LCB File No. R043-08

PROPOSED REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

Docket No. 07-06015

Water Resource Planning
General Rate Proceedings
CPC Applications
Fire Hydrant Maintenance

EXPLANATION – Matter in ***bold italics*** is new; matter in ~~[deleted brackets]~~ is removed.

WATER RESOURCE PLANNING:

Section 1 Chapters 703 and 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 43, inclusive, of this regulation.

Sec. 2. ***"Action plan" means a detailed specification of the actions a utility intends to undertake to meet its water demand, supply and wastewater treatment requirements during the 3 years immediately following the year in which its resource plan is filed.***

Sec. 3. ***"Conservation plan" means the plan for conservation programs proposed by a water and/or sewer utility to promote conservation.***

Sec. 4. ***"Funding plan" means a plan that demonstrates the financial impact of the preferred plan of a utility on the utility and its customers.***

Sec. 5. ***"Preferred plan" means the selection by a utility of its preferred water supply and/or wastewater treatment options for a 20-year period.***

Sec. 6. ***"Resource plan" means a plan prepared pursuant to NRS 704.661.***

Sec. 7. ***"Water Supply and/or wastewater treatment plan" means a utility's plan that minimizes cost and maximizes the reliability for using existing and proposed resources to meet its forecasted water demand and/or wastewater treatment requirements.***

Sec. 8. *At least 4 months before the anticipated date for filing the resource plan, the utility shall meet with personnel of the Bureau of Consumer Protection and Regulatory Operations Staff to provide an overview of the anticipated filing.*

Sec. 9. *A utility may show that certain sections or subsections of this regulation are not applicable to its resource plan. The utility shall provide a specific reference to each provision of the regulation not applicable and provide all information showing the particular circumstances supporting each provision of the regulation not applicable to its resource plan.*

Sec. 10. *All testimony offered in support of the resource plan must be filed with the resource plan.*

Sec. 11. 1. *The resource plan must provide an integrated analysis of:*

a. A conservation plan;

b. A water supply and/or wastewater treatment plan;

c. A funding plan; and

d. An action plan.

2. The primary function of the integrated analysis is to establish priorities among the utility's options for conservation, water supply and/or wastewater treatment, and funding so that the utility can demonstrate that the action plan balances the objectives of minimizing cost, mitigating risk, and maximizing reliability of service over the term of the action plan.

Sec. 12. *A utility's resource plan must be accompanied by a summary that is suitable for distribution to the public. The summary must contain easily interpretable tables, graphs, and maps and include:*

1. A brief introduction describing the utility, its facilities, the purpose of the resource plan, and the duration of the period covered by the resource plan;

2. Identification of issues and priorities;

3. Planning criteria which shall include the forecast of growth and demand for water supply and/or wastewater requirements for the next 20 years, commencing with the year following the year in which the resource plan is filed.

4. The existing and required water supply;

5. The existing and required water rights;

6. The existing and required storage capacities;

7. The existing and required transmission and distribution system capacities;

8. The existing and required fire flows and fire hydrants;

9. The existing and required wastewater treatment capacities;

10. The existing and required effluent disposal capacities;

11. The existing and required reclamation capacities;

12. Conservation programs; and

13. A recommended funding mechanism.

Sec. 13. *A utility's resource plan must contain background information. The background information shall include:*

1. Historical and existing ownership and organization of the utility;

2. Names and qualification statements for each of the persons preparing the resource plan;

3. The resource plan format, including all definitions and abbreviations;

4. A description of the existing service area, including the number of customers and their respective category of service.

5. Current water supply and/or wastewater treatment issues;

6. Objectives of the resource plan; and

7. A suitable map, or maps, to show all areas covered by the resource plan. Each such map must show at least:

(a) The service territory covered by the resource plan;

(b) The locations of the utility's facilities;

(c) The location of water supplies located within the service territory of the utility and under contract with the utility;

(d) The interconnections with other utilities and independent water suppliers;

(e) The utility's facilities for water transmission; and

(f) The location of sewer collection, wastewater treatment, effluent disposal, and reclamation sites located within the service territory of the utility and under contract with the utility.

Sec. 14. *1. A utility's resource plan must include a technical appendix. The appendix must contain sufficient detail to enable a technically proficient reader to understand how the resource plan and its forecasts were prepared and to evaluate the validity of the assumptions and the accuracy of the data used, including, without limitation, a list of the major assumptions used, a description of the forecasting methods employed and a description of the software utilized.*

2. The appendix must contain:

(a) Citations to the sources of all significant information used in the resource plan;

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

(c) Projections for the availability and price of water rights;

(d) The final results derived from the models;

(e) Documentation of all models and formulas used consistent with any proprietary requirements imposed upon the utility by outside suppliers of the models; and

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

Sec. 15. *1. A utility's resource plan must include forecasts of water consumption and/or wastewater flows and the peak demand for summer and winter for the system, disaggregated by rate schedule, for the 20-year period beginning with the year following the year in which the resource plan is filed. The forecasts shall use the customer base that the utility has an obligation to serve, based on the most likely set of future conditions or forces which would have an effect on such water consumption and/or wastewater flows.*

2. The utility's forecast must include:

(a) Estimated annual losses of water on the system for the 20-year period of the resource plan;

(b) Estimated annual water consumption and or wastewater flows for the 20-year period of the resource plan;

(c) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, the utility must describe plans to supplement or replace that water source with alternative sources or water demand management measures, to the extent practical; and

(d) A description of the opportunities for exchanges or transfers of water on a short-term or long-term basis.

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

4. To verify and complete the forecast, the utility may evaluate the forecast with the results of alternative forecasting methods.

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

Sec. 16. *1. A utility's resource plan must contain the historical data relating to peak demand and water consumption and/or wastewater flows, including:*

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

(b) The recorded and annual sales of water consumption and/or wastewater flows for the total system for each year of the 10-year period immediately preceding the year in which the resource plan is filed;

(c) The estimated or actual amount of water lost for the system for each year of the 10-year period immediately preceding the year in which the resource plan is filed; and

(d) The estimated or actual amount of water 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 resource plan is filed.

(e) The estimated or actual amount of effluent disposed by the utility in the operation of its business for each year of the 10-year period immediately preceding the year in which the resource plan is filed.

(f) The estimated or actual amount of reclamation 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 resource plan is filed.

2. The data on water consumption and/or wastewater flows and peak demands must include data on consumption and demands of all customer classes.

Sec. 17. *Every water utility shall include, as part of its resource plan, an assessment of the reliability of its water service to its customers during normal, dry, and multiple dry water years. This assessment shall compare the total water supply sources available to the water utility with the total projected water use over the next 20 years, in five-year increments, for a normal water year, a single dry water year, and multiple dry water years. The water service reliability assessment shall utilize any available data from state, regional, or local agency population projections within the service area of the urban water supplier.*

Sec. 18. *1. As part of its resource plan, a utility shall submit a conservation plan.*

2. The conservation plan must include:

(a) A description of each water conservation program that is currently being implemented or proposed, including but not limited to:

(1) Water survey programs for single-family residential and multi-family residential customers;

(2) Residential plumbing retrofit;

(3) System water audits, leak detection, and repair;

(4) Metering with commodity rates for all new connections and retrofit of existing connections;

(5) Large landscape conservation programs and incentives;

(6) High-efficiency washing machine rebate programs;

(7) Public information programs;

(8) School education programs;

(9) Conservation programs for commercial, industrial, and institutional customers;

(11) Conservation pricing;

(12) Water conservation coordinator;

(13) Water waste prohibition;

(14) Residential ultra-low-flush toilet replacement program; and

(15) Water reclamation incentives.

(b) An assessment of savings in water or reduction in demand attributable to implemented and proposed programs.

(c) A schedule of implementation for all proposed programs.

(d) A description of the method(s), if any, that the water utility will use to evaluate the effectiveness of implemented and proposed programs.

(e) The utility shall estimate the cost of each such program. The methods used for the assessment must be stated in detail, specifically listing the data and assumptions considered in the assessment.

3. In creating its conservation plan, a utility shall consider the impact of applicable new technologies on current and future conservation programs including without limitation the potential impact of advances in digital technology and computer information systems.

4. The conservation plan must provide a list of the programs for which the utility is requesting the approval of the Commission. The list must include:

(a) An assessment of the costs of each proposed program and the savings produced by the program;

(b) An assessment of the impact on the utility's peak demands and water consumption of each proposed and existing program for conservation;

5. The utility shall include with its conservation plan a report on the status of all programs for conservation that have been approved by the Commission. The report must include tables for each such program showing, for each year, the planned and achieved reduction in water usage and the cost of the program.

Sec. 19. *1. The conservation plan shall provide a water shortage contingency analysis which includes each of the following elements which are within the authority of the water utility:*

(a) Stages of action to be undertaken by the water utility in response to water supply shortages, including up to a 50 percent reduction in water supply and an outline of specific water supply conditions which are applicable to each stage;

(b) An estimate of the minimum water supply available during each of the next three water years based on the driest three-year historic sequence for the agency's water supply;

(c) Actions to be undertaken by the water utility to prepare for and implement during a catastrophic interruption of water supplies including, but not limited to, a regional power outage, an earthquake, or other disaster; and

(d) An analysis of the impacts of each of the actions and conditions described in paragraphs (a) to (c), inclusive, of this subsection on the revenues and expenditures of the water utility, and proposed measures to overcome those impacts, such as the development of reserves and rate adjustments.

Sec. 20. ***The conservation plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the water utility. The information shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the utility's service area, and shall include all of the following:***

(a) A description of the sewer collection and wastewater treatment systems in the utility's service area, including a quantification of the amount of sewer collected and wastewater treated and the methods of effluent disposal and reclamation;

(b) A description of the quantity of treated wastewater that meets reclamation standards, is being discharged, and is otherwise available for use in a reclamation project;

(c) A description of the reclamation currently being used in the utility's service area, including, but not limited to, the type, place, and quantity of use;

(d) A description and quantification of the potential uses of reclamation, including, but not limited to, agricultural irrigation, landscape irrigation, wildlife habitat enhancement, wetlands, industrial reuse, groundwater recharge, and other appropriate uses, and a determination with regard to the technical and economic feasibility of serving those uses;

(e) A plan for optimizing the use of reclamation in the utility's service area, including actions to facilitate the installation of dual distribution systems, to promote recirculation uses, to facilitate the increased use of treated wastewater that meets reclamation standards, and to overcome any obstacles to achieving that increased use; and

(f) The projected use of reclamation water within the utility's service area at the end of 3, 10, 15, and 20 years, and a description of the actual use of reclamation in comparison to uses previously projected pursuant to this subsection.

Sec. 21. ***1. As part of its resource plan, a utility shall submit a water supply and/or wastewater treatment plan. The plan must contain a list of options for water supply and/or wastewater treatment that includes a description of all existing and planned facilities. The description must include the expected capacity of the facilities and resources for each year of the water supply and/or wastewater treatment plan.***

Sec. 22. ***1. The options to be analyzed must include:***

(a) Construction of new water and/or wastewater facilities or upgrades to existing water and/or wastewater facilities, including retrofitting existing facilities with more efficient systems or converting to other water sources or wastewater treatment;

(b) Purchase of water rights;

(c) Improvements in the efficiency of operations, including, without limitation, improvements that are attributable to the proposed implementation of new digital and computer information system technologies; and

(d) Transactions with other water and/or sewer utilities and independent water producers for:

(1) Pooling of water supplies;

(2) Purchases of water supplies;

(3) Exchanges of water supplies.

2. The utility shall consider for each option the mitigation of risk by means of:

(a) Flexibility;

(b) Diversity;

(c) Reduced size of commitments;

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

(e) Cost; and

(f) Reliability.

3. The options of the utility must:

(a) Provide adequate reliability;

(b) Be within regulatory and financial constraints; and

(c) Meet the requirements for environmental protection.

4. The utility shall identify its preferred plan and fully justify its choice by setting forth the criteria that influenced the utility's choice.

Sec. 23. *1. A utility's water supply and/or wastewater treatment plan shall include a description of the existing system referencing applicable documentation, locations, capacities, types and ages including, but not limited to:*

(a) Water supply locations and their respective capacities (for supply from wells include well depth, casing depth, water zones, design capacity, and existing capacity);

(b) Water rights, including the permitted capacity and their respective status;

(c) Water distribution and transmission lines;

(d) Wastewater collection lines;

(e) Facilities for water storage;

(f) Emergency standby facilities including power supplies for production, treatment, storage and maintenance of pressure;

(g) Pressure reducing valve stations;

(h) Booster stations;

(i) Lift stations;

(j) Force mains;

(k) Facilities for water and wastewater treatment;

(l) Effluent disposal sites;

(m) Water reclamation sites;

(n) Supervisory control and data acquisition ability (SCADA);

(o) Hydraulic profile;

(p) Operating and elevation levels;

(q) System operation and performance; and,

(r) Source of supply protection programs.

2. The supply plan shall include maps that identify the locations, capacities, elevations and other relevant data for all existing and proposed facilities including, but not limited to, those facilities referenced in subsection (1) of this section:

3. The supply plan shall provide a description of all water and wastewater demand requirements to serve the forecast of growth over the resource planning period including, but not limited to: water rights, water supply, water and wastewater treatment, fire protection, unaccounted for water (water loss), operation, effluent disposal and water reclamation. A summary of existing and projected system deficiencies shall be provided.

4. The supply plan shall provide the assessment and evaluation of all supply options and facilities, including but not limited to, those identified in subsection (1) of this section to meet the demand requirements identified in subsection (3) of this section. The plan must describe all potential options including their respective capacities, operation, cost to develop, cost to operate and potential limitations or constraints. The utility shall fully explain the reasons and associated merits of the selected assessment and evaluation criteria.

5. The supply plan shall include all options, facilities and programs that the utility proposes to develop, acquire and construct over the resource planning period to serve the demand requirements from the forecast of growth. A comprehensive description of each option, facility and program shall include:

(a) A procurement time-line schedule including:

(1) Preparation of required environmental reports and impact statements;

(2) Applications for significant permits;

(3) Commitments of expenditures;

(4) Periods for construction or acquisition; and

(5) The commercial in-service date.

(b) Estimated capacities and operational characteristics;

(c) Estimated total capital costs, annual expenditures during construction, fixed operating costs and variable operating costs; and,

(d) Benefits to the system.

Sec. 24. *1. As part of its resource plan, a utility shall submit a funding plan for the items identified in the conservation plan and water supply and/or wastewater treatment plan in which expenditures are proposed to be initiated in the action plan period. The primary function of the funding plan is to minimize impact to customer rates and financial risk to the utility.*

Sec. 25. *A utility's funding plan must contain cost information, including:*

1. The estimated costs of construction, including:

(a) Annual flows of expenditures with allowance for money expended during construction; and

(b) Annual flows of expenditures without allowance for money expended during construction.

2. The rates of escalation of cost, including:

(a) Capital costs; and

(b) Fixed operating costs.

Sec. 26. *Funding options to be considered shall include a combination of:*

(a) Contributions from customer surcharges;

(b) Contributions from customer hook-up fees;

(c) Utility capital investment;

(d) Utility debt financing; and

(e) Other available means.

Sec. 27. *The following estimated financial information for the action plan must be included in the funding plan:*

(a) Present worth of revenue requirements;

(b) Nominal revenue requirements by year;

(c) Total rate base by year; and

(d) Financial results attributed to the risk management strategy of the utility.

2. The following items must be stated for each year in the funding plan:

(a) The general rate of inflation;

(b) The cost of capital rates;

(c) The discount rates used in the calculations to determine present worth;

(d) The tax rates; and

(e) Other assumptions.

Sec. 28. ***1. As part of its resource plan, a utility shall submit an action plan. In its action plan, the utility shall specify all its actions that are to take place during the 3 years commencing with the year following the year in which the resource plan is filed. The action plan must contain:***

(a) An introductory section that explains how the action plan fits into the longer-term strategic plan of the utility;

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

(c) A section for the utility's conservation including:

(1) A plan to carry out and continue selected measures for conservation that have been identified as desirable.

(d) A section for the utility's water supply and/or wastewater treatment including:

(1) The immediate plans of the utility for construction of facilities;

(2) The expected time for construction of facilities; and

(3) The major milestones of construction, including:

a. Preparation of any required environmental impact statements;

b. Applications for significant permits;

c. Commitments of significant expenditures;

d. Periods for construction; and

e. The commercial operation date.

(4) Any other acquisitions.

Sec. 29. ***The action plan must contain a budget for planned expenditures suitable for comparing planned and achieved expenditures. Expenses must be listed in a format that is consistent with the categories and periods to be presented in subsequent filings.***

Sec. 30. ***1. The Commission will issue an order approving the action plan of the utility as filed or specifying those parts of the action plan the Commission considers inadequate.***

2. If the Commission approves the action plan of the utility, the Commission will specifically include in the approval of the action plan its determination that the elements contained in the action plan are prudent. For the Commission to make a determination that the elements of the action plan are prudent:

(a) The action plan must optimize the value of the overall water supply and/or wastewater treatment portfolio for the utility for the benefit of its customers.

(b) The utility must demonstrate that the action plan balances the objectives of minimizing cost, mitigating risk, and maximizing reliability of service over the term of the action plan.

3. If the Commission subsequently determines that any information relied upon when issuing its order approving the action plan was based upon information that was known or should have been known by the utility to be untrue or false at the time the information was presented, the Commission may revoke, rescind or otherwise modify its approval of the action plan.

Sec. 31. ***1. Notwithstanding the approval by the Commission of the action plan of a utility, the utility may deviate from the approved action plan to the extent necessary to respond adequately to any significant change in circumstances not contemplated by the action plan. A significant change in circumstances includes, without limitation:***

(a) A material change in the market price of water;

(b) An extended forced outage of a major facility component of the utility;

(c) A material change in customer demand; or

(d) Any other circumstance that the utility demonstrates to the Commission warrants a deviation.

2. If a utility deviates from its approved action plan:

(a) The Commission will determine on a retrospective factual basis the prudence of the deviation from the action plan in the appropriate proceeding.

(c) If the deviation from the action plan is of a continuing nature, the utility shall seek authority from the Commission to deviate prospectively from the action plan by filing an amendment to the action plan.

Sec. 32. *1. A utility shall continually monitor its action plan and shall amend the plan before it submits its next resource plan if any of the following circumstances exist:*

(a) The utility anticipates submitting an application for a permit to construct a utility facility pursuant to NRS 704.820 to 704.890, inclusive, which was not previously approved as part of the action plan.

(b) The utility makes a commitment for the acquisition or construction of a facility that was not previously approved as part of the action plan.

(c) The utility makes a commitment for a long-term purchased water obligation which was not previously approved as part of the action plan.

(d) 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 action plan approved by the Commission and the modified schedule results in a significant deviation from the action plan.

(e) The utility makes a commitment for an alternative that was not available at the time the action plan was approved.

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

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

Sec. 33. *Before a utility may file an amendment to its resource plan, the utility must meet with the personnel of the Bureau of Consumer Protection and Regulatory Operations Staff to provide an overview of the anticipated filing.*

Sec. 34. *1. An amendment to an action plan must contain:*

(a) A section that identifies the items for which the utility is requesting specific approval;

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

(c) As applicable, data and information required in paragraphs (c) and (d) of subsection 1 of section 28 of this regulation.

Sec. 35. *1. For amendments, the Commission will issue an order approving the amendment as filed or specify those parts of the amendment the Commission considers inadequate.*

2. If the Commission approves the amendment of the utility, the Commission will specifically include in the approval of the amendment its determination that the amendment is prudent. For the Commission to make a determination that the amendment is prudent:

(a) The amendment must optimize the value of the overall water supply and/or wastewater treatment portfolio for the utility for the benefit of its customers.

(b) The utility must demonstrate that the amendment balances the objectives of minimizing cost, mitigating risk, and maximizing the reliability of water supply and/or wastewater treatment over the term of the plan.

3. If the Commission subsequently determines that any information relied upon when issuing its order approving the amendment was based upon information that was known or should have been known by the utility to be untrue or false at the time the information was presented, the Commission may revoke, rescind or otherwise modify its approval of the amendment.

Sec. 36. *A utility may accrue its expenses to develop a resource plan in a deferred account. The utility may propose recovery of those expenses in a subsequent general rate application.*

GENERAL RATE PROCEEDINGS:

Sec. 37. *A water and/or sewer utility required to file a general rate application pursuant to NRS 704.110(3)(c) and (d) may petition the Commission for a waiver from filing a general rate application. In order for the Commission to grant such a waiver, the utility must demonstrate that the costs of preparing and presenting the general rate application outweigh any increases due to changes in other components of the revenue requirements. Any such petition must be filed in a timely manner allowing ample time for interested persons to evaluate and conduct discovery regarding the petition, the Commission to rule on the petition, and if the petition is denied, time for the utility to prepare and file a general rate application.*

Sec. 38. *A water and/or sewer utility required to file a general rate application pursuant to NRS 704.110(3)(c) and (d) may recover the expenses of preparing, filing and presenting the general rate application before the Commission as follows:*

1. The utility shall timely provide supporting documentation necessary to verify that expenses up to six months beyond the test period in the application were actually, reasonably and prudently incurred.

2. The utility shall recover the verified, reasonable and prudent expenses incurred up to six months beyond the applicable period of testing. Any expenses incurred after six months beyond the period of testing shall be deferred, and if verified, reasonable and prudent, the utility shall recover them in rates set in the subsequent general rate application.

Sec. 39. NAC 703.2207 is hereby amended to read as follows:

1. A public utility that furnishes electricity, gas or water which has an annual gross revenue of more than $~~[1,000,000]~~ ***500,000*** from intrastate operations in this State must provide written notice of its intent to file an application for adjustments in rates to:

(a) The Secretary of the Commission;

(b) The staff of the Commission assigned to regulatory operations; and

(c) The Consumer's Advocate.

2. The written notice must be filed at least 60 days before the anticipated date for filing the application for adjustments in rates. If the public utility files the written notice, it is not required to file the application for adjustments in rates on the anticipated filing date or any time thereafter.

3. The written notice must contain a list of the components on which the public utility expects to base its application for adjustments in rates, including:

(a) Cost of capital;

(b) Depreciation;

(c) Cost of service, including any study of the cost of service;

(d) Design of the proposed rates; and

(e) Any other material issues known at the time the notice is filed.

CPC APPLICATIONS:

Sec. 40. NAC 703.175 is hereby amended to read as follows:

An applicant for a certificate of public convenience and necessity must, in addition to complying with the provisions of NAC 703.530 to 703.615, inclusive, submit the following data, either in the application or as exhibits attached to it:

1. A full description of the proposed construction or extension and the manner in which it will be constructed.

2. The names and addresses of all utilities, corporations, persons or other entities, whether publicly or privately operated, with which the proposed service or construction is likely to compete and of the cities or counties within which service will be rendered under the requested certificate. ~~[If a public utility applies to the Commission to extend or establish its water service within a county water district, a public utility or municipal utility district, other water or utility district or any area served by such a district, that district must also be named if it furnishes a similar service. The application must contain a certification that a copy of the application has been served upon or mailed to each entity named.]~~

3. A legible map of suitable scale indicating townships, ranges and sections, and showing the location or route of the proposed construction or extension and its relation to other public utilities, corporations, persons or entities with which the proposal is likely to compete.

4. A statement identifying the franchise and the permits for health and safety that appropriate public authorities require for the proposed construction or extension. If a

construction permit is required under NRS 704.820 to 704.900, inclusive, application must also be made under NAC 703.415 to 703.427, inclusive.

5. Facts showing that public convenience and necessity requires or will require the proposed construction or extension.

6. A statement detailing the estimated cost of the proposed construction or extension and the estimated annual costs, both fixed and operating, associated with the proposal, including statements or exhibits showing that the proposed construction is in the public interest and that it is economically feasible.

7. Statements or exhibits showing the financial ability of the applicant to render the proposed service and information regarding the manner in which the applicant proposes to finance the cost of the proposed construction or extension, including a copy of its most recent balance sheet and statement of income.

8. A statement of the proposed rates to be charged for service to be rendered by means of the proposed construction or extension, the rules governing service in the form of a tariff, an estimate of the number of customers to be served and an estimate of the annual revenue to be received from those customers.

9. If the applicant is a corporation, a list of:

(a) The shareholders holding 2 percent or more of the issued shares of stock of the corporation and the number of shares they hold listed by class.

(b) The number of shares of stock, listed by class, held directly by all executive officers of the corporation, including the president, vice president, secretary, treasurer and any other person in a position of similar responsibility, and the number of shares held indirectly by those officers pursuant to an ownership plan for employees.

10. Such additional information as is necessary for a full understanding of the application.

Sec. 41. NAC 703.190 is hereby amended to read as follows:

~~[1.]~~ ***In the case of a water company,*** in addition to all applicable requirements of NAC 703.175, an application ~~[for a certificate of public convenience and necessity, or an application to amend an existing certificate of public convenience and necessity, to provide water service]~~ must include***:***

1. A description of the proposed service area or proposed addition to an existing service area, including:

(a) An estimate of the number of customers and of the water requirements for the proposed service area or addition.

(b) A plan that demonstrates the continuing ability of the utility to meet the needs, relating to water resources, of the entire service area to be served by the utility. In lieu of such a plan, the utility may provide information which demonstrates that the utility has adequate resources to meet such needs, including, without limitation:

(1) Copies of all documents evidencing water rights and accompanying maps.

(2) A description of the source of the water, such as a spring, river, lake or underground water supply.

(3) Hydrological data defining the reliability of the source.

(4) Copies of applicable well logs and pump tests showing production as a function of draw down versus time.

(5) Any additional information which is necessary to demonstrate the ability of the utility to meet such needs.

(c) A general description, including applicable maps of required facilities, which demonstrates the ability of the utility to provide adequate water service to the proposed service area or addition, including, but not limited to:

(1) Facilities for water storage;

(2) Facilities for water treatment;

(3) Wells;

(4) Pumps; and

(5) Mains for distribution or transmission, or both.

(d) Flow analysis calculations or computer modeling outputs which demonstrate the ability of the utility to provide an acceptable level of service.

(e) Written agreements or statements from property owners, approved subdivision maps and any other documentation that demonstrates the need for water service in the area for which the certificate or amended certificate is requested.

(f) If a public utility applies to the Commission to extend or establish its water service within a county water district, a public utility or municipal utility district, other water or utility district or any area served by such a district, that district must also be named if it furnishes a similar service. The application must contain a certification that a copy of the application has been served upon or mailed to each entity named.

2. In addition to the information required by subsection 1, a utility requesting an initial certificate of public convenience and necessity must include with its application:

(a) Copies of the latest quality tests, both mineral and biological, made on the water and a comparison of the results with the standards established by the local government.

(b) A brief description of the operation of the facilities to be used to maintain quality.

(c) Results of any test relating to the flow of fire hydrants performed by the local authority responsible for fire protection.

(d) A map depicting the location of each facility of the water system, and indicating its size, the material of which it is made and the date of its installation. If an accurate map of the current system is not available, the application must state what action is being taken to prepare such a map.

(e) A description of existing and proposed emergency standby facilities for production, storage and maintenance of pressure to serve the proposed service area.

(f) A statement of the estimated operating revenues and expenses, including taxes and depreciation, for the first 5 years of operation in the proposed service area, for each major class of service. If the applicant anticipates that the utility will initially operate at a loss, the statement must identify the sources of money that will be used to sustain the operation of the utility during that initial period.

(g) A description of the operating plans for the proposed service area, including, but not limited to:

(1) The name, address and telephone number of each principal manager and each certified operator of the utility.

(2) A description of:

(I) The operation of the water system, including manual, automatic or timed functions, and the name of any person responsible for its daily operation.

(II) The normal procedures for maintenance used to ensure the proper operation of the system.

(III) The program, if any, under which worn out facilities are to be replaced.

(3) The name of the person to contact when the system is not operating properly and the manner in which he may be contacted.

(4) The manner in which repairs to the system are recorded.

(5) The name of the person a customer may contact when he has a complaint and the manner in which that person may be contacted.

(6) An explanation of whether and to what extent customers will directly or indirectly make contributions to the costs of the facilities of the proposed water or sewer system. The explanation must indicate whether the applicant intends to assess charges or has assessed charges for the extension of any lines and whether the price of lots or units in the subdivision will reflect the cost of the developer's investment in the proposed system.

(h) Proof that the Applicant contacted all utilities, corporations, persons or other entities, whether publicly or privately operated, with which the proposed service or construction is likely to compete and of the cities or counties within which service will be rendered under the requested certificate. The application must contain a statement detailing the results of each and all of the inquiries, specifically detailing whether any contacts are ready, willing, and able to provide the services the applicant proposes to provide.

Sec. 42. NAC 703.195 is hereby amended to read as follows:

In the case of a sewer company, in addition to all other applicable requirements of NAC 703.175, an application must include:

1. Evidence that any required construction or operating permit has been obtained and is in effect, or that an application for such a permit has been submitted and the date of its anticipated issuance.

2. An estimate of the number of customers to be served in the area for which the certificate is sought and the requirements for sewer service for the first 5 years of operation.

3. Any anticipated future development of the system and a description of the proposed normal and emergency standby sewerage facilities for treatment and storage to serve the area for which the certificate is sought.

4. A statement of the estimated operating revenues and estimated expenses, including taxes and depreciation, for the first year of operation in the proposed area, for each major class of service.

5. A comparison of the design capacity of the system and the anticipated load.

6. A description of the operating plans for the proposed area. If the applicant has operated as a sewer utility in this State, the description must include a statement as to whether the proposed area will be served by new personnel. If the applicant has not operated as a sewer utility in this State, the description must include, if available, but is not limited to:

(a) For each principal manager and each of the operating personnel, his name, position and the address and telephone number of his business.

(b) A brief description of:

(1) The operation of the sewer system, including manual, automatic or timed functions and the name of any person responsible for its daily operation.

(2) The normal procedures for maintenance used to ensure the proper operation of the system.

(3) The program, if any, under which worn out facilities are replaced.

(c) The name of the person to contact when the system malfunctions, the manner in which he may be contacted, and the name of the person responsible for performing the necessary repairs.

(d) The manner in which repairs to the system are recorded.

(e) The name of the person a customer may contact when he has a complaint and the manner in which that person may be contacted.

(f) An explanation of whether and to what extent customers will directly or indirectly make contributions to the costs of the facilities of the proposed water or sewer system. The explanation must include an indication of whether the applicant intends to assess charges for the extension of any lines and whether the price of lots or units in the subdivision will reflect the cost of the developer's investment in the proposed system.

7. If a public utility applies to the Commission to extend or establish its sewer service within a county sewer district, a public utility or municipal utility district, other sewer or utility district or any area served by such a district, that district must also be named if it furnishes a similar service. The application must contain a certification that a copy of the application has been served upon or mailed to each entity named.

8. A utility requesting an initial certificate of public convenience and necessity must include with its application proof that the Applicant contacted all utilities, corporations, persons or other entities, whether publicly or privately operated, with which the proposed service or construction is likely to compete and of the cities or counties within which service will be rendered under the requested certificate. The application must contain a statement detailing the results of each and all of the inquiries, specifically detailing whether any contacts are ready, willing, and able to provide the services the applicant proposes to provide.

FIRE HYDRANT MAINTENANCE:

Sec. 43. NAC 704.628 is hereby amended as follows:

Each public utility subject to the provisions of NAC 704.570 to 704.628, inclusive, shall comply with the following standards of service:

1. For water resources, water rights must be sufficient to supply adequate amounts of water to satisfy existing commitments.

2. For water production, the utility must be capable of producing, from surface or ground water sources or by obtaining water from another utility, sufficient quantities of water to meet the historic maximum daily demand of the system.

3. For water distribution, the distribution system of the utility must meet each of the following requirements:

(a) Service connections from the utility must not exceed the hydraulic capabilities of the system.

(b) The network of pipes of the system must be capable of delivering maximum day demand concurrently with required fire flows. Maximum day demand must be determined from historical records or, in the absence of historical data, calculated by using a factor of three times the average day demand. Requirements for fire flow and duration of the fire flow must be established by the county or local agency having jurisdiction over fire protection. In the absence of a local agency exercising jurisdiction over fire protection, the requirements for fire flow must be established utilizing the most current edition of the *Uniform Fire Code*, which is hereby adopted by reference. A copy of the *Uniform Fire Code* may be obtained, at a price of $141.60, from the International Conference of Building Officials, 5360 Workman Mill Road, Whittier, California 90601, telephone (800) 284-4406, or on-line at http://www.icbo.org.

(c) The distribution system, in conjunction with production, storage and pressure control facilities, must be capable of maintaining, during periods of maximum day demand, a minimum residual pressure of 40 pounds per square inch throughout the distribution system. Static pressure must not exceed 100 pounds per square inch at the lowest elevation in any pressure zone. During periods of fire flow, the residual pressure at any point in the distribution system must not fall below 20 pounds per square inch.

(d) To deliver the quantity of water necessary to comply with the requirements of public fire protection, the utility shall provide and maintain an adequate quantity of hydrants at the prescribed spacing as established by the county or local agency having jurisdiction over fire protection. In the absence of any local agency having jurisdiction over fire protection, the spacing of fire hydrants must be determined by using the current edition of the *Uniform Fire Code*.

(e) The utility shall maintain all fire hydrants in accordance with the most current Uniform Plumbing Code and Uniform Fire Code.

(1) At a minimum, the utility shall inspect and operate all fire hydrants annually.

(2) Whenever a local fire district has a fire hydrant inspection plan in place the public utility is encouraged to coordinate with the fire district of such activities.

(3)The utility shall immediately notify the local agency having jurisdiction over fire protection upon discovery of any and all fire hydrants not meeting Uniform Plumbing Code and/or Uniform Fire Code standards.

(4) The utility is required to immediately place and continuously maintain out-of-service rings or bags on all fire hydrants not meeting Uniform Plumbing Code and/or

Uniform Fire Code standards standards. The out-of-service rings or bags shall be approved by the local agency having jurisdiction over fire protection.

(5) If at any time the utility is notified of a fire hydrant not meeting Uniform Plumbing Code and/or Uniform Fire Code standards the public utility shall inspect such hydrant within 3 calendar days to verify the condition of the hydrant.

(6) Any and all hydrants not meeting Uniform Plumbing Code and/or Uniform Fire Code standards shall be repaired immediately by the utility but not more than 30 calendar days of finding such hydrant(s) not meeting Uniform Plumbing Code and/or Uniform Fire Code standards. The utility may exceed the 30 day period if the local agency having jurisdiction over fire protection approves of the delay and the utility notifies the Commission of such agreement for a delay.

(7) The utility is required to paint and maintain the fire hydrants in a color scheme that has been approved by the local agency having jurisdiction over fire protection.

(8)The utility shall not remove operational fire hydrants from service, either temporarily or permanently, without the approval of the local agency having jurisdiction over fire protection and the Commission.

(e) The utility shall not allow the amount of water lost from its distribution system because of leakage to exceed 10 percent of the amount of water required for the system.

(f) All water sources must have a master meter.

4. For storage, the utility must provide water under both of the following circumstances:

(a) The utility must have the ability to sustain a mechanical failure. When the single most critical pump is out of service, the pumping facilities and above-ground storage of the utility

must be able to maintain the average daily flow rate plus the maximum required fire flow rate for the required duration.

(b) The utility must have the ability to sustain a power outage. To provide system reliability during a power outage, the utility shall comply with at least one of the following:

(1) In a power outage, pumping facilities with an alternative power source in conjunction with above-ground storage must be capable of delivering the required fire flow demand for the required duration plus maximum day demand for 1 day.

(2) Above-ground storage must be capable of providing the required fire flow for the required duration plus the average day demand for 1 day.

➥ As used in this paragraph, "above-ground storage" means the amount of water that is stored above an elevation which will maintain a hydraulic gradient above 20 pounds per square inch at any point within the distribution system during maximum demand.

5. For water quality, the quality must meet all existing state and federal standards for purity.

6. For administration and management, adequately trained personnel must be available to operate the utility under all reasonable circumstances. Books and records maintained by the utility must comply with the systems of accounts established for class C water and sewer utilities prepared by the National Association of Regulatory Utility Commissioners, which are hereby adopted by reference. A copy of the publication containing the system established for class C water utilities and for sewer utilities may be obtained, for the price of $15 for the system of accounts for Class C water utilities and $16 for the system of accounts for sewer companies, from the NARUC Publications, 1101 Vermont Avenue N.W., Suite 200, Washington, D.C. 20005, or on-line at http://www.naruc.org. Each utility shall develop and carry out a written

operation and maintenance program, a cross-connection control program and an emergency plan containing procedures unique to each system. Each utility shall have on file, at an office maintained in the State of Nevada, updated drawings, maps or other permanent records to aid in the operation of the water system. The utility shall make and maintain a record of any repairs made to a distribution pipe that sets forth the location of the leak, the date the leak was repaired, an assessment of the cause of the leak and a description of the manner used to repair the pipe.