

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

LCB File No. R067-09

November 10, 2009

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

AUTHORITY: §§1-9, NRS 704.992.

A REGULATION relating to utilities; providing the method by which a gas utility may obtain authorization from the Public Utilities Commission of Nevada to decouple general revenue; providing the accounting method by which a gas utility must implement general revenue decoupling; 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 to 8, inclusive, of this regulation.

Sec. 2. *“Base tariff general rate” means the rate determined by the Commission to collect all revenue other than revenue collected in the base tariff energy rate, as defined in NAC 704.032, the deferred energy accounting adjustment, as defined in NAC 704.037, the adjustment to the base tariff general rate to recover accumulated deferred interest, as described in NAC 704.217, and the general revenue decoupling adjustment set forth in section 8 of this regulation.*

Sec. 3. *“Customer class” means the customer class categories in the rate schedules under the Nevada tariff of a gas utility.*

Sec. 4. *“General revenue” means the revenue collected from the base tariff general rate for the tracking period.*

Sec. 5. *“General revenue decoupling methodology” means the mechanism established pursuant to section 7 of this regulation to allow a gas utility to recover the base tariff general rate revenue without regard to the difference in the quantity of natural gas actually sold.*

Sec. 6. *“Tracking period” means the first full 12-month period following the implementation of the most recently authorized general rates, and each 12-month period thereafter.*

Sec. 7. 1. *To remove financial disincentives that discourage a public utility which purchases natural gas for resale from planning and implementing substantive conservation and energy efficiency programs, a gas utility not electing to recover program costs using an equity adder methodology may seek approval from the Commission to decouple general revenue. A gas utility seeking approval from the Commission to decouple general revenue must file a request to decouple general revenue with the Commission as part of a general rate application filed pursuant to NRS 704.110. A gas utility electing to decouple general revenue must recover the costs of its substantive conservation and energy efficiency programs pursuant to section 14 of LCB File No. R095-08, which was adopted by the Public Utilities Commission of Nevada and filed with the Secretary of State on September 29, 2008. If the gas utility files a request to decouple general revenue, the gas utility’s application must include a discussion identifying any change in risk for the gas utility and a calculation to adjust for the change in risk and demonstrate the impact on the current and requested rate design for the gas utility.*

2. *As part of a gas utility’s general rate case application seeking approval from the Commission to decouple general revenue, the gas utility must outline its plan to educate customers about general revenue decoupling.*

3. In considering a request to decouple general revenue, the Commission will seek to harmonize the incentives of general revenue decoupling methodology with the rate design of the gas utility filing the request. Harmonization by the Commission will include, without limitation, the use of the information contained in the approved conservation and energy efficiency plan to modify the customer class billing determinants used to establish the base tariff general rate in the general rate application filed pursuant to NRS 704.110 that includes the request to decouple general revenue. The gas utility must apply the general revenue decoupling methodology approved by the Commission to all customer classes, excluding customers served under negotiated agreements.

4. To file a request to decouple general revenue, a gas utility must have an order of the Commission accepting the conservation and energy efficiency plan, with the acceptance occurring not more than 1 year before the gas utility files the request to decouple general revenue. Execution of the conservation and energy efficiency plan will be deferred until the general revenue decoupling methodology is implemented.

5. If the Commission approves the general revenue decoupling methodology requested by a gas utility, the gas utility may continue to use the approved general revenue decoupling methodology until its next general rate case. A gas utility's request to continue or discontinue the approved general revenue decoupling methodology must be included in a general rate application filed pursuant to NRS 704.110.

Sec. 8. 1. *A gas utility authorized to use the general revenue decoupling methodology must recover or refund its deferred general revenue by applying a per therm general revenue decoupling adjustment for each applicable customer class. The general revenue decoupling adjustment rate must remain in effect until the Commission changes the rate.*

2. *The general revenue decoupling adjustment rate must be adjusted annually in the annual conservation and energy efficiency plan report and conservation and energy efficiency plan filed after the implementation of the general revenue decoupling methodology.*

3. *The general revenue decoupling adjustment rate must be calculated individually for each customer class, excluding customers served under negotiated agreements, and accounted for as follows:*

(a) *A separate subaccount of FERC Account No. 182.3 must be maintained for each customer class, excluding customers served under negotiated agreements, and the balance of the subaccount must be used to calculate the general revenue decoupling adjustment.*

(b) *The gas utility must calculate annually the deferred general revenue. The deferred general revenue per customer equals the difference between:*

(1) *The general revenue on a per customer basis authorized in the general rate application in which the Commission approved the request to decouple revenue or, if applicable, the subsequent change in general rate revenue approved by the Commission; and*

(2) *The tracking period general revenue on a per customer basis.*

↪ *The deferred general revenue per customer must be multiplied by the number of customers for the tracking period.*

(c) *The net amount of deferred general revenue for the tracking period calculated pursuant to paragraph (b) must be recorded in a subaccount of FERC Account No. 182.3 and included in the determination of the balance of the subaccount of FERC Account No. 182.3 which is used to calculate the general revenue decoupling adjustment.*

(d) *Monthly, a credit entry or debit entry, if negative, for the amortization of the general revenue decoupling adjustment must be recorded in the subaccount of FERC Account No.*

182.3. The amortization amount must be equal to the amount of revenue derived by applying the general revenue decoupling adjustment to the jurisdictional sales of the applicable customer class.

(e) The balance of the subaccount of FERC Account No. 182.3 at the end of the tracking period adjusted pursuant to paragraph (d) must be divided by the total sales for the tracking period.

Sec. 9. NAC 704.953 is hereby amended to read as follows:

704.953 As used in NAC 704.953 to 704.9687, inclusive, *and sections 2 to 8, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.954 to 704.9605, inclusive, *and sections 2 to 6, inclusive, of this regulation* have the meanings ascribed to them in those sections.