

LCB File No. R071-07

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and rulemaking to adopt, amend, or repeal)
regulations pertaining to Chapters 703 and 704 of the)
Nevada Administrative Code regarding quarterly rate)
adjustments and annual deferred energy accounting) Docket No. 07-06028
adjustments and other related utility matters in accordance)
with Senate Bill 437.)
_____)

**NOTICE OF INTENT TO ACT UPON A REGULATION, AND NOTICE OF HEARING
FOR THE ADOPTION, AMENDMENT, OR REPEAL OF REGULATIONS OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

On June 6, 2007, the Public Utilities Commission of Nevada (“Commission”) opened an investigation and rulemaking docket to adopt, amend, or repeal Commission regulations pertaining to Nevada Administrative Code (“NAC”) Chapters 703 and 704 regarding quarterly rate adjustments and annual deferred energy accounting adjustments and other related utility matters in accordance with Senate Bill 437. This matter has been designated by the Commission as Docket No. 07-06028.

The Commission will hold a public **HEARING** at **1:00 P.M.** on **MONDAY, SEPTEMBER 17, 2007**, at the offices of the Commission, Hearing Room A, 1150 East William Street, Carson City, Nevada, 89701 and via videoconference to Hearing Room A, 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109. The purpose of the hearing is to consider comments from all interested persons regarding the adoption, amendment or repeal of Commission regulations pertaining to NAC Chapters 703 and 704 regarding quarterly rate adjustments and annual deferred energy accounting adjustments and other related utility matters

in accordance with Senate Bill 437. Please note that the proposed regulations incorporate changes adopted by the Commission in LCB Docket No. R202-05. If no person who is directly affected by the proposed action appears to request time to make an oral presentation, the Commission may proceed to act upon any written submissions. The hearing may be continued day to day as necessary.

The following information is provided pursuant to the requirements of the Nevada Revised Statutes (“NRS”) 233B.0603:

In accordance with Senate Bill 437, on June 6, 2007, during a duly noticed meeting, the Commission voted to open an investigation and rulemaking to adopt, amend or repeal regulations.

The revised text of the proposed regulations prepared by the Legislative Counsel Bureau pursuant to NRS 233B.063 is available at the Commission’s offices, 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109, and at the Legislative Counsel Bureau, 401 S. Carson Street, Carson City, NV 89701-4747, as LCB File No. R071-07P.

The proposed regulations address quarterly rate adjustments, annual deferred energy accounting adjustments, and other related utility matters.

The proposed regulations potentially affect all regulated electric and gas utilities, as well as the customers of such entities. At this time, the Commission cannot quantify either the adverse or beneficial economic effects on these utilities, either immediate or long-term, which may result from the proposed regulations. However, the proposed amendments may reduce deferred energy amortization for both electric and gas utilities.

At this time the Commission 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, in the short term, all electric and gas customers, including small businesses, may experience more frequent rate adjustments. The expected long-term effect is that all electric and gas customers will experience less energy price volatility.

The methodology used by the Commission to determine the impact of proposed regulations on small businesses is called the Delphi Method. This 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.

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

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

These regulations do not 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 hearing and/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. Written submissions to be discussed at the hearing must be received by the Commission on or before **MONDAY, SEPTEMBER 10, 2007**.

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 adoption of 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.

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

(SEAL)

LCB File No. R071-07

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

Docket No. 07-06028

(Quarterly Rate Adjustments and Deferred Energy Accounting)

Explanation: matter in *bold italics* is new; matter in ~~strikethrough~~ is to be omitted

Sec. 1. NAC 703.160 is hereby amended to read as follows:

1. The Secretary shall cause public notice of each filing or proceeding described in subsection 11 to be published in the manner prescribed in this section. The publisher of the public notice shall, not later than 5 days after publication of the notice, provide to the Commission proof of the publication of the notice. The proof must include:

- (a) The name of the newspaper in which the notice was published;
- (b) The name of the county in which the notice was published;
- (c) A statement signed by the publisher that the newspaper in which the notice was published is a newspaper of general circulation in the county in which the notice was published; and
- (d) The date of the publication of the notice.

2. Except as otherwise provided in this section, if the Secretary determines that the filing or proceeding will have:

- (a) A statewide effect, the Secretary shall cause the public notice to be published once in four or more newspapers of general circulation in this State, no two of which are published in the same county.
- (b) An effect on a limited number of counties, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in each county affected. If there is no

newspaper published in an affected county, the Secretary shall cause the public notice to be published once in a newspaper of general circulation in an adjoining county.

3. For a petition filed pursuant to NAC 703.290, the Secretary shall cause a public notice to be published once in a newspaper of general circulation in the county in this State where the principal place of operations of the incumbent local exchange carrier is located. As used in this subsection, “incumbent local exchange carrier” has the meaning ascribed to it in NAC 704.75993.

4. The Secretary will, if practicable, post each business day on the Internet website of the Commission a current list of all public notices published pursuant to this section.

5. The public notice must be an advertisement which is not less than 1 column inch by 3 inches, with a border on all sides, and must include, as appropriate:

(a) At the beginning of the notice, a title that generally describes the relief requested or the type of proceeding scheduled;

(b) The name of the applicant, complainant or petitioner or the name of the agent for the applicant, complainant or petitioner;

(c) A brief description of the purpose of the filing or proceeding, including, without limitation, a clear and concise introductory statement that summarizes the relief requested or the type of proceeding scheduled and the effect of the relief or proceeding upon consumers;

(d) The location where the filing is on file for the public or the location and time for the proceeding; and

(e) The date by which persons must file comments, notices of intent to participate as a commenter or petitions for leave to intervene with the Commission.

The public notice must be published prominently so that it is reasonably calculated to notify affected persons.

6. If the notice is:

(a) A public notice for a hearing, the Secretary shall cause the notice of hearing to be:

(1) Served on each party and published at least 10 days before the hearing is held; and

(2) Posted at the principal office of the Commission at least 3 days before the hearing is held.

(b) For a filing or a proceeding other than a hearing, the Secretary shall cause the public notice to be published in the appropriate newspapers not less than 3 working days before the proposal in the filing becomes effective or the proceeding is held.

7. The applicant, complainant or petitioner shall pay the cost of the publication.

8. On a weekly basis, the Commission will cause to be published a summary of public notices concerning the filings and proceedings described in subsection 11. The summary of public notices will be published in the Sunday edition of a newspaper of general circulation in Carson City and such other newspapers as determined by the Secretary.

9. If public notice of a filing or proceeding is published by the Secretary pursuant to this section, the Secretary's notice shall be deemed to be legally sufficient public notice of the filing or proceeding, even if public notice in the summary of public notices is deficient or fails to be published pursuant to this section.

10. If public notice of a filing or proceeding is published in the summary of public notices pursuant to this section, the public notice in the summary of public notices shall be deemed to be legally sufficient public notice of the filing or proceeding, even if the Secretary's public notice is deficient or fails to be published pursuant to this section.

11. The provisions of this section apply to the following filings or proceedings:

(a) An application or tariff filing involving any authorization, expansion, reduction or curtailment of services, facilities or authority, any increase in rates, fares or charges, or any change in regulations.

(b) A complaint filed with the Commission pursuant to NAC 703.651.

(c) A petition.

(d) A prehearing conference.

(e) A workshop.

(f) A consumer session.

(g) A hearing.

12. The provisions of this section do not apply to a quarterly rate adjustment made pursuant to sections 8 *and* 9 of NRS 704.110.

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

Sec. 2. NAC 704.XXX *“Electric utility that primarily serves densely populated counties” means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties whose population is 400,000 or more than it does from customers located in counties whose population is less than 400,000.*

Sec. 3. NAC 704.XXX *“Electric utility that primarily serves less densely populated counties” means an electric utility that, with regard to the provision of electric service, derives more of its annual gross operating revenue in this State from customers located in counties*

whose population is less than 400,000 than it does from customers located in counties whose population is 400,000 or more.

Sec. 4. NAC 704.XXX *“Quarterly rate adjustment” means a quarterly adjustment to the base tariff energy rate of an electric utility for purchased fuel or power based on changes in the electric utility’s recorded energy costs.*

Sec. 5. NAC 704.023 is hereby amended to read as follows:

As used in NAC 704.023 to 704.195, inclusive, *and sections 2 to 20 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.024 to 704.063, inclusive, *and sections 2 to 20 of this regulation*, have the meanings ascribed to them in those sections.

Sec. 6. NAC 704.024 is hereby amended to read as follows:

“Adjustment date” means the end of the calendar *year for electric utilities or the end of the calendar* month selected by the ~~[electric utility or]~~ gas utility for the purposes of a deferred energy application.

Sec. 7. NAC 704.030 is hereby amended to read as follows:

“Amortization period” means:

1. For an electric utility, such period, not to exceed ~~[36]~~ *12* months, after the end of the prior related test period, as determined by the Commission.

2. For a gas utility, such ~~[12-month]~~ period, *not to exceed 12 months*, after the end of the prior related test period, as determined by the Commission.

Sec. 8. NAC 704.032 is hereby amended to read as follows:

“Base tariff energy rate” means:

1. For an electric utility, the rate determined by dividing the cost of fuel for electric generation and purchased power by ~~[applicable sales as described in NAC 704.130]~~ *the total sales of megawatt-hours which have been sold, exclusive of nonfirm sales, for the test period, provided that in the event a specific fuel or purchased power contract specifies a beneficiary, the costs and benefits shall be allocated pursuant to the terms and conditions of the contract;*

2. For a gas utility that does not make quarterly rate adjustments, the rate determined by dividing the cost of purchased gas by the applicable sales as described in NAC 704.135; or

3. For a gas utility that makes quarterly rate adjustments, the rate determined pursuant to the methodology determined by the Commission pursuant to section 5 of LCB File No. R202-05 as adopted by the Public Utilities Commission of Nevada.

Sec. 9. NAC 704.039 is hereby amended to read as follows:

“Deferred energy application” means:

1. For an electric utility, an application filed by an electric utility pursuant to NRS 704.187 and subsection 9 of NRS 704.110.

2. For a gas utility, an application filed by ~~[an electric utility or]~~ a gas utility to clear its deferred energy accounts pursuant to NAC 704.023 to 704.195, inclusive.

Sec. 10. NAC 704.045 is hereby amended to read as follows:

“Deferred energy balance” means the amount contained in FERC Account Nos. ~~[186]~~ *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. 11. NAC 704.101 is hereby amended to read as follows:

Each electric utility and gas utility using deferred energy accounting shall maintain a deferred energy account and, if applicable, such an electric utility shall maintain appropriate subaccounts. Entries must be made to the deferred energy account and any appropriate subaccounts at the end of each month as follows:

1. For electric operations:

(a) A debit entry or credit entry to FERC Account ~~186~~ **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) Each subaccount must receive a separate credit entry or debit entry, if negative, equal to the amount of revenue derived by applying the appropriate deferred energy accounting adjustment to that month's applicable jurisdictional sales.

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

(d) Each subaccount must receive 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 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. 12. NAC 704.105 is hereby amended to read as follows:

An account for energy cost adjustments must:

1. Contain contra entries to:

(a) FERC Account No. ~~186~~ 182.3, for electric operations; or

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

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

3. Be maintained in a manner consistent with:

- (a) FERC Account No. ~~186~~ 182.3, for electric operations; or
- (b) FERC Account No. 191. for gas operations.

Sec. 13. NAC 704.111 is hereby amended to read as follows:

For each electric utility:

(a) The electric utility shall clear annually any debit or credit balance in FERC Account No. ~~186~~ 182.3 over an approved period by dividing the cumulative debit or credit balance by the total Nevada jurisdictional kilowatt-hours which have been sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt-hours.

~~(b) If the electric utility requests or is ordered to clear any debit or credit balance in FERC Account No. 186 over an amortization period exceeding 12 months, the cumulative debit balance, subject to subsection 3, or credit balance at the end of the test period must be transferred to a separate subaccount. The cumulative balance must be multiplied by the ratio of 12 months to the number of months in the extended amortization period. The debit or credit amount so derived must be divided by the Nevada jurisdictional kilowatt hours sold during the test period. The resulting positive or negative deferred energy accounting adjustment must be applied to each Nevada jurisdictional customer's monthly use of energy expressed in kilowatt hours. At the end of the amortization period, any remaining balance must be transferred to the nonsegregated deferred account subaccount.~~

~~(c)~~ 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. ~~186~~ 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. 14. NAC 704.116 is hereby amended to read as follows:

1. Except as otherwise provided in subsection 2 or 3, each electric utility and gas utility shall file annually with the Commission a deferred energy application for each of its jurisdictional operating departments in this State setting forth its calculations of the deferred energy accounting adjustment and the base tariff energy rate.

2. ~~An electric utility or~~ A gas utility that is not authorized to make quarterly rate adjustments may file with the Commission a semiannual deferred energy application if the net change in revenue necessary to clear the change in the deferred energy account balance at the end of the 6-

month period exceeds plus or minus 5 percent of the total revenue at the last authorized rates for fuel for electric generation and purchased power or purchased gas.

3. A gas utility that makes quarterly rate adjustments pursuant to subsection 8 of NRS 704.110 shall file an annual rate adjustment application with the Commission for each of its jurisdictional operating departments in this State, setting forth its calculations of the deferred energy accounting adjustment. The annual rate adjustment application must be filed not later than the date specified by the Commission pursuant to subsection 3 of section 5 of LCB File No. R202-05 as proposed by the Public Utilities Commission of Nevada.

4. Each electric utility ~~and gas utility~~ shall file its deferred energy application ~~not later than 45 days after the adjustment date~~ *pursuant to NRS 704.187(3). Each gas utility shall file its deferred energy application* not later than 45 days after the adjustment date.

5. If an electric utility files a deferred energy application while a general rate application is pending before the Commission, the electric utility shall:

(a) Submit with its deferred energy application information relating to the cost of service and rate design; and

(b) Supplement its general rate application with the same information, if such information was not submitted with the general rate application.

6. The deferred energy accounting adjustment of an electric utility or gas utility must be calculated pursuant to NAC 704.101 and 704.111.

~~7. The base tariff energy rate of an electric utility must be calculated pursuant to NAC 704.130.~~

~~8.]~~ 7. The base tariff energy rate of a gas utility that is not authorized by the Commission to make quarterly rate adjustments must be calculated pursuant to NAC 704.135.

~~[9.]~~ 8. The base tariff energy rate of ~~[an electric utility or gas utility, other than]~~ a gas utility that is *not* authorized by the Commission to make quarterly rate adjustments~~[.]~~ remains in effect until a revised rate is authorized by the Commission.

~~[10.]~~ 9. The deferred energy accounting adjustment of an electric utility or gas utility remains in effect until the end of the designated amortization period or until an amended rate is authorized by the Commission, whichever occurs first.

Sec. 15. NAC 704.117 is hereby amended to read as follows:

~~[1. If an electric utility provides notice in its deferred energy application, the electric utility may update its base tariff energy rate calculation 60 days after filing its deferred energy application.]~~

~~—2. An electric utility may file an application to revise its base tariff energy rate if it does not have pending a deferred energy application pursuant to subsection 2 of NAC 704.116. An electric utility that files an application to revise its base tariff energy rate must:~~

~~—(a) Submit the application to revise its base tariff energy rate not less than 120 days before the adjustment date for the deferred energy application filed pursuant to subsection 1 of NAC 704.116; and~~

~~—(b) Calculate the base tariff energy rate pursuant to NAC 704.130.~~

~~—3.]~~ In accordance with subsection 7 of NRS 704.110, a gas utility may file an application to revise its base tariff energy rate every 30 days unless the Commission has approved a quarterly rate adjustment pursuant to the provisions of NRS 704.100 and 704.110.

~~[4. If an electric utility files an application to revise its base tariff energy rate pursuant]~~

to subsection 2 and the Commission authorizes a revised rate, the Commission will provide that the revised rate becomes effective on the day following the adjustment date for the deferred energy application filed pursuant to subsection 1 of NAC 704.116.

Sec. 16. NAC 704.118 is hereby amended to read as follows:

1. An electric utility or gas utility that files a deferred energy application pursuant to NAC 704.116, ~~[an electric utility that files an application to revise its base tariff energy rate pursuant to subsection 2 of section 1 of this regulation,]~~ a gas utility that files an application to revise its base tariff energy rate pursuant to subsection 3 of section 1 of this regulation or a gas utility that files an annual rate adjustment application pursuant to subsection 3 of NAC 704.116 shall:

(a) Within 10 days after filing the application, make available at each of its business offices a complete copy of the application in such form and place as to be readily accessible to and conveniently inspected by the public;

(b) Within 10 days after filing the application, print in plain type and post at each of its business offices, in such form and place as to be readily accessible to and conveniently inspected by the public, a notice stating that the application has been filed with the Commission, describing briefly the purpose of the application, indicating that the complete application is available for public inspection on the premises and setting forth the locations where additional information may be obtained; and

(c) Within 20 days after filing the application, submit to the Commission affidavits that indicate that the application has been filed and that the utility has complied with the provisions of paragraphs (a) and (b).

2. After the Commission has scheduled a date for a hearing on the application, the applicant shall, at least 10 days before the scheduled date of the hearing, give notice to its customers who are affected by the proposed increase. The first paragraph of the notice must state the date, time and place of the hearing, the total amount of the proposed increase in dollars, the estimated proposed monthly increase in dollars and the proposed percentage of increase for each class of customer or class of service. The notice must also state that the Commission may set rates which may be higher or lower than the rates proposed in the application and that additional information may be obtained from the Commission or at the offices of the electric or gas utility filing the application. The notice must be given by at least two of the following methods:

(a) Inclusion in the regular bill of charges transmitted to the applicant's customers.

(b) Separate mailing to each of the applicant's customers.

(c) Prominent presentation in one or more forms of the media, including newspapers, television and radio, so that the notice will likely reach the applicant's customers.

3. At or before the hearing, the applicant must submit a verified statement to the Commission that the notice required in subsection 2 has been given. The statement must:

(a) Set forth the means by which, and the dates and times when, the notice was mailed, published or broadcast; and

(b) Include, as an attachment, a copy of the notice as mailed, published or transcribed.

4. An electric utility authorized to make quarterly rate adjustments shall, for each quarterly rate adjustment, provide:

(a) Notice to the Commission pursuant to the provisions of paragraphs (a) and (b) of subsection 9 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly rate adjustment that the electric utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly rate adjustment that the electric utility will provide to its customers; and

(3) The calculations supporting the change in its base tariff energy rate;

(b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection 9 of NRS 704.110; and

(c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

~~[4.]~~ 5. A gas utility that is authorized to make quarterly rate adjustments shall, for each quarterly rate adjustment, provide:

(a) Notice to the Commission pursuant to the provisions of paragraph (a) of subsection 8 of NRS 704.110, including, without limitation:

(1) A copy of the notice of the quarterly rate adjustment that the gas utility will provide to its customers;

(2) Supporting information for all amounts shown in the notice of the quarterly rate adjustment that the gas utility will provide to its customers; and

(3) The calculations supporting the change in its base tariff energy rate;

(b) Notice to its customers as required pursuant to the provisions of paragraph (b) of subsection 8 of NRS 704.110; and

(c) A copy of the notice provided pursuant to paragraph (a) to the Regulatory Operations Staff of the Commission and to the Bureau of Consumer Protection in the Office of the Attorney General.

Sec. 17. NAC 704.120 is hereby amended to read as follows:

1. The Commission hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission those accounts enumerated in this section as FERC accounts. These accounts are contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at (866) 512-1800, for the price of \$56.

2. The following accounts are hereby adopted:

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

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

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

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

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

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

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

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

(i) Miscellaneous deferred debits, electric, FERC Account No. ~~186~~ 182.3.

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

Sec. 18. NAC 704.130 is hereby repealed.

Sec. 19. NAC 704.145 is hereby amended to read as follows:

1. FERC Account Nos. ~~186~~ 182.3 and 557 must be used in Nevada jurisdictional electric operations for deferred energy accounting to record monthly entries in the manner prescribed in NAC 704.101 and 704.105.

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

3. The contra entries to the deferred energy accounts referred to in subsections 1 and 2 must be made to FERC Account No. 557, for electric cost differentials, and FERC Account No. 805.1, for gas cost differentials.

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

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

These accounts must be maintained by test period so as to separate the income tax effect between electric and gas operations. The accounts must be maintained in a manner consistent with FERC

Account No. 191, for gas operations, and FERC Account No. ~~186~~ 182.3, for electric operations.

Sec. 20. NAC 704.150 is hereby amended to read as follows:

1. Except as otherwise provided in subsection 3, a carrying charge must be computed on the current debit or credit balance at the end of each month in FERC Account No. ~~186~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations, and must be respectively debited or credited to the account at the rate of one-twelfth of the overall rate of return as authorized by the Commission for the particular department or division of the electric utility or gas utility. The rate of the carrying charge must be applied to the entire balance in FERC Account No. ~~186~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations.

2. The contra entries for the carrying charge must be made to FERC Account No. 419, for gas operations.

3. If, in any month, the Nevada jurisdictional earned rate of return for an operating department of the electric utility or gas utility for the test period exceeds the overall rate of return last authorized by the Commission for that department, and if the monthly balance in FERC Account No. ~~186~~ 182.3, for electric operations, or FERC Account No. 191, for gas operations, is a debit, an adjustment amount will be calculated equal to the amount which exceeds the utility's last authorized rate of return. Carrying charges may accrue only on that portion of the debit balance which exceeds the adjustment amount.

TEXT OF REPEALED SECTION

NAC 704.130 Calculation of forecasted and historic base tariff energy rate and recommendation of preferred base tariff energy rate: Electric. (NRS 703.025, 704.187, 704.210)

1. An electric utility shall, pursuant to subsections 2 and 3, calculate a forecasted and a historic base tariff energy rate (BTER) for fuel for electric generation and for purchased power and recommend its preferred base tariff energy rate to the Commission.

2. The electric utility shall calculate a forecasted base tariff energy rate based on the period during which the base tariff energy rate is anticipated to be in effect, using an appropriate production cost model, sales forecast and fuel and purchased power cost forecast.

3. The electric utility shall calculate a historic base tariff energy rate based on the following formula:

Where:

MG = Units of fuel used for the test period by each generating station for each type of fuel used.

UG = The latest experienced unit cost, for a reasonably significant volume purchased, for each type of fuel used in each generating station.

FG = Other latest known costs associated with fuel used in electric generation as enumerated in the accounts specified in paragraph (a) of subsection 2 of NAC 704.120.

PPF = Total megawatt-hours purchased under firm obligation and net associated interchanged power for the test period.

UPF = The latest experienced unit energy costs for firm power and associated net interchanged power from each supplier.

PPN = Total megawatt-hours purchased under nonfirm sales and associated net interchange power for the test period.

UPN = The average weighted cost for nonfirm power and associated net interchange power purchased during the test period (recorded cost).

FP = Fixed costs associated with the purchase and net interchange of power as may be enumerated in the account specified in paragraph (b) of subsection 2 of NAC 704.120.

T = Total sales of megawatt-hours which have been sold, exclusive of nonfirm sales, for the test period.

Then:

$$((MG \times UG) + FG) + ((PPF \times UPF) + (PPN \times UPN) + FP)$$

$$BTER = \frac{\quad}{\quad}$$

T