

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

LCB File No. R058-13

September 10, 2013

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

AUTHORITY: §1, NRS 703.025, 704.210 and 704.785.

A REGULATION relating to energy; revising the process of accounting for and recovery of revenues lost due to programs for energy efficiency and conservation; and providing other matters properly relating thereto.

Section 1. NAC 704.9524 is hereby amended to read as follows:

704.9524 1. An electric utility may recover an amount based on the measurable and verifiable effects on the revenue of the electric utility which are caused or created by the implementation of programs for energy efficiency and conservation described in the demand side plan of the electric utility and approved by the Commission pursuant to NAC 704.9494 as part of the action plan of the electric utility.

2. To recover an amount pursuant to subsection 1, an electric utility must:

(a) Establish and maintain a separate subsidiary record of the subaccounts of FERC Account No. 182.3 (Other Regulatory Assets) for the tracking, calculation and recovery of the lost revenue associated with the programs for energy efficiency and conservation that are described in the demand side plan of the electric utility and approved by the Commission pursuant to NAC 704.9494 as part of the action plan of the electric utility.

(b) At the time the utility files an annual deferred energy accounting adjustment application pursuant to subsection 3 of NRS 704.187 : ~~to apply~~

(1) File a statement that reports the Nevada jurisdictional earned rate of return for each month of the test period for each operating department of the utility. The Nevada jurisdictional earned rate of return must be calculated for each month of the test period on a rolling 12-month basis. The statement must be accompanied by all subsidiary schedules, and any adjustments made thereto, necessary to support the calculations.

(2) Apply to the Commission to establish the following period-specific rates:

~~(1)~~ *(I)* A prospective base lost revenue rate which is determined by allocating lost revenue to each customer class in the manner approved by the Commission in the most recent general rate case of the electric utility. The prospective base lost revenue rate for a customer class is an amount equal to the lost revenue allocated to the customer class pursuant to this subparagraph divided by the projected kilowatt hour sales for that class for the relevant period.

~~(2)~~ *(II)* A deferred lost revenue rate to clear the period-specific balance over 12 months. The deferred lost revenue rate is an amount equal to the period-specific balance in the subaccount of FERC Account No. 182.3 for lost revenue associated with programs for energy efficiency and conservation for each class of customers divided by the applicable test period kilowatt hour sales.

(c) If the Nevada jurisdictional rate of return for the last month of the test period reported for an operating department of a utility as required by subparagraph (1) of paragraph (b) exceeds the rate of return last authorized by the Commission for that department pursuant to NRS 704.110:

(1) File a statement that reports calculations of:

(I) The amount of revenue which caused the utility to exceed the rate of return authorized by the Commission; and

(II) If applicable, a lost revenue adjustment.

(2) Provide a proposal for determining a deferred lost revenue rate for the lost revenue adjustment reported pursuant to sub-subparagraph (II) of subparagraph (1), including the methodology proposed for making the determination and supporting calculations.

(d) If the balance of the period-specific lost revenue subaccount of FERC Account No. 182.3 is subject to being cleared pursuant to this section, adjust the lost revenues for the period described in paragraph (c) by the accrual of carrying charges pursuant to subparagraph (1) of paragraph (c) of subsection 4. The amount of the adjustment must be recorded in FERC Account No. 182.3 and the balance must be cleared by the deferred lost revenue rate as provided in this subsection. In no instance may the sum of the amount cleared pursuant to paragraph (c), before any adjustment for the accrual of carrying charges, and the amount to be cleared pursuant to this paragraph exceed the amount calculated in sub-subparagraph (I) of subparagraph (1) of paragraph (c).

3. An electric utility shall account for period-specific lost revenue associated with a program for energy efficiency and conservation and revenue received from the period-specific base lost revenue rate in the following manner:

(a) On a monthly basis, the electric utility shall:

(1) Calculate the deferred lost revenue;

(2) Calculate the recorded revenue attributable to the base lost revenue rate; and

(3) Record in the subaccount of FERC Account No. 182.3 the difference between estimated lost revenues and recorded revenue attributable to the base lost revenue rate.

(b) The electric utility shall apply a carrying charge at the rate of 1/12 of the authorized overall rate of return to the unamortized balance in the lost revenue subaccount of FERC Account No. 182.3.

4. An electric utility shall:

(a) Perform by program by month by class the monitoring and verification of actual kilowatt hour and demand savings required by NAC 704.9522;

(b) Include with the demand side plan submitted by the utility pursuant to NAC 704.934 the information described in paragraph (a) for review and approval by the Commission; and

(c) Make any adjustments to the balancing account for lost revenue, including, without limitation, carrying charges, as are necessary to reflect the results of the review by the Commission of the information submitted pursuant to paragraph (b). *If:*

(1) In any month in the 12-month period ending with the last month of the test period, the balance in the period-specific lost revenue subaccount of FERC Account No. 182.3 is a debit, carrying charges may accrue only on that portion of each monthly debit balance of the period-specific lost revenue subaccount of FERC Account No. 182.3 which exceeds the amount of revenue calculated in sub-subparagraph (I) of subparagraph (1) of paragraph (c) of subsection 2.

(2) In any month, the Nevada jurisdictional earned rate of return for an operating department of the utility exceeds the overall rate of return last authorized by the Commission for that department and the balance in the lost revenue subaccount of FERC Account No. 182.3 is a debit, an adjustment amount must be calculated in an amount equal to the amount of the Nevada jurisdictional earned rate of return which exceeds the utility's last authorized rate of return. Carrying charges may accrue only on that portion of the debit balance in the

lost revenue subaccount which exceeds the sum of the adjustment amount and the debit balance, if any, in the deferred energy subaccount of FERC Account No. 182.3.

5. For the purposes of this section, “lost revenue adjustment” means the lesser of:

(a) The lost revenue calculated as required by sub-subparagraph (I) of subparagraph (1) of paragraph (c) of subsection 2; and

(b) The prospective base lost revenue approved by the Commission for the 12-month period ending with the last month of the test period.