In their written comments SPPC raised the issue of how the rate information would be collected. The Staff indicated that they would use posted rates where available and make specific requests where necessary to acquire the needed rate information. SPPC's written comments suggested language to add the terms for interruptibility to the regulation, however, during the hearing, SPPC said they were comfortable including the terms in the tariff instead of the regulation. At the first hearing, SPPC indicated, and the rest of the participants agreed, that a further investigation would be needed to clarify the terms of the associated tariff.

Copies of all documents filed in this matter, including this summary, are available at [www.puc.state.nv.us](http://www.puc.state.nv.us) on the PUCN's website or at the offices of the PUCN, at 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

**4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The regulation adopted on January 9, 2008, reflects changes from the original proposed regulation made during the workshop and/or hearings.

**5. The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:**

**(a) Both adverse and beneficial effects;**

The proposed regulations potentially affect the public utilities that furnish electricity to customers that use electricity for the sole purpose of pumping water to irrigate land for agricultural purposes and the customers of those public utilities. Currently SPPC is the only public utility provider in this category. At this time, the PUCN cannot quantify either the adverse or beneficial economic effects on SPPC, either immediate or long-term, which may result from the proposed regulations.

At this time the PUCN cannot quantify either the adverse or beneficial economic effects on the public as a whole, either immediate or long-term, which may result from the proposed regulations. However, the estimated effect for customers that use electricity for the sole purpose of pumping water to irrigate land for agricultural purposes would be a change in rates to align the rates of those customers of regulated utilities with the customers of un-regulated electric providers. The estimated effect for an average residential SPPC rate payer would be a rate increase of approximately \$ 0.80 per month.

**(b) Both immediate and long-term effects.**

See response to #5(a).

**6. The estimated cost to the agency for enforcement of the adopted regulation.**

The PUCN is unsure at this time if there will be any increased costs associated with enforcement of these proposed regulations.

**7. A description of any regulation of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

These regulations do not overlap or duplicate any federal, state, or local regulations.

**8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.**

These regulations do not overlap or duplicate any federal, state, or local regulations.

**9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

These regulations do not establish any new fee or increase an existing fee.

**10. Is the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?**

The PUCN determined that the regulation does not impose a direct and significant burden on small businesses or directly restrict the formation, operation or expansion of a small business in Nevada. In making this determination, the PUCN adopted the findings of the Staff. The methodology used by the PUCN and its Staff to determine the impact of proposed regulations on small businesses is called the Delphi Method. The Delphi Method is a systematic, interactive, forecasting method based on independent inputs of

selected Staff experts who form a consensus opinion as to the likely impact of the regulation on small businesses and the public.