

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

LCB File No. R178-12

Docket No. 10-12009

August 15, 2012

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

AUTHORITY: NRS 703.025, 704.210

A REGULATION relating to the Public Utilities Commission of Nevada; regarding surcharges to expand or improve a water and/or sewer utility plant.

Section 1. NAC 704.600 is hereby amended to read as follows:

1. When requested by a utility, the Commission will consider a rate surcharge to:

(a) *Finance* ~~{finance}~~ large additions or improvements to a plant~~{-}~~; *or*

(b) *To provide a cash reserve for the purpose of:*

(i) funding significant, unanticipated repairs or maintenance to a water or wastewater system, or

(ii) funding significant, but non-specific, capital improvements or replacement of capital assets.

2. In determining whether a surcharge should be authorized, the Commission will consider:

(a) The ~~{necessity of}~~ *need for* the additions, ~~{or}~~ improvements, *cash reserves, repairs, maintenance, or replacements;*

(b) The size, in terms of capital requirements, ~~{of}~~ *for* the additions, ~~{or}~~ improvements, *cash reserves, repairs, maintenance, or replacements;* and

(c) The availability of other methods of financing.

3. The Commission may make such amendments, restrictions or modifications in approving the surcharge as the public interest may require. For the purposes of rate making, all ~~facilities of the utility~~ *additions, improvements, cash reserves, repairs, maintenance, or replacements* that are funded by a surcharge will be considered to be a contribution in aid of construction. A rate surcharge will not be authorized unless the utility acknowledges in a written statement to the Commission that the value of the additions, ~~or~~ *improvements, cash reserves, repairs, maintenance, or replacements* ~~to a facility~~ will not be considered in determining the fair market value of the utility's entire facility.

4. Any money collected by a public utility ~~subject to the provisions of NAC 704.570 to 704.628, inclusive,~~ *that furnishes water or services for the disposal of sewage, or both,* pursuant to a rate surcharge authorized by the Commission must be deposited in an account separate from the utility's other money. ~~The account must be established as a trust account in a recognized bank, brokerage house, escrow or title company. The trust document must be reviewed and approved by the Commission before the trust document may be executed.~~ The money ~~held in trust~~ must be deposited in an interest-bearing account that is federally insured, *or any other financial instrument approved by the Commission*. A copy of all statements identifying all deposits and withdrawals must be provided to the staff upon receipt of the statements by the utility.

5. ~~The procedure for~~ *All* withdrawals from the account must be authorized by the Commission.